

PATENT (ADDITIONAL RIGHTS, ETC.) BILL, 2019

ARRANGEMENT OF SECTIONS

*Section:*

1. Objectives of the Bill
2. Rights of non-profit organization, etc. to retain title
3. Procedure in respect of retention of title by Government agency
4. Provisions in a funding agreement
5. Retention of title by inventor
6. Transfer of rights by Government agency where co-inventor is in its employment
7. Licencing of inventions to third party
8. March-in rights
9. Preference for Nigerian industry
10. Confidentiality
11. Uniform clause and regulation
12. Domestic and foreign protection of federally owned inventions
13. Regulations governing Federal Licencing
14. Restrictions on licencing of federally owned inventions
15. Precedence of Bill
16. Relationship to antitrust laws
17. Right of title to inventions made in the ordinary course of activities of research institutions
18. Annual reports to National Assembly
19. Interpretation
20. Short title



# A BILL

## FOR

AN ACT TO PROVIDE INSTITUTIONS OF HIGHER LEARNING AND RESEARCH AND SMALL BUSINESSES WITH THE RIGHTS TO TITLE TO PATENTABLE INVENTIONS MADE WITH FEDERAL GOVERNMENT RESOURCES; PROVIDE A FRAMEWORK FOR COMMERCIAL TRANSFER OF RIGHTS TO INVENTIONS; AND FOR RELATED MATTERS

*Sponsored by Hon. Benjamin O. Kalu*

[ ] Commencement

BE IT ENACTED by the National Assembly of the Federal Republic of Nigeria as follows:

1           1. The primary objective of this Bill is to use the patent system to  
2           promote the utilization of inventions arising from federally supported  
3           research and development and all matters relating thereto and without  
4           detracting from the generality of the foregoing, specifically to:

Objectives of the Bill

5           (a) encourage maximum participation of small business firms in  
6           federal government supported research and development efforts;

7           (b) promote collaboration between commercial concerns and non-  
8           profit organizations, including universities;

9           (c) ensure that inventions made by non-profit organizations and  
10          small business firms are used in a manner to promote free competition and  
11          enterprise;

12          (d) promote the commercialization and public availability of  
13          inventions made in Nigeria by Nigerian industries and workforce; and

14          (e) ensure that the government obtains sufficient rights in federal  
15          government supported inventions to meet the needs of the government and  
16          protect the public against non-use or unreasonable use of inventions.

17          2.-(1) The rights of non-profit organization or small business firm  
18          to retain title to any subject invention is hereby guaranteed and the same

Rights of non-profit organization, etc. to retain title

1 shall be subject to the provisions of this Bill.

2 (2) Non-profit organization or small business firm may, within a  
3 reasonable time after disclosure pursuant to section 3(1) of this Bill, choose to  
4 retain title to any subject invention.

5 (3) Non-profit organization or small business firm may, within a  
6 reasonable time after disclosure pursuant to section 3(1) of this Bill, choose not  
7 to retain title to any subject invention if:

8 (a) the funding agreement is for the operation of a government owned  
9 research or production facility,

10 (b) in exceptional circumstances, it is determined by the government  
11 agency providing the required funding that restriction or elimination of the  
12 right to retain title to any subject invention will better promote the objectives of  
13 this Bill, or

14 (c) it is determined by a Government authority which is authorized by  
15 law to conduct foreign intelligence or counterintelligence activities that the  
16 restriction on or elimination of the right to retain title to any subject invention is  
17 necessary to protect the security of such activities.

18 3.-(1) Any determination section 2 (3) (b) of this Bill shall be in  
19 writing and accompanied by a written statement of facts justifying the  
20 determination and a copy of each such determination and justification shall be  
21 sent to the Minister within thirty days after the execution of the applicable  
22 funding agreement.

23 (2) If the Minister believes that any pattern of determinations by a  
24 Government agency is contrary to the objectives of this Bill or that a  
25 Government agency's policies or practices are not in conformity with the  
26 provisions of this Bill, the Minister shall so advise the head of that Government  
27 agency.

