

**Industrial Property Act  
of the Kingdom of Bhutan, 2001**

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## Preamble

Whereas it is expedient to extend recognition and legal protection to industrial property rights in order to stimulate innovative activity and promote technological advancement;

Whereas protection against certain acts of unfair competition is necessary to create a sound environment for the development of industry and commerce;

Now, therefore, be it enacted by the Gyalyong Tshogdu Chhenmo as follows:

# **The Industrial Property Act of the Kingdom of Bhutan, 2001**

## **PART I PRELIMINARY**

### **Title**

1. This Act may be cited as “The Industrial Property Act of the Kingdom of Bhutan, 2001”.

### **Commencement**

2. This Act shall come into effect from such date as the Minister may appoint and notify in the national newspaper.

Provided that different dates may be appointed for different provisions of the Act.

### **Territorial Extent**

3. This Act shall extend to the whole of the Kingdom of Bhutan.

## **PART II PATENTS**

### **Definitions**

4. (1) For the purposes of this Act, a "patent" means the title granted to protect an invention.
  - (2) (a) For the purposes of this Act, "invention" means an idea of an inventor which permits in practice the solution to a specific problem in the field of technology.
    - (b) An invention may be, or may relate to, a product or a process.
  - (3) The following, even if they are inventions within the meaning of subsection (2), shall be excluded from patent protection:
    - (i) discoveries, scientific theories and mathematical methods;
    - (ii) schemes, rules or methods for doing business, performing purely mental acts or playing games;

- (iii) methods for treatment of the human or animal body by surgery or therapy, as well as diagnostic methods practised on the human or animal body; this provision shall not apply to products for use in any of those methods.

### **Patentable Invention**

- 5. (1) An invention is patentable if it is new, involves an inventive step and is industrially applicable.
  - (2) (a) An invention is new if it is not anticipated by prior art.
    - (b) Prior art shall consist of everything disclosed to the public, anywhere in the world, by publication in tangible form or by oral disclosure, by use or in any other way, prior to the filing or, where appropriate, the priority date, of the application claiming the invention.
    - (c) For the purposes of paragraph (b), disclosure to the public of the invention shall not be taken into consideration if it occurred within twelve months preceding the filing date or, where applicable, the priority date of the application, and if it was by reason or in consequence of acts committed by the applicant or his predecessor in title or of an abuse committed by a third party with regard to the applicant or his predecessor in title.
  - (3) An invention shall be considered as involving an inventive step if, having regard to the prior art relevant to the application claiming the invention and as defined in subsection (2)(b), it would not have been obvious to a person having ordinary skill in the art.
  - (4) An invention shall be considered industrially applicable if it can be made or used in any kind of industry. "Industry" shall be understood in its broadest sense; it shall cover, in particular, handicraft, agriculture, fishery and services.
  - (5) Inventions, the commercial exploitation of which would be contrary to public order or morality, shall not be patentable.

### **Right to Patent; Naming of Inventor**

- 6. (1) The right to a patent shall belong to the inventor.
  - (2) If two or more persons have jointly made an invention, the right to the patent shall belong to them jointly.
  - (3) If and to the extent to which two or more persons have made the same invention independently of each other, the person whose application has the earliest filing date or, if priority is claimed, the earliest validly claimed priority date shall have

the right to the patent, as long as the said application is not withdrawn, abandoned or rejected.

- (4) The right to a patent may be assigned, or may be transferred by succession.
- (5) Where an invention is made in execution of an employment contract, the right to the patent shall belong, in the absence of contractual provisions to the contrary, to the employer.
- (6) The inventor shall be named as such in the patent, unless in a special written declaration signed by him and addressed to the Registrar he indicates that he wishes not to be named. Any promise or undertaking by the inventor made to any person to the effect that he will make such a declaration shall be without legal effect.

### **Application**

7. (1) The application for a patent shall be filed in the prescribed manner with the Registrar and shall contain a request, a description, one or more claims, one or more drawings (where required), and an abstract. It shall be subject to the payment of the prescribed application fee.
  - (2) (a) The request shall contain a petition to the effect that a patent be granted, the name of and other prescribed data concerning the applicant, the inventor and the agent, if any, and the title of the invention.
    - (b) Where the applicant is not the inventor, the request shall be accompanied by a statement justifying the applicant's right to the patent.
  - (3) The description shall disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person having ordinary skill in the art, and shall, in particular, indicate at least one mode known to the applicant for carrying out the invention.
  - (4) (a) The claim or claims shall define the matter for which protection is sought. The description and the drawings may be used to interpret the claims.
    - (b) Claims shall be clear and concise. They shall be fully supported by the description.
  - (5) Drawings shall be required when they are necessary for the understanding of the invention.
  - (6) The abstract shall merely serve the purpose of technical information; in particular, it shall not be taken into account for the purpose of interpreting the scope of the protection.

- (7) The applicant may withdraw the application at any time during its pendency.

