



**Legal aspects of cases of compulsory
licensing to exploit a patent under the
Saudi Patents Law**

الدكتور

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Abstract:

The significance of patents has increased recently with the successive technological, economic and legal developments. In this context, the Saudi legislator issued the patent law by a Royal Decree No. (M / 27) dated 17/07/2004 in line with the latest requirements, and the accession of the Kingdom of Saudi Arabia to the TRIPS Agreement and the World Trade Organization. This study aims to shed light on the legal aspects of cases and conditions of compulsory licensing, for the exploitation of patents in the Saudi patents law, where compulsory licensing is considered one of the legal restrictions imposed on the exclusive right of the patent owner, because it is granted without the consent of the patent owner in order to confront the abuse of the patent owner in using his right monopoly and for the public benefit. This study will deal with cases and conditions of compulsory licensing, by granting it due to the inventor's failure to exploit his invention or insufficient exploitation, public interest, the anti-competitive practices of the patent owner and the link between inventions. The compulsory licensing conditions are related to the owner and the licensee. In this study, an analytical and descriptive research methodology was used to clarify the ambiguity of the provisions of the Saudi Patents Law related to cases and conditions of compulsory licensing, and show if the Saudi legislator sought to reconcile the interest of the inventor with the interest of society when adopting the compulsory license. Finally, this article comes out with several important results and recommendations.

المخلص:

يعد موضوع براءات الاختراع من المواضيع الهامة جدا والمعقدة في ذات الوقت. وقد ازدادت أهمية براءات الاختراع في الآونة الأخيرة خصوصا مع التطورات التكنولوجية والاقتصادية والقانونية المتلاحقة. وفي هذا السياق، فقد أصدر المشرع السعودي قانون براءات الاختراع بموجب المرسوم الملكي رقم (م / ٢٧) تاريخ ٢٠٠٤/٠٧/١٧ تماشياً مع المتطلبات الأخيرة وانضمام المملكة العربية السعودية إلى اتفاقية تريبس ومنظمة التجارة العالمية.

وتهدف هذه الدراسة إلىلقاء الضوء على الجوانب القانونية لحالات الترخيص الإجباري باستغلال براءات الاختراع في قانون براءات الاختراع السعودي، حيث يعتبر الترخيص الإجباري من القيود القانونية المفروضة على الحق الاستثنائي لمالك البراءة، لأنه يُمنح دون موافقة صاحب براءة الاختراع وذلك لمواجهة تعسف مالك البراءة في استعمال حقه الاحتكاري ولتحقيق المنفعة العامة. وسوف تتناول هذه الدراسة حالات الترخيص الإجباري، من خلال منحه لدواعي المصلحة العامة ولعدم استغلال المخترع لاختراعه أو عدم كفاية الاستغلال، والارتباط بين الاختراعات، وبسبب ممارسات مالك براءة الاختراع المضادة للتنافس المشروع. وتظهر أهمية واشكالية هذه الدراسة من خلال توضيح الغموض الوارد في نصوص قانون براءات الاختراع السعودي المتعلقة بحالات الترخيص الإجباري، وتوضيح فيما إذا سعى المشرع السعودي للتوفيق بين مصلحة المخترع ومصلحة المجتمع عند الأخذ بالترخيص الإجباري.

Introduction:

In principle, the owner of the patent has the exclusive right to own his patent and invest it. However, this exclusive right is not absolute, but comes with several restrictions. In this context, the owner of the patent could dispose it and use it; a third party is not permissible to infringe these rights. In addition, the owner of the patent has the exclusive right to practice all types of commercial and industrial exploitation of the invention, directly or indirectly, as the exclusive investor for the invention during its period of legal protection¹.

On the other hand, the right of the inventor is not an everlasting right, it is temporary for a period of 20 years, according to Article 19/1 of the Saudi Patents Law. In other words, the right of the inventor over the invention is limited to a time frame. In addition, the exclusive right of the patent owner to invest in the invention is restricted to being within the scope of the territory of the Kingdom of Saudi Arabia, under the principle of territoriality of the patent². The decision to grant the patent is issued by the competent authority³; Saudi Authority for Intellectual Property (SAIP), all its administrative decisions are limited to the political borders of the Kingdom of Saudi Arabia. In case the patent owner wishes to obtain legal protection outside the Kingdom of Saudi Arabia, the Paris Agreement, to which the Kingdom of Saudi Arabia has acceded, confirms the introduction of the principle of national treatment among the countries complying with this agreement.