28 (3) Pursuant to the provisions of subsection (2) of this section, the  
29 head of the Government agency shall advise the Minister in writing within  
30 ninety days of what action, if any, the agency has taken or plans to take with

1 respect to the matters raised by the Minister.

2 4. Each funding agreement with a small business firm or non-  
3 profit organization shall contain appropriate provisions to validate the  
4 following:

Provisions in a  
funding agreement

5 (a) a requirement that the contractor disclose each subject  
6 invention to the government agency within a reasonable time after it is made  
7 and that the government agency may claim title to subject invention not  
8 reported to it within such time;

9 (b) a requirement that the contractor may choose to retain the title  
10 to any subject invention within a reasonable time after disclosure and that  
11 the government agency may claim the title to any subject invention in which  
12 the contractor does not choose to retain rights or fails to choose rights within  
13 such time;

14 (c) a requirement that a contractor who chooses to retain rights  
15 shall file patent applications within reasonable time and that the government  
16 agency may claim the title to any subject inventions in the Nigeria or other  
17 countries in which the contractor has not filed patent applications on the  
18 subject invention within such times;

19 (d) with respect to any invention in which the contractor chooses  
20 rights, the government agency shall have a non-exclusive, non-transferable,  
21 irrevocable, paid-up licence to practice or have practiced for or on behalf of  
22 the Federal Government of Nigeria any subject invention throughout the  
23 world, and may, if provided in the funding agreement, have additional rights  
24 to sub-license any foreign government or international organization  
25 pursuant to an existing or future treaty or agreement;

26 (e) the right of the government agency to require periodic reporting  
27 on the utilization or efforts at obtaining utilization that are being made by the  
28 contractor or his licencees or assignees:

29 Provided, that any such information may be treated by the  
30 government agency as privileged and confidential;

1 (h) an obligation on the part of the contractor, in the event that a  
2 Nigerian patent application is filed by or on its behalf or by any assignee of the  
3 contractor, to include within the specification of such application and any  
4 patent issuing thereon, a statement specifying that the invention was made with  
5 government support and that the government has certain rights in the  
6 invention;

7 (g) in the case of a nonprofit organization:

8 (i) a prohibition on the assignment of rights to a subject invention in  
9 Nigeria without the approval of the government agency, except where such  
10 assignment is made to an organization which has as one of its primary functions  
11 the management of inventions and which is not, itself, engaged in or does not  
12 hold a substantial interest in other organizations engaged in the manufacture or  
13 sale of products or the use of processes that might utilize the invention or be in  
14 competition with embodiments of the invention (provided that such assignee  
15 shall be subject to the same provisions as the contractor),

16 (ii) a prohibition against the granting of exclusive licences under  
17 Nigerian Patents or Patent Applications in a subject invention by the contractor  
18 to persons other than small business firms for a period in excess of the first five  
19 years from first commercial sale or use of the invention or eight years from the  
20 date of the exclusive licence,

21 (iii) a requirement that the contractor share royalties with the  
22 inventor, and

23 (iv) a requirement that the balance of any royalties or income earned  
24 by the contractor with respect to subject inventions, after payment of expenses  
25 (including payments to inventors) incidental to the administration of subject  
26 inventions, be utilized for the support of scientific research or education; and

27 (h) the requirements of sections 8 and 9 of this Bill.

28 5. If a contractor does not choose to retain title to a subject invention  
29 in cases subject to this section, the government agency may consider and after  
30 consultation with the contractor grant requests for retention of rights by the

1 inventor subject to the provisions of this Bill and regulations made under  
2 this Bill.

3           6. Where an employee of a government agency is a co-inventor of  
4 any invention made under a funding agreement with a non-profit  
5 organization or small business firm, the government agency employing such  
6 co-inventor is authorized to transfer or assign whatever rights it may acquire  
7 in the subject invention from its employee to the contractor subject to the  
8 conditions set forth under this Bill.

Transfer of rights  
by Government  
agency where  
co-inventor is in  
its employment

9           7.-(1) No funding agreement with a small business firm or  
10 nonprofit organization shall contain a provision allowing a government  
11 agency to require the licensing to third parties the inventions owned by the  
12 contractor that are not subject inventions unless such provision has been  
13 approved by the head of the government agency and a written justification  
14 has been signed by the him.

