

**IN THE SUPREME COURT OF THE DEMOCRATIC SOCIALIST REPUBLIC  
OF SRI LANKA**

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A Bill bearing the title "Intellectual Property"

In the matter of petitions under Article 121(1) of  
the Constitution.

Present: Sarath N. Silva - Chief Justice  
Shirani A. Bandaranayake - Judge of the Supreme Court  
J.A.N. Silva - Judge of the Supreme Court

S.C. Special Determination  
No.14/2003

Dr. Kamalika Abeyratne,  
No.91A, Fifth Lane,  
Colombo 03.

Petitioner

Counsel: Ms. I.R. Rajepakse with Ms. S. Daluwatte

Saleem Marsoof, PC, Additional Solicitor-General, with Shavindra Fernando,  
Senior State Counsel, and N. Wigneswaran, State Counsel, for Attorney-  
General.

S.C. Special Determination  
No.15/2003

Centre for Policy Alternatives (Guarantee) Ltd.,  
No.24/2, 28<sup>th</sup> Lane,  
Sir Ernest De Silva Mawatha,  
Colombo 07.

Petitioner

Counsel: M.A. Sumanthiran with Buddhika Illangatillake, S. Anthony and S. Kanag-  
Iswaran.

Saleem Marsoof, PC, Additional Solicitor-General, with Shavindra Fernando,  
Senior State Counsel, and N. Wigneswaran, State Counsel, for Attorney-  
General.

S.C. Special Determination  
No.16/2003

Nihal Fernando,  
No.18, Skelton Road,  
Colombo 05.

Petitioner

Counsel: Jagath Gunawardena with Ms. Lilanthi De Silva.

Saleem Marsoof, PC, Additional Solicitor-General, with Shavindra Fernando, Senior State Counsel, and N. Wigneswaran, State Counsel, for Attorney-General.

The Court assembled at 10.00 a.m. on 6<sup>th</sup> June, 2003 and at 1.30 p.m. on 9<sup>th</sup> June, 2003.

A Bill bearing the title "Intellectual Property" was placed on the Order Paper of Parliament for 21<sup>st</sup> May 2003. Three petitions numbered as above have been presented, invoking the jurisdiction of this Court in terms of Article 121(1) of the Constitution to determine whether the Bill or any provision thereof is inconsistent with the Constitution. Hon. Attorney-General has been given due notice of the petitions.

The Counsel representing the petitioners and the Additional Solicitor-General were heard before this Bench at sittings held on 06<sup>th</sup> and 09<sup>th</sup> June, 2003.

The Petitioners contended that Clauses 84, 90, 91, 92, 93 and 94 of the Bill are inconsistent with Articles 3 and/or 4(d), 12(1) and 14(1)(g) of the Constitution and that if they are to become law, they must be passed by a two-thirds (2/3) majority in Parliament.

The Petitioners also contended that, although they are mainly concerned with the Clauses referred to earlier, which are found in Chapters XIV to XVII, that it would be necessary to refer to other areas, which would include other Clauses. Accordingly the petitioners contended that Clauses 62, 83 and 87 of the Bill are also inconsistent with Articles 3 and/or 4(d), 12(1) and 14(1)(g) of the Constitution.

The Bill seeks to provide for the law relating to Intellectual Property and for efficient procedure for the registration, control and administration and to amend the Customs Ordinance and the High Court of the Provinces (Special Provisions) Act No.10 of 1996.