Furthermore, The Saudi Patent Law listed specific cases and conditions

¹ See in same context, Dutch D. Chung, **The Preclusive Effect of State Court Adjudication of Patent Issues and the Federal Courts' Choice of Preclusion Laws**, *Fordham Law Review*, 2000,69, p: 707.

² See in more sense, JEAN YVES SAYN 'Brevet d'invention, Licence force et Nature Juridique, *J .C.P* 1971-10291, p 457.

³ see in same regards, Jalal Ahmed Khalil, **The Legal System for the Protection of Inventions and the Transfer of Technology to Developing Countries**, Kuwait, **Kuwait University Publications**, 1983, p: 3.

in which the compulsory license to exploit the patent from third parties is granted without the consent of the patent owner¹, in order to prevent the patent owner from controlling the patent and for the public benefit².

Consequently, this article will concentrate on two major subjects:

The cases of compulsory patent licensing by granting it for reasons of the inventor's failure to exploit his invention or insufficient exploitation, public interest, the anti-competitive practices of the patent owner and the link between inventions (1); compulsory patent licensing conditions related to the patent owner and conditions related to the licensee (2).

1. The cases of compulsory patent licensing

The Saudi Patent Law has identified several cases in which the compulsory license to exploit the patent is granted. These cases constitute a restriction on the patent owner's exclusive right. Here, the compulsory license will be discussed in terms of non-exploitation or insufficiency³ of the exploitation and public interest (1/1); and the anti-competitive practices of the patent owner and the link between inventions (1/2)

¹ see in same context, Sinnot Halim Doss, *The Role of Authorities in the Field Patents*, Alexandria, Manshaat Al-Maarif, 1988, p.: 407; Khater Lutfi, *Encyclopedia of Intellectual Property Rights*, Cairo, Nass Printing and Publishing, 2003, p: 96; see also, Rasha Ali Jassim Al-Amiri, *The Legal System for the Protection of Patent Rights*, New University House, Egypt, Edition 2017, p. 308.

² See in more details, Naeem Mughabghab, *The Patent is Industrial and Commercial Property, A Study in Comparative Law*, Al-Halabi Human Rights Publications, Lebanon, 2003, p. 87

³ See more details, Essam Malik Ahmed Al-Absi: *Compulsory License to Exploit the Patent*, Al-Wafaa Law Library, Alexandria, Edition 1, 2011, p: 67.

1/1. The compulsory license for non-exploitation or insufficiency of the exploitation and public interest

The article 24 / a / 1 of the Patents Law dealt with the case of the inventor's failure to exploit the invention or its insufficient exploitation, this article states that “ A- The Saudi Authority for Intellectual Property (SAIP) may grant a compulsory license to a third party to exploit an invention covered by a patent upon submitting an application submitted, according to the following: 1.The application shall be submitted after the lapse of four years from date of filing of the patent application or three years from the date of granting the patent, which ever expires later, without the patent owner exploiting the invention or if the patent owner exploits it in an insufficient way, unless the patent owner justifies with a legitimate excuse”.

It must be noted here that the previous article did not clarify the concept of the exploitation. Additionally, this article did not define the exploitation and how it can be achieved. In addition, this article did not specify the case when the owner stops the exploitation of invention.

However, it must be emphasized that although the patent gives its owner a right to monopolize the exploitation of the invention, the patent owner is still obligated to exploit it in order to benefit the society from this invention¹. As previously mentioned, the patents law obligates the patent owner to exploit the invention within the legal protection period, which is twenty years from the date of filing the patent application. The patent owner is supposed to start full industrial exploitation at the level of the Kingdom within a period of three years at most from the date of granting the patent, unless there are serious reasons preventing from doing so, and the exploitation is supposed to

¹ See in same context, Naeem Mughabghab, *op,cit*, p. 87

take place within the territory of the Kingdom of Saudi Arabia and to be sufficient for the market needs.

