



The Iranian patent reform

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ABSTRACT

The new “Patent, Industrial Designs, Trademarks Law” ratified nearly 80 years after the first Iranian patent law can be considered as a serious reform for the Iranian Intellectual Property system. The key features of the new law, with respect to patenting, that are different from those of the previous one and are intended to make it more compatible with the international norms, including the “Trade Related Aspects of Intellectual Property Rights (TRIPS)” agreement, are briefly introduced and discussed in this paper to give the reader an overview of the status of the changes in the Iranian IP law. An earlier article in this journal, by Rezapour et al. [Rezapour Morteza, Bagheri Seyed Kamran, Rashtchi Maryam, Bakhtiari Mohammad Reza. The Iranian patenting system: an introduction. *World Patent Information*;2007:29 250–4], described the evolution of the Iranian patent system, covering previous laws, developing policies and the accessibility of Iranian patent information.

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1. Introduction

The first attempt to protect industrial properties in Iran dates back to 1924, when the Iranian “Patent and Trademark Law” was enacted. Since its further improvement in 1931 [5], this law has not been altered. It is clear that the fast pace of technological changes necessitates highly exhaustive laws that can cope with the changes, which has definitely not been the case with the present Iranian IPR laws.

The last two master development plans of Iran put more stress on the improvement of the Iranian IP system, which together with the increasing IP-awareness in the country, has led to a spurt in the changes in this field [2].

This is partly reflected by Iran's recent accessions to international IP-related agreements and treaties: WIPO convention (March 14, 2002), Madrid agreement and Madrid protocol relating to the international registration of Marks (December 25, 2003), Madrid agreement for repression of false or deceptive indications of source on goods (June 18, 2004) and Lisbon agreement for protection of appellations of origin and their international registration (March 9, 2006) [1], and the countries soon to come accession to the Patent Cooperation Treaty (PCT) which has already been approved by the Iranian Parliament.

On the other hand, the tendency to protect inventions in Iran has increased dramatically in recent years [2], which seems to have

resulted from and also catalyzed the reforms. This has also led to an increased number of patent filings by Iranian companies and individuals overseas. As an example, the foreign patent applications of only one institute (the Research Institute of Petroleum Industry) in 2006 has exceeded the total sum of all Iranian foreign patent applications beforehand [3].

The establishment of new IP law firms (e.g. Newway Intellectual Property and Technology Institute [4]) offering, for the first time, the whole range of professional services in the field, is another sign of the new business environment created as a result of the IP's becoming increasingly important.

In continuation of this trend, and partly as a consequence thereof, the new law entitled “Patent, Industrial Designs, Trademarks Act” [6], prepared in accordance with the WIPO model law for the developing countries, has been passed by the parliament in January 22, 2008 [7]. This bill will be soon entering into force. This can be regarded as the most important shift in the Iranian IP landscape and will certainly lead to considerable consequences for local and foreign companies active in the Iranian market.

2. Major areas of change

Regarding the importance of the new law, its major alterations in comparison with the previous one have been highlighted in this paper and categorized into the following areas. It should be noted that the intricacies of the law require detailed analysis that is beyond the scope of this article.

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2.1. Patentable subject matters and the exclusions

Art. 26 of the previous law stated “Any kind of discovery, or invention in different fields of industry or agriculture gives the discoverer or inventor the exclusive right to use his invention within a fixed period, according to foreseen conditions of this law”. As it is seen, this article does not define an invention and only addresses the grant of exclusive rights.

This article, on the other hand, also used the term “discovery”, which does not fit into the legal framework of patentable subject matters. The fact that no other articles of the law, further referred to the term “discovery” and the constantly included more consistent terminology such as invention, inventor indirectly shows that the legislators had not really intended to include discovery as a patentable subject matter.

The new law, however, clearly and more precisely defines an invention, in its first article. Based on the new definition, “An invention is the outcome of human intellect that has brought about, for the first time, a new product or process, which has solved a problem in the prior art and is also industrially applicable”.

It should further be noted that, on the contrary to the previous law, the new law clearly recognizes the patentability of processes, as well as, products.

The new law also clearly lists subject matter that cannot constitute an invention and are expressly excluded from patentability.

According to Art. 4 of the new law, the following are excluded from patentability:

- (1) Scientific theories, mathematical methods and aesthetic creations.
- (2) Business methods, business plans or methods and plans of social or cultural activities.
- (3) Diagnostic, therapeutic and surgical methods for the treatment of humans or animals, genetic resources, and the biological processes for the production thereof.
- (4) Inventions, which are against Islamic rules or those which would be contrary to “public order” or “morality”, or which threaten public health.

The previous law also excluded pharmaceutical inventions from patentability; however based on the uniform judicial precedent of supreme court no. 615 dated April 8, 1997 on the patenting of pharmaceutical compounds, this group of inventions were still patented.

The new law, on the other hand, in accordance with Art. 27 of TRIPS [9], permits the patentability of pharmaceutical inventions, which can be considered as one of the most prominent differences of the two laws. As mentioned above the new law, also clearly indicates genetic resources, cultural heritage, and inventions undermining public health and order as non-patentable subject matter.