#### Clauses 83 and 84

The present Bill consists of eleven parts and forty-three Chapters. Clause 83, which is in Chapter XIV, deals with the Duration of Patent and Clause 84, which is in Chapter XV, provides for the rights of an owner of a Patent. The contention of the petitioners is that these two clauses would make provision for the grant of a Patent for a twenty-year duration in respect of products and processes. The owner of such a Patent, it was contended, would have the exclusive right for a period of twenty years to exploit the patented invention, to assign or transmit the patent and to conclude licensing contracts in respect of such inventions. The petitioners further contended that, in accordance with the terms of Patent Chapters read with Articles 3 and 4 of the Trade Related Intellectual Property Rights (TRIPS) Agreement, the Government of Sri Lanka will not be able to accord to its own citizens or corporate entities any protection or privileges which are not granted to foreign persons or corporate entities. These provisions in effect would allow the foreign patent holders of any product or process, including medicinal drugs and the processes for their manufacture, to control the supply and price of such drugs in the Sri Lankan market. This would result in the increase of the prices of such medicine in the market as the aforementioned provisions will have the effect of removing the power of the Sri Lankan authorities or a Sri Lankan citizen from obtaining medicines for the 'people of Sri Lanka' at the cheapest available price and from a source of their choice.

The contention of the petitioners therefore is that these provisions are violative of Article 12(1) of the Constitution. In support of this contention the petitioners drew our attention to the Report on "TRIPS and Health Section in the South-East Asia Region" published by the World Health Organization (WHO) which sets out the consequences of adherence to the TRIPS agreement on the health of people in the South and East Asian countries including Sri Lanka.

The petitioners' contention is chiefly based on the position that the mitigating measures, which were incorporated in the TRIPS Agreement, have not been included in the present Bill. The following three (3) examples could be cited as important issues that should have been taken into consideration.

- (A) Articles 30 and 31 of the TRIPS Agreement provides for a State to make provision for the use of the subject matter of a patent for the domestic market without the prior authorization of the patent holder in certain situations such as national emergencies.

Article 30 of the TRIPS Agreement is on **Exceptions to Rights conferred** and reads as follows:

"Members may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent holder, taking account of the legitimate interests of third parties."

Article 31 on the other hand deals **with other use without Authorization of the Right Holder**, and reads as follows:

"Where the law of a Member allows for other use of the subject matter of a patent without the authorization of the right holder, including use by the government or third parties authorized by the government, the following provisions shall be respected:"

12 provisions are laid down under this Article.

- (B) The Doha Declaration makes provision for compulsory licensing and parallel importing of pharmaceutical drugs to meet national health emergencies. This includes granting of compulsory licenses in respect of pharmaceutical products with regard to public health crises including those related to HIV/AIDS, tuberculosis, malaria and other epidemics.
- (C) The TRIPS Agreement includes several mitigatory measures, which are allowed under the said Agreement.

None of these measures have been incorporated in the Bill on Intellectual Property. The provisions of the TRIPS Agreement clearly specify that it has incorporated mitigatory provisions, as the Agreement would be applicable for developed countries as well as to the less developed nations. In fact, World Trade Organization (WTO) has recognized the inequality of nations in respect of the TRIPS Agreement by prescribing a staggered time frame for the implementation of the Agreement among countries of different economic levels.

Therefore it is an accepted fact that the provisions of the TRIPS Agreement would be applicable to countries developed as well as developing, which cannot be treated as equals. Article 12(1) of the Sri Lanka Constitution not only guarantees equality before the law, but also provides for the equal protection of the law. It is well settled law that just as much as equals should not be placed unequally, at the same time unequals should not be treated as equals.

Equal protection means the right to equal treatment when similar circumstances are prevailing allowing no discrimination between two persons who are similarly circumstanced. Similarly equal protection in terms of Article 12(1) guarantees protection not only from the executive, but also from the legislature. This Article is in line with Article 7 of the Universal Declaration of Human Rights (1948), which states that, "All are equal before the law and are entitled, without any discrimination, to equal protection of the law".

Article 12(1) of our Constitution is similar in content and effect to the 14<sup>th</sup> Amendment to the Constitution of the United States of America and to Article 14 of the Constitution of India. As it has been decided by a series of cases in India, the guarantee of equal protection of the laws is an injunction issued by the framers of the Legislature against enactment of discriminatory laws. Although the legislature has a wide choice in articulation of subject matter of its laws, it should not treat unequals as equals and equals as unequals.