Furthermore, the compulsory license for non-exploitation or insufficiency of the exploitation¹, during the legal period of time, is not aimed to take from the patentee the exclusive right to grant a compulsory license against the patentee's will, but rather the aim is utilize the patent according to benefit the society². Therefore, if the invention was not exploited by its owner, this does not necessarily mean that the compulsory license will be obtained directly. The competent authority may consider the non-exploitation or its insufficiency is justified, regardless of the reasons, whether legal, technical, economic, beyond the will of the patent owner, which provides him with another extension period to exploit the invention.

Moreover, the article 24/a/2 deals with granting compulsory license for the public interest. This article states that "the applicant for the compulsory license must prove that efforts were exerted—over a reasonable period of time to obtain a contractual license on the basis of reasonable commercial conditions, and a reasonable financial compensation. However, this provision and the provision in the preceding paragraph (24/a/1) shall not apply if the applicant is a government body or a an authorized person, and the aim is to benefit public interest, especially in issues related to security, health, nutrition, or the development of other vital sectors of the national economy— or to meet a state of emergency or other very compelling circumstances, or where the aim thereof is public non-commercial purposes. In the latter case, and upon knowledge of the existence of a patent or a certificate of design, their holder shall be promptly informed".

¹ See in details, Jarrod Tudor, *Compulsory Licensing in the European Union*, Geo. Mason J. Int'l Com. Law, 2012, vol. 4 (2), p. 222.

² Osama Nael Al-Muhaisen, *The Brief on Intellectual Property Rights, Dar Al-Thaqafa for Publishing and Distribution*, Amman, 2011, pg. 38.

In this sense, the role of the state has evolved through its positive intervention in society with the development of the concept of public interest. This intervention is no longer limited to achieving public tranquility, maintaining public security and public health only, but also includes achieving economic development contributing to the welfare of society¹. In this direction, the previous article enumerates examples of public interest, namely: security, health², nutrition or the development of other vital sectors of the national economy, facing an emergency situation, and other emergency situations.³

Additionally, another justification for granting compulsory licensing for the public interest is the association of industrial property rights⁴ with vital requirements, which constitute an effective element in the public interest. Accordingly, the compulsory license is granted taking into account the security of society. Mostly, this license is related to secret inventions related to the security of society, which affects the public interest. Also, the compulsory license is granted when it comes to public health, nutrition, or the development of other vital sectors in the national economy.

Furthermore, the article 24/a/2 used vague wordings and did not specify the public interests accurately, nor did it specify the utilization of the compulsory license in any particular government agency. The

¹See in same context, **Mona Falah Diab Al-Zoubi: Compulsory licenses for patents and their role in the exploitation of technology, Master's degree thesis, Middle East University, Jordan, year 2010, p. 51**

² **Andre Francon, Cours de propriété littéraire ,Artistique et propriété Industrielle, Maitrise 1996-1997, p. 79**

³ **See in same context, Hadi Abd al-Rahman Bikhil: Civil Protection for Patents, A Comparative Study, Modern University Office, Edition 2017, p. 58.**

⁴ **See in same context, Louis Harms : Le Role Du Pouvoir Judiciaire Dans L'application Des Droits De Propriété Intellectuelle, Compte Tenu Notamment De L'expérience De L'afrique Du Sud, Comité Consultatif sur L'application Des Droits, Deuxième Session, OMPI, Genève, 2004, p 28.**

article 24/a/2 requires the government agency that requests the compulsory license for public interest considerations to indicate the case that is considered to be in the public interest¹. However, the license application is not subject to the lapse of four years from the date of filing the patent application or three years from the date of granting it. On the other hand, the patent owner has the right to obtain fair compensation; the patent owner has the right to complain about the decision to assess the compensation, and has the right to be notified of the issuance of the licensing decision in order to have the opportunity to protect his rights directly.

Finally, the article 53 of Implementing Regulations of the Saudi Patents Law states that “The procedures for requests related to national security are as follows:

1– Every civilian or military government employee who has reached a security-related protection issue shall be bound national within the scope of the business assigned, to waive what it has achieved and all the resulting benefits to the competent authority in the country, subject to its approval.