### **Unity of Invention; Amendment and Division of Application**

8. (1) The application shall relate to one invention only or to a group of inventions so linked as to form a single general inventive concept.
  - (2) The applicant may, up to the time when the application is in order for grant, amend the application, provided that the amendment shall not go beyond the disclosure in the initial application.
  - (3) (a) The applicant may, up to the time when the application is in order for grant, divide the application into two or more applications ("divisional applications"), provided that each divisional application shall not go beyond the disclosure in the initial application.
    - (b) Each divisional application shall be entitled to the filing date and, where applicable, the priority date of the initial application.
  - (4) The fact that a patent has been granted on an application that did not comply with the requirement of unity of invention under subsection (1) shall not be a ground for the invalidation of the patent.

### **Right of Priority**

9. (1) The application may contain a declaration claiming the priority, as provided for in the Paris Convention, of one or more earlier national, regional or international applications filed by the applicant or his predecessor in title in or for any State party to the said Convention.
  - (2) Where the application contains a declaration under subsection (1), the Registrar may request that the applicant furnish, within the prescribed time limit, a copy of the earlier application certified as correct by the Registry with which it was filed.
  - (3) The effect of the said declaration shall be as provided in the Paris Convention.
  - (4) If the Registrar finds that the requirements under this Section and the Rules pertaining thereto have not been fulfilled, the said declaration shall be considered not to have been made.

### **Information Concerning Corresponding Foreign Applications for Patents**

10. (1) The applicant shall, at the request of the Registrar, furnish him with the date and number of any application for a patent filed by him abroad ("foreign application")

relating to the same or essentially the same invention as that claimed in the application filed with the Industrial Property Registry.

- (2) (a) The applicant shall, at the request of the Registrar, furnish him with the following documents relating to any of the foreign applications referred to in subsection(1):
  - (i) a copy of any communication received by the applicant concerning the results of any search or examination carried out in respect of the foreign application;
  - (ii) a copy of the patent granted on the basis of the foreign application;
  - (iii) a copy of any final decision rejecting the foreign application or refusing the grant requested in the foreign application.
- (b) The applicant shall, at the request of the Registrar, furnish him with a copy of any final decision invalidating the patent granted on the basis of the foreign application referred to in paragraph (a).

#### **Filing Date; Examination**

11. (1) (a) The Registrar shall accord as the filing date the date of receipt of the application, provided that, at the time of receipt, the application contains:
    - (i) an express or implicit indication that the elements are intended to be an application for a patent;
    - (ii) indications allowing the identity of the applicant to be established;
    - (iii) a description.
  - (b) If the Registrar finds that the application did not, at the time of receipt, fulfill the requirements referred to in paragraph (a), he shall invite the applicant to file the required correction and shall accord as the filing date the date of receipt of the required correction, but if no correction is made, the application shall be treated as if it had not been filed.
- (2) Where the application refers to drawings which in fact are not included in the application, the Registrar shall invite the applicant to furnish the missing drawings. If the applicant complies with the said invitation, the Registrar shall accord as the filing date the date of receipt of the missing drawings. Otherwise, the Registrar shall accord as the filing date the date of receipt of the application and shall treat any reference to the said drawings as non-existent.

- (3) After according a filing date, the Registrar shall examine whether the application complies with the requirements of Section 7(1) and 7(2) and the Rules pertaining thereto and those requirements of this Act and the Rules which are designated by the Rules as formal requirements for the purposes of this Act and whether information requested under Section 10, if any, has been provided.
- (4) Where the Registrar is of the opinion that the application complies with the requirements of subsection (3), the Registrar shall take a decision as to whether the requirements of Sections 4(2) and (3), 5, 7(4), (5) and (6) and 8 and the Rules pertaining thereto are fulfilled and for this purpose may, as provided for in the Rules, cause the application to be examined.
- (5) The Registrar shall take into account, for the purposes of subsection (4),
- (a) the results of any international search report and any international preliminary examination report established under the Patent Cooperation Treaty in relation to the application; and/or
  - (b) a search and examination report submitted under Section 10(2)(a)(i) relating to, or a final decision submitted under Section 10(2)(a)(iii) on the refusal to grant a patent on, a corresponding foreign application; and/or
  - (c) a search and examination report which was carried out upon his request by an external search and examination authority.

### **Grant of Patent; Changes in Patents**

12. (1) Where the Registrar finds that the conditions referred to in Section 11(3) are fulfilled, he shall grant the patent. Otherwise, he shall refuse the application and notify the applicant of that decision.
- (2) When he grants a patent, the Registrar shall:
- (i) publish a reference to the grant of the patent;
  - (ii) issue to the applicant a certificate of the grant of the patent and a copy of the patent;
  - (iii) record the patent;
  - (iv) make available copies of the patent to the public, on payment of the prescribed fee.
- (3) The Registrar shall, upon request of the owner of the patent, make changes in the text or drawings of the patent in order to limit the extent of the protection conferred thereby, provided that the change would not result in the disclosure contained in the patent going beyond the disclosure contained in the initial application on the basis of

which the patent was granted.