For the aforesaid reasons we determine that Clauses 83 and 84 of the Bill are inconsistent with Article 12(1) of the Constitution. The Bill in its present form therefore requires to be passed by the special majority required under the provisions of paragraph 2 of Section 84 of the Constitution.

#### Clauses 90, 91, 92, 93 and 94

Clauses 90 to 97 are in Chapter XVII and deals with license contracts. Clause 90 which is the interpretation clause, defines license contract and is in the following terms:

"For the purposes of this part license contract means any contract by which the owner of a patent (hereinafter referred to as 'the licensor') grants to another person or enterprise (hereinafter referred to as 'the licensee') a license to do all or any of the acts referred to in paragraph (a) of sub-section (1) and sub-section (3) of Section 84."

Section 84, as referred to earlier, deals with the rights of an owner of a patent. It was contended on behalf of the petitioners that a patent, which is a statutory grant of a right to an inventor from which others are excluded as long as the grant runs, will give the inventor a monopoly to exploit the invention at the exclusion of all others. This will detract any opportunity available for the use of the patented product by any other user. This in effect would be a disincentive and an obstacle to the development of the local pharmaceutical industry, which would in turn be unequal treatment and violation of equal protection for the persons who are engaged in such industry.

We therefore determine that Clauses 90, 91, 92, 93 and 94 are inconsistent with Articles 12(1) of the Constitution.

#### Clause 87

The petitioners contended that Clause 87 of the Bill is inconsistent with Articles 12(1) and 14(1)(g) of the Constitution for the following reasons:

Clause 87 deals with the rights derived from prior manufacture or use and reads as follows:

“Where a person at the filing date or, where applicable, the priority date, of the patent application –

- (a) was in good faith making the product or using the process in Sri Lanka which is the subject of the invention claimed in such application;
- (b) had in good faith made serious preparation in Sri Lanka towards the making of the product or using the process referred to in paragraph (a);

he shall have the right, despite the grant of the patent, to exploit the patented invention:

Provided that the product in question is made or the process in question is used by the said person in Sri Lanka:

Provided further, if the invention was disclosed under circumstances referred to in paragraphs (a) or (b) of subsection (3) of Section 64, he may prove that his knowledge of the invention was not as a result of such disclosure.”

Clause 64 deals with “Novelty” and refers to “Prior art”, which is defined in Clause 64(2) in the following terms:

“Prior art shall consist of –

- (a) everything disclosed to the public, anywhere in the world, by written publication, oral disclosure, use or in any other way prior to the filing or, where appropriate, priority date of the patent application claiming the invention.”

However in terms of Clause 87(1) read together with Clause 64, a Sri Lankan who had been already making a product or using a process in respect of which another party has applied for the patent, may end up only with the right to exploit the patented invention or process. If the purpose of the inclusion of Clause 87 was to protect the Sri Lankan who is already making a product or using the process, where another party has applied for a patent, then the Sri Lankan should be entitled to it and the application made by the other party for the patent should be refused on the ground that the invention has already been anticipated by prior art.

Clause 87 therefore is not granting the equal right or the equal protection to an inventor who has already made a product or uses a process and thereby is inconsistent with Article 12(1) of the Constitution.

#### Clause 62

Clause 62 deals with definitions and Clause 62(3)(b) refers to the items, although they are inventions, which are not patentable within the meaning of sub-clause (1) of Clause 62. These are –

“(b) plants and animals **other than micro-organisms** and an essentially biological process for the production of plants and animals other than non-biological and micro-biological processes” (emphasis added).

It is clear that this Clause has excluded micro-organisms by excluding them from living organisms thus allowing them to be patented.