2. Each person – other than those mentioned above – who has reached a related subject matter of protection is also obligated national Security by assigning what it has achieved and all its benefits to the competent authority in the state with its approval, this entity shall compensate the person fairly.

3. Each assignee shall be bound to the competent authority in the state in application of the above two paragraphs, and all others who aware of the waiver of confidentiality of the subject matter and waiver process, and of non-disclosure about it only to authorized persons.

¹ See in the same sense, article 52 of Implementing Regulations of the Saudi Patents Law

4. The competent authority in the country may, after obtaining the necessary concessions, apply to SAIP requesting a protection document for this and attaching it to the application and request confidentiality, SAIP shall carry out all the usual procedures on the application and undertake not to publish it’.

1/2. The anti-competitive practices of the patent owner and the link between inventions

If the patent owner abuses the patent rights in a manner contrary to fair competition, granting the compulsory license is justified¹. In fact, this case aims to achieve a logical and fair balance between the interest of the patent owner to exploit the invention and the public interest. This case came as a mechanism against the patent owner abusing the rights granted, in a way that contradicts with legitimate competition and giving priority to the public interest over the patent owner’s interest.

In this regard, the article 24 / a / 3 of the Patents Law affirms that “The compulsory license is basically granted to make the invention available in local markets. This provision shall not apply where the aim of the license is to prevent or restrict practices against which a decision is issued declaring them to be acts of unlawful competition”. Therefore, granting a compulsory license according the previous article is an exception to make the invention available in the local markets. In addition, the article 24 / a / 3 is vague and did not precise the acts of unlawful competition.

Types of abuse of patent rights may constitute a breach of legitimate competition. For example; the exaggeration in prices of protected products, discontinuing the production of the covered

¹See in same context, Daniel Alge, **Compulsory Licenses in Austria, Austria, (2000) p: 5, available on the web:**
http://www.sonn.at/e/publikationen/compulsory_licenses.pdf.

commodity protected or produced in a quantity that does not meet the proportionality between production capacity and the market needs , failure to provide the covered product by offering it in unfair terms¹, discrimination between customers regarding prices and terms of sale, carrying out actions or behaviors that negatively affect the freedom of competition and violating legal controls and the use of rights conferred by law in a way that negatively affects the technology transfer².

In regard to the article 24/C which permits the granting a compulsory license for the link between inventions." This paragraph states that "If the patent involves a significant technological advance with considerable economic value, which requires the exploitation of another patent, the authority SAIP may grant the patent owner of the protection document a compulsory license to exploit the other patent. In such a case, the compulsory license shall not be assigned unless the other patent is assigned. The owner of the other patent shall be entitled to a counter license from the compulsory licensee, in accordance with reasonable conditions".

Based on the foregoing, we conclude from this text (24/C) that it is possible to request a compulsory license if two patents are owned by two different entities, in condition that there is a relationship between the two patents³. In other words, the exploitation of one of the two patents relies on the exploiting of the other, because there is a direct and necessary link between exploiting the two inventions, the owner of the

¹ See in more details, Hamid Mahmoud Ali Al-Lahbi: **Legal Protection of Intellectual Property Rights in the World Trade Organization**, National Center for Legal Publications, Egypt, Edition 2016, p. 352.

² See in same context, article 23/5 of the Egyptian Law No.82 of 2002 **On the Protection of Intellectual Property Rights**.

³ See, Bilal Abdel-Muttalib Badawi, **The Development of International Mechanisms for the Protection of Industrial Property Rights**, A Study under the TRIPS Agreement, Dar Al-Nahda, Al-Arabiya, Egypt, 2006, p. 78.

second patent cannot exploit the invention only using the first patent. On the other hand, it is also required that the last invention represent solid technical progress, great technical and economic significance when compared to the first invention¹.

The objective of compulsory license determination, in this case, cannot be considered as a penalty against the patentee. However, the aim is to overcome obstacles impeding the use of new technical innovations, obtaining the greatest exploitation, desired benefit of the two patents, in line with the technological developments and technical progress of the national industry.

It must be noted here that the text of the previous article did not make the right to request compulsory licensing to one inventor without the other. In other words, the first inventor may request compulsory licensing by exploiting the other patent to benefit from the improvement process reached by the second inventor, and the second inventor who owns this optimized patent has the right against the owner of the first patent on reasonable terms.