Licensing on  
inventions to  
third party

15           (2) Any such provision pursuant to subsection (1) of this section  
16 shall clearly state whether the licencing may be required in connection with  
17 the practice of a I subject invention, a specifically identified work object, or  
18 both.

19           (3) A government agency shall not require the licensing of third  
20 parties under any such provision pursuant to subsection (1) of this section  
21 unless the head of the government agency determines that the use of the  
22 invention by others is necessary for the practice of a subject invention or for  
23 the use of a work object of the funding agreement and that such action is  
24 necessary to achieve the practical application of the subject invention or  
25 work object.

26           8. With respect to any subject invention in which a small business  
27 firm or non-profit organization has acquired title under this Bill, the  
28 Government agency under whose funding agreement the subject invention  
29 was made shall have the right, in accordance with such procedures as are  
30 provided in regulations made under this Bill to require the contractor, an

March-in rights

1 assignee or exclusive licensee of a subject invention to grant a non-exclusive,  
2 partially exclusive, or exclusive license in any field of use to a responsible  
3 applicant or applicants, upon terms that are reasonable under the  
4 circumstances, and if the contractor, assignee, or exclusive licensee refuses  
5 such request, the government agency shall have the right to grant such a licence  
6 itself, if it determines that such action is necessary:

7 (a) because the contractor or assignee has not taken, or is not expected  
8 to take within a reasonable time, effective steps to achieve practical application  
9 of the subject invention in such field of use;

10 (b) to alleviate health or safety needs which are not reasonably  
11 satisfied by the contractor, assignee, or their licensees;

12 (c) to meet requirements for public use specified by regulations and  
13 such requirements are not reasonably satisfied by the contractor, assignee,  
14 licensees; or

15 (d) because the agreement required by section 9 has not been obtained  
16 waived or because a licensee of the exclusive right to use or sell any subject  
17 invention in Nigeria is in breach of its agreement obtained pursuant to section  
18 9.

19 **9.-(1)** Notwithstanding any other provision of this Bill, no small  
20 business firm or non-profit organization which receives title to any subject  
21 invention and not assignee of any such small business firm or nonprofit  
22 organization shall grant to any person the exclusive right to use or sell any  
23 subject invention in Nigeria unless such person agrees that any products  
24 embodying the subject invention or produced through the use of the subject  
25 invention will be manufactured substantially in Nigeria.

26 (2) However, in certain cases, the requirement for such an agreement  
27 may be waived by the government agency under whose funding agreement the  
28 invention was made if the small business firm, nonprofit organization, or  
29 assignee shows that reasonable but unsuccessful efforts have been made to  
30 grant licences on similar terms to potential licensees that would be likely to



1 manufacture substantially in Nigeria or that under the circumstances  
2 domestic manufacture is not commercially feasible.

3 10.-(1) Government agencies are authorized to withhold from  
4 disclosure to the public information disclosing any invention in which the  
5 Federal Government owns or may own a right, title, or interest (including a  
6 non-exclusive licence) for a reasonable time in order for a patent application  
7 to be filed.

Confidentiality

8 (2) Government agencies shall not be required to release copies of  
9 any document which is part of an application for patent filed with the  
10 relevant authorities or with any foreign patent office.

11 11. The Bureau for Public Procurement, after receiving  
12 recommendations from the Minister, may make regulations which may be  
13 made applicable to government agencies implementing the provisions of  
14 sections 2 to 9 of this Bill and the Bureau for Public Procurement shall  
15 establish standard funding agreement provisions required under this Bill.

Uniform clause  
and regulation

16 12. Each government agency is authorized to:

17 (a) apply for, obtain, and maintain patents or other forms of  
18 protection in Nigeria and in foreign countries on inventions in which the  
19 Federal Government owns a right, title, or interest;

20 (b) grant non-exclusive, exclusive, or partially exclusive licences  
21 under government owned patent applications, patents, or other forms of  
22 protection obtained, royalty-free or for royalties or other consideration, and  
23 on such terms and conditions, including the grant to the licensee of the right  
24 of enforcement;

25 (c) undertake all other suitable and necessary steps to protect and  
26 administer rights to federal government owned inventions on behalf of the  
27 federal government either directly or through contract; and

28 (d) transfer custody and administration, in whole or in part, to  
29 another government agency, of the right, title, or interest in any federal  
30 government owned invention.