2.2. Patentability requirements

The three pre-requirements of “Novelty”, “Inventive step” and “Industrial applicability” are well known as the substantive patentability requirements. The previous law only vaguely required novelty and industrial applicability as the requirements for patentability. Art. 2 of the new law, however, clearly addresses this issue. It is noteworthy that this article, according to Art. 3 of the Paris convention [8], defines industry in its broad sense.

The above-mentioned article is meant to be consistent with Art. 27(3) of TRIPS. As already known, TRIPS has only foreseen the three above-mentioned requirements, and leaves their interpretation to the domestic laws of the member states, so that the countries can each take account of their economic, social and developmental context.

Art. 4 of the new law, further, clearly describes the state of the art as everything made available to the public anywhere in the world by means of a written or oral description, by use, or in any other way, before the date of filing or priority.

This article also, using the phrase “for the first time”, requires the invention be absolutely novel in order to be patentable. This issue was rather vague in the previous law.

2.3. Shift to an examination based system

In accordance with the previous law the Iranian patent system is declaration-based, and hence substantive examination of the subject matter of the inventions is not practiced at present.

Art. 13 of the new law, states that the Iranian Administration for the Registration of Industrial Properties (ARIP) shall examine the applications with respect to their compliance with the patentability requirements. It should be noted that, contrary to the explicit reference of the new law to an examination based system, the shift is not expected to take place in the near future due to the lack of infrastructures and expertise required.

2.4. Grace period

The last part of Art. 5, of the new law is on a grace period which was not foreseen in the previous law. This article states that the disclosure of the subject matter of the invention by the inventor shall not be considered as novelty destroying, in case it has not been done, earlier than 6 months before the date of filing the corresponding application.

2.5. Software patents

Art. 27 of the previous law stated that any type of invention that meets the requirements of patentability shall be patented. Hence, in case computer softwares met the mentioned requirements, they could be patented likewise.

On the other hand, since computer softwares are not mentioned as exclusions from patentability in Art. 28 of the new law, one can infer that the Iranian legislators have meant computer softwares to be protected as patents.

Furthermore, on January 9, 2001 a new law on “The registration and protection of computer softwares”, which was meant to improve all aspects of software protection including patenting softwares or protecting them through copyright, was enacted. Art. 12 of this law also states the patentability of computer softwares. So, one can conclude that software inventions can be protected both under copyright and patent systems in Iran.

2.6. Patent rights

Art. 33 of the previous law, states that the inventor or his representative has the right to sell or produce the patented invention, or assign others to do so. What needs to be stressed here is that, the previous law only referred to selling and producing of a patented invention as acts of infringement and also the inventors’ rights, were stated as “positive rights” which is not a common practice in this field.

Art. 15 of the new bill, on the other hand, deals with these issues differently. Based on this article, application of an invention is defined as its production, import or export, selling, or stocking for later sale, which is only allowable under the consent of the inventor or his representative. The inventors’ rights are also defined as “negative rights”.

As another important point it is worthy to mention that, according to Art. 15 of the new law, in case the subject matter of a patent

is a process, the protection acquired under the new law is extended to products directly obtained by that process.

It should be noticed that, in order for the new bill to comply with Art. 5 and 11 of the Paris Convention, the following will not be considered as infringements of the rights of a patentee in Iran:

- Use of products that have been imported to Iran, either by the inventor or under his consent.
- The use on board vessels, aircraft and land vehicles of other countries of devices forming the subject of a patent in the body of the vessel, aircrafts and land vehicles, when they temporarily or accidentally enter the territory of the Islamic Republic of Iran, provided that such devices are used there exclusively for the needs of the vessel, aircraft and land vehicles.
- Application of the subject matter of the patented invention for research purposes.
- Use of the invention, done in good faith, before the filing or priority date.

2.7. Inventor's moral rights

Although Iran has been a member of the Paris Convention since 1959, according to Art. 4 *ter* of which, "The inventor shall have the right to be mentioned as such in the patent", the previous law was silent about the inventors' moral rights, contrary to all of its focus on the economic rights of the inventors. This inconsistency has been overcome in Art. 5 (f) of the new law.

2.8. Hire-to-invent situations

In the case of inventions under a hire-to-invent (directed-to-invent) doctrine, according to the previous law, the exclusive rights of the invention are granted to the employer.

Art. 5(e) of the new law, states that, in case the invention is the result of a hire-to-invent doctrine, the economic rights shall be granted to the employer unless the contrary is foreseen in the employment agreement. However, it does not distinguish between the inventions that have been performed according to the agreement and those that have no relevance with the tasks mentioned in the agreement.

2.9. Priority

Although according to Art. 4 of Paris Convention, filing a patent in the member states, including Iran, shall give rise to the right of priority, the previous law was completely silent on this issue, while the common practice at the ARIP was to act according to this article.

Art. 9 of the new law, on the other hand, solves this inconsistency by expressly indicating the inventor's right to claim priority based on a prior filing in any Paris Convention member state.