¹See in more details, Mohamed Anwar Hamadeh, *The Legal System for Patents and Industrial Designs and Models*, Dar Al-Fikr University Alexandria, Egypt, 2002, p. 60

2. Conditions of compulsory patent licensing

There are some conditions for applying the compulsory license. Accordingly, the existence of one of the cases of compulsory licensing is not considered sufficient to grant this license unless the required legal conditions are met. In this context, the conditions related to the patent owner (2/1) and the conditions related to the licensee (2/2) will be addressed.

2/1. Conditions related to the patent owner

The Saudi Patent Law determines the conditions that must be met in regard to the patent owner when granting the compulsory license. In this context, the end of article 24/A/1 confirms that there is no legitimate excuse for the patent owner not to exploit the invention or to exploit it in an insufficient manner. This article (24) states that “A. The Authority may grant a compulsory license to a third party to exploit an invention covered by a patent... upon an application submission, according to the following: 1. The application shall be submitted after the lapse of four years from the date of filing the patent application or three years from the date of granting the patent, whichever expires later, without the owner of the protection document exploiting the invention or if it was exploited in an inadequate manner, unless a legitimate excuse is provided”.

It is understood from this text that the patent owner has the right to present a legitimate excuse that necessitated the non-exploitation of his invention or deficiency in it. The article 24/a/1 did not specify the meaning of the legitimate excuse, which is considered a reason for refusing the compulsory license. This text also did not specify the additional time limits that are given to the owner of the invention if the non-exploitation of the invention or the deficiency in it is due to a justified excuse; the additional time limit granted was left to the competent authority to determine it.

As previously mentioned, the previous article did not specify what is meant by a legitimate excuse, a clear meaning of the legitimate excuse can help the patent owner in taking vital decisions. For example, the excuse is legitimate if the patent owner faces obstacles that are beyond his control. The excuse may be legitimate for the patent owner if there are personal or general reasons. Among the personal reasons related to the owner himself, such as the lack of resources, lack of finances, insufficient technical expertise, etc.; or general causes such as wars and economic conflicts that lead to scarcity of financial resources and raw materials needed for the exploitation process. These excuses justify the failure of the patent owner to exploit the invention. However, if the excuse is not legitimate, then the compulsory license will take place.¹

Furthermore, the article 24/A/7 affirms that'' The owner of the protection document or the holder of a certificate of a design shall be awarded a fair compensation. The Committee shall determine the amount of the compensation, and the licensee shall undertake to pay it''. We can observe from this article that it did not specify the criterion to be relied upon for estimating the value of the appropriate and due compensation when granting a compulsory license. However, it assigned this issue to the discretion of the competent authority so that broadcasting is done on each application separately² and its

¹ See in more details, Mahmoud Mukhtar Ahmed Bariri, *Obligation to Exploiting New Innovations*, Ph.D. Thesis, Cairo University, Faculty of Law, Egypt, 2000, p.488.

² See article 24/a/6 which states that'' Each application shall be independently decided''. This means that each application for a compulsory license is decided independently and separately from other applications. The competent authority (SAIP) studies each case of the license separately in order to find out the feasibility of granting this license and the extent to which the conditions are met, and then issues its decision after examining each application with approval or rejection. The real significance of such a text is that cases of compulsory licensing

circumstances, taking into account also the economic value of the license. The economic value of the invention requires knowing the value of the invention in the country granting the compulsory license and the purpose for which this license was granted¹. The compensations² vary in value according to the subject and importance of the invention. In this regard, there are many factors involved in estimating the economic value of the compulsory license, such as the technical shelf life used in manufacturing the product, the availability of competing alternative products for the product, the budget, the size of the market, research and development expenses, the amounts spent by the patent holder to reach his invention, etc.³ The Saudi patent law allows the patent owner the right to complain about the decision to assess compensation and the decision to grant a compulsory license.