Domestic and  
foreign protection  
of federally owned  
inventions

Regulations  
governing  
Federal Licencing

1           13. The Minister shall make regulations specifying the terms and  
2 conditions upon which any federal government owned invention may be  
3 licensed on a non-exclusive, partially exclusive, or exclusive basis.

Restrictions on  
licencing of  
federally owned  
inventions

4           14.-(1) No government agency shall grant any licence under a patent  
5 or patent application on a federal government owned invention unless the  
6 person requesting the license has supplied the government agency with a plan  
7 for development and/or marketing of the invention, and the government  
8 agency may treat such plan as confidential.

9           (2) A government agency shall normally grant the right to use or sell  
10 any federal government owned invention in Nigeria only to a licensee that  
11 agrees that any products embodying the invention or produced through the use  
12 of the invention will be manufactured substantially in Nigeria.

13           (3) Each government agency may grant exclusive or partially  
14 exclusive licenses in any invention covered by a federal government owned  
15 domestic patent or patent application only if, after public notice and  
16 opportunity for filing written objections, it is determined that:

17           (a) the interests of the Federal Government and the public will best be  
18 served by the proposed licence, in view of the applicant's intentions, plans, and  
19 ability to bring the invention to practical application or otherwise promote the  
20 invention's utilization by the public;

21           (b) the desired practical application has not been achieved, or is not  
22 likely expeditiously to be achieved, under any non-exclusive license which has  
23 been granted, or which may be granted, on the invention;

24           (c) exclusive or partially exclusive licencing is a reasonable and  
25 necessary incentive to call forth the investment of risk capital and expenditures  
26 to bring the invention to practical application or otherwise promote the  
27 invention's utilization by the public; and

28           (d) the proposed terms and scope of exclusivity are not greater than  
29 reasonably necessary to provide the incentive for bringing the invention to

1 practical application or otherwise promote the invention's utilization by the  
2 public.

3 (4) A government agency shall not grant such exclusive or partially  
4 exclusive license under subsection (3) of this section if it determines that the  
5 grant of such licence will tend substantially to lessen competition or result in  
6 undue concentration in any section of the country in any line of commerce to  
7 which the technology to be licenced relates.

8 (5) First preference in the exclusive or partially exclusive licencing  
9 of government owned inventions shall go to small business firms submitting  
10 plans that are determined by the agency to be within the capabilities of the  
11 firms and equally likely, if executed, to bring the invention to practical  
12 application as any plans submitted by applicants that are not small business  
13 firms.

14 (6) After consideration of whether the interests of the federal  
15 government or Nigerian industry in foreign commerce will be enhanced,  
16 any government agency may grant exclusive or partially exclusive licences  
17 in any invention covered by a foreign patent application or patent, after  
18 public notice and opportunity for filing written objections, except that a  
19 government agency shall not grant such exclusive or partially exclusive  
20 licence if it determines that the grant of such licence will tend substantially  
21 to lessen competition or result in undue concentration in any section of  
22 Nigeria in any line of commerce to which the technology to be licenced  
23 relates.

24 (7) Any grant of a licence shall contain such terms and conditions  
25 as the government agency determines appropriate for the protection of the  
26 interests of the federal government and the public, including provisions for  
27 the following:

28 (a) periodic reporting on the utilization or efforts at obtaining  
29 utilization that are being made by the licensee with particular reference to  
30 the plan submitted:

1 Provided, that any such information may be treated by the federal government  
2 agency as commercial and financial information obtained from a person as  
3 confidential;

4 (b) the right of the government agency to terminate such licence in  
5 whole or in part if it determines that the licensee is not executing the plan  
6 submitted with its request for a licence and the licensee cannot otherwise  
7 demonstrate to the satisfaction of the government agency that it has taken or  
8 can be expected to take within a reasonable time, effective steps to achieve  
9 practical application of the invention;

10 (c) the right of the government agency to terminate such licence in  
11 whole or in part if the licensee is in breach of an agreement obtained pursuant to  
12 paragraph (b) of this section; and

13 (d) the right of the government agency to terminate the licence in  
14 whole or in part if the agency determines that such action is necessary to meet  
15 requirements for public use specified by government regulations issued after  
16 the date of the licence and such requirements are not reasonably satisfied by the  
17 licensee.