2.10. Compulsory licensing

The current law, having merely focused on the economic rights of the inventors, lacks provisions to meet the demands and rights of the society.

The new bill, in accordance with Art. 5 of the Paris Convention, and the standards of Art. 31 of TRIPS contains provisions on compulsory licensing, to overcome this deficiency. Based on Art. 17 of the new bill, the government shall have the right to grant a compulsory licence under the following conditions:

(a) If national emergency or other circumstances of extreme urgency, the public interest, in particular, national security, nutrition, health, or the development of other vital sectors of the national economy of the country necessitate the application of an invention.

(b) Any decisions on the issuance or nullification of a compulsory licence shall be taken by a committee comprising the head of the Registration Organization for Deeds and Properties of Iran (RODP), a supreme court judge introduced by the head of the judiciary system, the prosecutor general, the representative of the president or the most senior member of the corresponding organization (i.e. senior members of governmental organizations dealing with national security (i.e. Ministries of Defense, Intelligence and Interior), dealing with public health and nutrition (Ministry of Health and Medical Education) and the economic affairs (i.e. Ministry of Petroleum and Ministry of Economic Affairs and Finance)), and after hearing of the statements of the patent holder and the claimant of the licence.

(c) The application of the invention shall not exceed the boundaries mentioned in the compulsory licence, and can be performed after paying a reasonable licence fee.

(d) In case the patent holder claims that the grounds according to which the compulsory licence has been issued do not apply anymore, or that the government and/or people appointed by the committee did not act according to the provisions of law, the licence can be terminated.

(e) The request for the grant of a compulsory licence should accompany the documents to prove that the government or the third party have not been able to reach to an agreement with the right holder to get a voluntary licence under reasonable terms.

(f) The rights granted by the compulsory licence are only to be practiced in Iran.

(g) The decisions of the committee can be objected to through the Public Court of Tehran.

2.11. Enforceability

The status of enforceability of the patent rights in the previous and current law is analyzed under the three following sub-categories.

2.11.1. Civil remedies

The current law including provisions such as payment of compensations, injunctive relief to stop infringement, seizure of the infringing products, and publication of court rules in newspapers, and also, by giving the patent holder the right to ask the court for provisional injunctions to stop the production and sales, or import of false or infringing products, and the courts are bound to do this and address this issue properly. The same provisions have been reflected in the new bill.

2.11.2. Criminal remedies

The vaguest sections of the current law with respect to enforceability are the criminal remedies, since *no penalty* has been mentioned, and the *penalties* are renvoi to the criminal law.

According to Art. 249 of the previous Iranian general criminal law the penalty of patent right infringers may be 3–6 months of imprisonment or fines, however the courts have proven to be reluctant to render such verdicts.

The most important feature of the new bill is its clarification of the state of enforceability of the IP laws. Based on Art. 60 of this bill, any intended infringement, shall lead to the conviction of the infringer to compensate the caused damages, in addition to about \$1000–50,000 of fine and/or 91 days to 6 month of discretionary imprisonment.

Furthermore, based on Art. 58 of the new bill, dealing with IP cases shall be specifically granted to specific branch(es) of Tehran public courts.

2.11.3. Interim and border measures

The current law also includes effective provisions with regard to the interim and border actions, which go further than security or-

ders for the defendant, or provisional injunctions for the seizure of alleged infringing products or to prohibit the production or sales of an infringing product, and even let the custom agents seize any alleged infringing products without court rules.

The above-mentioned provisions of the current law in interim and boarder measures issues seem to be in complete accordance with the international standards, e.g. those of TRIPS and may even be considered to have higher standards from these aspects.

Art. 60 of the new bill also adds, to the existing laws, that in case a party knowingly and intentionally infringes patent rights, he will be convicted and should compensate for the losses. However, in case the invention is a process and contrary to the common practice in other cases than patents, in accordance with the provisions of TRIPS, it is up to the defendant to prove that the process he has used is different from that of the patent application.

3. Conclusion

In general, the changes introduced into the new bill, with respect to current law, including the clarifications made on the patentability requirements, absolute novelty, priority, exclusion from patentability and also the new issues like grace period, software patents, Joint inventions and hire-to-invent situations, civil remedies, compulsory licensing and also the intention to shift to an examination based system are indications of the compatibility of this bill with the international IPR agreements and standards thereof. The fact that the bill will be implemented in the near future, adds to the importance of these changes, and promises a stronger, more dynamic patent system for the country.

As a final word, and regarding the reform in the Iranian patent system, which opens new horizons for those interested in embarking on or continuing their business in Iran, it is advisable that they seek the protection and enforcement of their inventions in the country more rigorously. It is also suggested that the filing of the Iranian counterparts of the inventions and/or first filings of the inventions be performed through professional patent services, which can lead to considerable differences in the acquired rights. There is no need to mention that the preparation of the drafts and legal documents in Farsi, which was commonly done by attorneys at Law rather than patent attorneys with technical backgrounds, is of utmost importance.

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