2/2. Conditions related to the licensee

There are several conditions set by the Saudi patent law for the licensee. We can summarize the conditions related to the licensee (beneficiary) by following the articles in the Patents Law. In this context, the article 24/a/2 states that "The applicant for the compulsory license must prove that efforts have been exerted—over a reasonable period of time to obtain a contractual license on the basis of reasonable commercial conditions, and for a reasonable financial compensation. Upon the acknowledgement of the existence of a patent or a certificate of design, their holder shall be promptly informed". As previously

were specified under certain conditions and also to prevent the granting of comprehensive or automatic licenses.

¹ See in same sense, Samiha Al-Qalyubi, *Industrial Property*, Cairo, Dar Al-Nahda Al-Arabiyyah, 8th edition, 2009, p.: 267.

² See in more details, Abdullah Hussein Al-Khashrom, *Brief on Industrial and Commercial Property Rights*, Dar Wael for Publishing and Distribution, Jordan, 2005, p. 103.

³ See in more details, Saleh Fahd Dahim Al-Otaibi patent investment in Saudi law, *Analytical study*, Center for Arab Studies, 2016, p. 133

indicated, the contractual license is considered the original, while the compulsory license is only an exception to this principle. Therefore, the compulsory license applicant must prove that serious attempts were made within a reasonable period to obtain the contractual license, according to reasonable commercial terms and for a reasonable amount of money.¹

These attempts are supposed to be serious so that there is a definite and actual desire and with the intention to obtain the voluntary license. Conversely, if this seriousness is not present in the attempts, such as attempts by telephone contact only with the patent owner, or if the conditions presented do not correspond to the economic value of the invention, then the compulsory license cannot be taken for lack of seriousness of the attempts.

In addition, these attempts are also required to be continuous for a reasonable period of time. In fact, article 24/a/2 did not specify what is meant by a reasonable period of time, but it can be said here that a period of time must have passed since the negotiations during which no agreement was reached on the contractual license. It is important for the license applicant to submit a fair financial offer to the patent owner in order to obtain the voluntary license. This article did not specify the fair financial consideration, although we can state that this consideration must be compatible with the nature of the product related to the patent and its economic value.

Accordingly, if the compulsory license applicant proves that great, continuous effort and attempts within a reasonable period of time to obtain a contractual license from the owner of the patent, and offered a fair financial compensation; despite all of that, the license applicant

¹ See in same context, Al-Shafi Jaafar Muhammad Al-Shalali, **Legal Regulation for Exploiting the Patent**, House of Legal Books, Egypt, Edition 2011, pg. 166.

doesn't succeed in reaching this goal; then the compulsory license can be claimed, regardless of whether the patent owner's refusal came entirely to the contractual license, or the rejection of the conditions and consideration offered by the license applicant, or if the patent owner adhered without justification to unacceptable and unreasonable conditions, or the demand of unfair financial compensation.

Furthermore, the article 24/a/4 stated that "The decision in granting the license shall determine the scope and term of the license, according to the purpose for which it is granted. The license shall be subject to termination if the conditions for which it is granted cease to exist and their recurrence is not likely, with due regard to the legal interests of the licensee".

We can observe from article 24/a/4 that the exploitation of the patented subject matter by the licensee according to the compulsory licensing decision is specified within a specific scope. This article confirms that the licensee is not the patent owner, but has the right to use and exploit the invention within a specific scope. It is notable that this scope is limited to the spatial, objective and temporal scope. With regard to the spatial scope, the licensee is committed to exploiting the invention in the place specified in the licensing decision. As for the substantive scope, the licensee undertakes not to deviate from the purpose and subject matter of the compulsory license specified in the licensing decision, so that the licensee takes into account the conditions of this decision. As for the time limit, the licensee must respect the time period given for exploiting the invention and not exceed it.

Article 24/a/4 refers to the possibility of expiration of this license at the end of the situation for which the license was granted, provided that the common interests of the licensee are taken into account. The text exceptionally gave the patent owner the right to request the termination of the compulsory license before the end of the specified

period in condition that there are valid reasons that led to cease the compulsory license . It also requires taking into account the legitimate interests of the licensee when the compulsory license ends before the end of its term. This will aim to achieve harmonization between the interests of the patentee by terminating the compulsory license before the end of the period and the interests of the licensee by preserving legitimate interests related to the license. For example, if the licensee made contracts with third parties related to production or distribution, then the execution of these contracts needs to take place, as long as these contracts were made before the termination decision, or if there is an excess in production, the licensee has the right to exploit it after the termination decision is issued. On the other hand, new contracts for the licensee after the issuance of the termination decision of the compulsory license are not considered among the legitimate interests.