Precedence of  
Bill

18 15.-(1) Section 2 of the Patent and Designs Act, Cap P2, Laws of the  
19 Federation of Nigeria, 2004 when and where applicable, is to be read with such  
20 modifications as to bring it in conformity with the provisions of this Bill.

21 (2) Nothing in this Bill is intended to alter the effect any other law  
22 with respect to the rights in inventions made in the performance of funding  
23 agreements with persons other than non-profit organizations or small business  
24 firms.

25 (3) Nothing in this Bill is intended to limit the authority of  
26 Government agencies to enter into an agreement as regards rights in inventions  
27 made in the performance of work under funding agreements with persons other  
28 than non-profit organizations or small business firms.

Relationship  
to antitrust laws

29 16. Nothing in this Bill shall be deemed to convey to any person  
30 immunity from civil or criminal liability, or to create any defence to actions,

1 under any antitrust law.

2 17. The right to title to invention made in the ordinary course of  
3 activities of a research institution established pursuant to an Act of the  
4 National Assembly other than a subject invention, shall be vested in such  
5 research institute and shall be subject to the provisions of this Bill.

Right of title to  
inventions made  
in the ordinary  
course of activities  
of research  
institutions

6 18. At least once each year, the Minister shall transmit a report, to  
7 the relevant committees of each house of the National Assembly, on the  
8 implementation of the provisions of this Bill by agencies and on such other  
9 aspects of government patent policies and practices with respect to federal  
10 government funded inventions as the he believes appropriate.

Annual reports  
to National  
Assembly

11 19. In this Bill, unless the context otherwise requires:

Interpretation

12 "government agency" means a ministry, department or agency of the  
13 Government of the Federation;

14 "funding agreement" means any contract, grant, or cooperative agreement  
15 entered into between any federal agency and a contractor for the  
16 performance of experimental, developmental or research work funded in  
17 whole or in part by the Government of the Federation and such term includes  
18 any assignment, substitution of parties, or subcontract of any type entered  
19 into for the performance of experimental, developmental, or research work  
20 under a funding agreement as herein defined;

21 "contractor" means any person, small business firm, or non-profit  
22 organization that is a party to a funding agreement;

23 "invention" means any invention or discovery which is or may be patentable  
24 or otherwise protectable under this Bill;

25 "subject invention" means any invention of the contractor conceived or first  
26 actually reduced to practice in the performance of work under a funding  
27 agreement;

28 "practical application" means to manufacture in the case of a composition or  
29 product, to practice in the case of a process or method, or to operate in the  
30 case of a machine or system; and, in each case, under such conditions as to

1 establish that the invention is being utilized and that its benefits are to the extent  
2 permitted by law available to the public on reasonable terms;  
3 "made" when used in relation to any invention means the conception or first  
4 actual reduction to practice of such invention;  
5 "Minister" means the Minister charged with the responsibility for trade, under  
6 whom the Patent Registry is placed;  
7 "small business firm" means a small business concern as defined under the  
8 Small and Medium Enterprises Development Agency of Nigeria Act;  
9 "non-profit organization" means universities and other institutions of higher  
10 education and institutions of research established pursuant to an Bill of the  
11 National Assembly;  
12 "relevant authority" means the authority in charge of administering patent and  
13 patent application issues; and  
14 "relevant committees" with respect to the National Assembly means the  
15 committees of each chamber of the National Assembly assigned with the  
16 responsibility of oversight on patent issues.

Short title

17           **20.** This Bill may be cited as the Patent (Additional Rights, etc.) Bill,  
18 2019.

## EXPLANATORY MEMORANDUM

This Bill seeks to provide universities, other higher institutions and research institutions with the right to patentable inventions made with Federal Government resources. It also seeks to provide for the commercial transfer of rights to inventions for the purposes of driving industrial growth in Nigeria.