Petitioners contended that in terms of the TRIPS Agreement, although it is necessary for a country to give patents to micro-organisms, there is no definition given to this term. This has created a situation where it is possible to have a broad scope of patent protection, which could in turn be detrimental to the interests of the country. Examples were given of the pure culture of the micro-organism *Sreptisporangium fragile* that is capable of producing the antibiotic complex containing Frajilomycin A which has been found in a paddy field in the village of Anaikota, situated about 5 miles from Jaffna in the Northern Province of Sri Lanka. Reference was also made to micro-organisms known as “pathogens”. It was submitted that due to the fact that there is no definition for the term “micro-organism” makes it possible for a variant of a pathogen to be patented. This will pave the way for a patent holder to carry out research for the purpose of diagnosis and finding cures, which in effect will increase the prices of diagnosis and cures. Therefore the petitioners contended that the non-inclusion of the necessary definition to micro-organism is inconsistent with Article 12(1) of the Constitution which guarantees equal rights and equal protection to persons, with which we agree.

It is however, suggested that if the words “**and micro-organism other than transgenic micro-organism**” is added after the word animals in Clause 62(3)(b) thereby amending the said Clause, it would cease to be inconsistent with Article 12(1) of the Constitution.

Accordingly the following paragraph also will have to be added to Clause 213 of the Bill as an Interpretation Clause.

“‘Transgenic’ means an organism that expresses a characteristic, not attainable normally by the species under natural circumstances, but which has been added by means of direct human intervention in this genetic composition.”

Learned Additional Solicitor-General did not concede to the suggested amendments to the present Bill in order for it to be consistent with the provisions of the Constitution. He was also not in agreement to consider the inclusion of proposed Clauses which were included in a previous draft that were deleted from the instant Bill.

Learned Additional Solicitor-General’s contention was based on the purpose of a Patent and how it could be claimed by another person. He took up the view that a patent is the ownership of intellectual property rights, which would be necessary in order to meaningfully exercise one’s fundamental rights, especially those guaranteed under Article 14(1)(g). This provision, he contended, is restricted in terms of Article 15(7) of the Constitution in the interests of inter alia “securing due recognition and respect for the rights and freedoms of others....”

According to the learned Additional Solicitor-General, in terms of Article 15(5) of the Constitution, fundamental rights may be restricted in the interests of national economy or of meeting the just requirements of the general welfare of a democratic society. This would be the basis whereby the Legislature would strive to achieve the balance between the rights of the individual and the society in general.

Undoubtedly the provisions of Article 14(1)(g) is restricted in terms of Article 15(5) of the Constitution. However, this does not mean that such provision could override the safeguard and protection given to persons in terms of Article 12(1) of the Constitution. As referred to earlier, the provisions in Article 12(1) guarantee equal rights as well as equal protection and the provision of the TRIPS Agreement cannot be applicable to developed and developing countries equally without attributing due consideration to such rights with particular reference to the mitigatory provisions in the Agreement.

Producers of patented products and processes and their agents in developed nations and consumers of such products in developing countries such as Sri Lanka cannot be taken as parties that are similarly circumstanced. There is ample justification to treat them differently as they cannot be put on equal footing. If they are to be treated equally such decision should be justified by relevant criteria.

The learned Additional Solicitor-General has showed no such justification by a relevant differentiation between the aforementioned parties. Nor has he given any indication as to why the mitigatory provisions suggested by the TRIPS Agreement could not be considered in the enactment of the Bill. In such circumstances we are not in a position to agree with the submissions of the learned Additional Solicitor-General when it is visibly clear that the aforementioned Clauses of the Bill are inconsistent with Article 12(1) of the Constitution.

For the aforementioned reasons we determine that clauses 62, 83, 84, 87, 90, 91, 92, 93 and 94 are inconsistent with Article 12(1) of the Constitution. We therefore state that the Bill in the present form is required to be passed by the special majority required under the provisions of paragraph 2 of Article 84 of the Constitution.

We shall place on record our appreciation of the assistance given by the learned Additional Solicitor-General and all the other learned Counsel who made submissions in this matter.

Sarath N. Silva,  
Chief Justice.

Shirani A. Bandaranayake,  
Judge of the Supreme Court.

J.A.N. de Silva,  
Judge of the Supreme Court.