Additionally, article 24/a/5 affirms that "The license shall not be exclusive". In this regard, this article proves that the licensee is not the owner of the patent, but has the right to use and exploit the invention without exclusivity. Likewise, article 26 confirms that " a compulsory license is granted for a patented subject matter, the beneficiary of the compulsory license may not assign it to others, unless the assignment includes all or part of the firm benefiting from the license or its goodwill. The Authority's approval of the assignment is required; otherwise, it shall be null and void. If the Authority approves such assignment, the assignee shall become liable for the obligations assumed by the first beneficiary prior to the approval of the assignment".

In this context, it is remarkable that this preceding article obliges the licensee to personally exploit the invention. In other words, the licensee can solely use the invention as the right of the exploitation of this invention was granted as an exception, with no right to dispose this

invention, as the licensee here is not the owner. Therefore, the licensee may not assign this right to exploitation or sub-license it to a third party¹. While the licensee is allowed to partially seek assistance of others in some stages of production, such as seeking the assistance of packaging or distribution companies.

Article 26 also confirms that when the licensee undertakes to exploit the invention solely, this commitment is based on the idea of personal consideration, meaning that the personality of the licensee is considered, and the licensee must have the competence and ability to manufacture the product subject to the patent and start exploiting it.

This provision came with an exception in terms of the licensee's entitlement to waive the compulsory license to others, provided that this waiver includes the establishment in whole or in part or its commercial reputation. However, in this case, the Authority's (SAIP) approval of the assignment is required. For example, if the compulsory licensee is a company that has merged with another company, then the licensed merging company may assign the exploitation to the merging company.

Moreover article 29 allows the licensee of a compulsory license the right to abandon the license by a written request to the Authority (SAIP), the abandonment will be effective from the date of approval of the Authority. As the licensee originally sought to obtain the license and was not forced to do so. When the licensee cannot exploit the invention or finds that there is no economical value, it is better to abandon this license and the obligations that result from.

Finally, article 52 of the executive regulations of the Patents Law affirms that ‘‘the application for a compulsory license submitted by any government agency to exploit the invention should have a statement of the public interest considerations that necessitated this, and these

¹ See in same sense, Al-Shafi Jaafar Muhammad Al-Shalali, *op.cit*, p. 166.

considerations are stipulated in the granting decision license". It is notable that when the compulsory license request is due to the public interest, the government entity's request must be covered by a statement explaining the public interest considerations; also these considerations must be included in the decision to grant the compulsory license.

Conclusion:

This research article dealt with the issue of the Legal aspects of cases of compulsory licensing to exploit a patent under the Saudi Patents Law. This manuscript discussed the cases and conditions of compulsory patent licensing, by granting it for reasons of the inventor's failure to exploit his invention or insufficient exploitation, public interest, the anti-competitive practices of the patent owner and the link between inventions, the conditions of compulsory licensing, conditions related to the patent owner and conditions related to the licensee. In conclusion, we came out with several results and recommendations as follows:

Results

–The study concluded that compulsory licensing is considered one of the legal restrictions imposed on the exclusive right of the patent owner. In addition, the contractual license is considered the original, while the compulsory license is only an exception to this principle. In this regards, the Saudi Patents Law provided for specific cases and conditions in which the compulsory license to exploit the patent from third parties. In other words, if the invention was not exploited by its owner, this does not necessarily mean that the compulsory license was obtained directly.

–It was concluded that the article 24 / a / 1 of the Saudi Patents Law dealt with the case of the inventor's failure to exploit his invention or insufficient exploitation. This article did not clarify the concept of the exploitation. Additionally, this article did not define the exploitation and how it can be achieved. In addition, this article did not specify the case when the owner stops the exploitation of invention.

– Article 24/a/2 used vague terms and did not specify the public interests accurately, nor did it specify utilization of the compulsory license in any particular government agency. Additionally, this article requires the government agency that requests the compulsory license for public interest considerations to indicate the case that is considered to be in the public interest.

–It was concluded that under article 24/a/2 the compulsory license applicant must prove that serious attempts were made within a reasonable period to obtain the contractual license, according to reasonable commercial terms and for a reasonable amount of money.

– If the patent owner abuses the patent rights in a manner contrary to fair competition, granting the compulsory license is justified according article 24/a/3. In fact, this case aims to achieve a logical and fair balance between the interest of the patent owner to exploit the invention and the public interest. This case came as a mechanism against the

patent owner abusing the rights granted, in a way that contradicts with legitimate competition and giving priority to the public interest over the patent owner's interest.

– Article 24/C permits the granting a compulsory license for the link between inventions. It is also required that the last invention represent solid technical progress, great technical and economic importance when compared to the first invention. The objective of compulsory license determination, in this case, cannot be considered as a penalty against the patentee. However, the aim of this case is to overcome obstacles impeding the use of new technical innovations, obtaining the greatest exploitation, desired benefit of the two patents, in line with the technological developments and technical progress of the national industry. This text did not make the right to request compulsory licensing is given to one inventor without the other confronting the other.

–The patent owner has the right to present the legitimate excuse that necessitated his non-exploitation of his invention or deficiency in it under the article 24/A/1. However, this article did not specify the meaning of the legitimate excuse, which is considered a reason for refusing the compulsory license. This text also did not specify the additional time limits that are given to the owner of the invention if the non-exploitation of the invention or the deficiency in it is due to a justified excuse; the additional time limit granted was left to the competent authority to determine it.

– Article 24/A/7 did not specify the criterion to be relied upon for estimating the value of the appropriate and due compensation when granting a compulsory license. However, it assigned this issue to the discretion of the competent authority broadcasting is done on each application separately under article 24/a/6.

–Article 24/a/4 affirms the exploitation of the patented subject matter by the licensee according to the compulsory licensing decision is specified

within a specific scope. It is notable that this scope is limited to the spatial, objective and temporal scope. Additionally, this text exceptionally gave the patent owner the right to request the termination of the compulsory license before the end of the period specified for under certain conditions.

- Article 26 obliges the licensee to personally exploit the invention unless the assignment includes all or part of the firm benefiting from the license or its goodwill.
- Article 29 allows the licensee of a compulsory license the right to relinquish the license by a written request to the Authority (SAIP), the abandonment will be effective from the date of approval of the Authority.

Recommendations

- Article 24 / a / 1 of the Saudi Patents Law should be change by clarifying the concept of the exploitation or the way of it, the definition of the exploitation to be achieved and specify the case when the owner stopped his exploitation of invention.
- Article 24/A/1 of the Saudi Patents Law should be modified by specifying the meaning of the legitimate excuse, which is considered the reason for refusing the compulsory license.
- Article 24/A/1 of the Saudi Patents Law should indicate the additional time limits that are given to the owner of the invention if the non-exploitation of the invention or the deficiency in it is due to a justified excuse; the matter was left to the competent authority responsible for granting the compulsory license to determine it.
- Article 24/A/1 of the Saudi Patents Law should add evaluation from experts to determine the extent of the market's need for the product subject to the patent.
- Article 24/A/2 of the Saudi Patents Law should use clear terms, specify the public interests accurately, and stipulate uses for this compulsory license in any particular government agency.
- Article 24/A/7 should indicate the criterion to be relied upon for estimating the value of the appropriate and due compensation when granting a compulsory license.
- It is preferable to stipulate in the Saudi patents law that the inventor should disclose the content of his invention when submitting an application for obtaining a patent. Therefore, the compulsory license applicant can implement the invention remotely without resorting to the patent owner in order to overcome the difficulties that may face the application of the compulsory license.

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Contents:

Key words

Abstract

Introduction

1. The cases of compulsory patent licensing

1/1. The compulsory license for non-exploitation or insufficiency of the exploitation and public interest

1/2. The anti-competitive practices of the patent owner and the link between inventions

2. Conditions of compulsory patent licensing

2/1. Conditions related to the patent owner

2/2. Conditions related to the licensee

Conclusion

Results

Recommendations

References

Contents