- (4) The Registrar shall, whenever possible, reach a final decision on the application not later than two years after the commencement of the examination referred to in Section 11(4).

### **Rights Conferred by Patent**

13. (1) The exploitation of the patented invention in Bhutan by persons other than the owner of the patent shall require the latter's agreement.
- (2) For the purposes of this Act, "exploitation" of a patented invention means any of the following acts:
- (a) when the patent has been granted in respect of a product :
    - (i) making, using, offering for sale, selling or importing for these purposes that product;
    - (ii) stocking such product for the purposes of offering for sale, selling or using;
  - (b) when the patent has been granted in respect of a process:
    - (i) using the process;
    - (ii) doing any of the acts referred to in paragraph (a) in respect of a product obtained directly by means of the process.
- (3) The owner of the patent shall, in addition to any other rights, remedies or actions available to him, have the right, subject to subsection (4) hereof and Section 15, to institute Court proceedings against any person who infringes the patent by performing, without his agreement, any of the acts referred to in subsection (2) or who performs acts which make it likely that infringement will occur.
- (4) (a) The rights under the patent shall not extend :
  - (i) to acts in respect of articles which have been put on the market in Bhutan by the owner of the patent or with his consent; or
  - (ii) to the use of articles on aircraft, land vehicles or vessels of other countries which temporarily or accidentally enter the airspace, territory or waters of Bhutan; or
  - (iii) to acts done only for experimental purposes relating to a patented invention; or

- (iv) to acts performed by any person who in good faith, before the filing or, where priority is claimed, the priority date of the application on which the patent is granted, was using the invention or was making effective and serious preparations for such use in Bhutan.
- (b) The right of prior user referred to in paragraph (a)(iv) may be transferred or devolve only together with the enterprise or business, or with that part of the enterprise or business, in which the use or preparations for use have been made.

### **Duration; Annual Fees**

- 14. (1) Subject to subsection (2), a patent shall expire 20 years after the filing date of the application for the patent.
- (2) In order to maintain the patent or patent application, an annual fee shall be paid in the prescribed manner in advance to the Registrar for each year, starting one year after the filing date of the application for grant of the patent. A period of grace of six months shall be allowed for the late payment of the annual fee on payment of the prescribed surcharge. If an annual fee is not paid in accordance with the provisions of this subsection, the patent application shall be deemed to have been withdrawn or the patent shall lapse.

### **Exploitation by Government or Person thereby Authorized**

- 15. (1) Where
  - (i) the public interest, in particular, national security, nutrition, health or the development of other vital sectors of the national economy so requires; or
  - (ii) a judicial or administrative body has determined that the manner of exploitation, by the owner of the patent or his licensee, is anti-competitive, and the Minister is satisfied that the exploitation of the invention in accordance with this subsection would remedy such practice:

the Minister may decide that, even without the agreement of the owner of the patent, a Government agency or a third person designated by the Minister may exploit the invention. The exploitation of the invention shall be limited to the purpose for which it was authorized and shall be subject to the payment to the said owner of an adequate remuneration therefor, taking into account the economic value of the invention, as determined in

the said decision, and, where a decision has been taken under paragraph (ii), the need to correct anti-competitive practices. The Minister shall take his decision after hearing the owner of the patent and any interested person if they wish to be heard.

- (2) Upon request of the owner of the patent, of the Government agency or of the third person authorized to exploit the patented invention, the Minister may, after hearing the parties, if either or both wish to be heard, vary the terms of the decision authorizing the exploitation of the patented invention to the extent that changed circumstances justify such variation.
- (3)
  - (a) Upon the request of the owner of the patent, the Minister shall terminate the authorization if he is satisfied, after hearing the parties, if either or both wish to be heard, that the circumstances which led to his decision have ceased to exist and are unlikely to recur or that the Government agency or third person designated by him has failed to comply with the terms of the decision.
  - (b) Notwithstanding paragraph (a), the Minister shall not terminate the authorization if he is satisfied that the need for adequate protection of the legitimate interests of the Government agency or third person designated by him justifies the maintenance of the decision.
- (4) Where a third person has been designated by the Minister, the authorization may only be transferred with the enterprise or business of that person or with the part of the enterprise or business within which the patented invention is being exploited.
- (5) The authorization shall not exclude:
  - (i) the conclusion of license contracts by the owner of the patent; or
  - (ii) the continued exercise, by the owner of the patent, of his rights under Section 13 (2).
- (6)
  - (a) A request for the Minister's authorization shall be accompanied by evidence that the owner of the patent has received, from the person seeking the authorization, a request for a contractual license, but that person has been unable to obtain such a license on reasonable commercial terms and conditions and within a reasonable time.
  - (b) Paragraph (a) of this subsection shall not apply in cases of national emergency or other circumstances of extreme urgency provided, however, that in such cases the owner of the patent shall be notified of the Minister's decision as soon as reasonably practicable.

- (7) The exploitation of the invention by the Government agency or third person designated by the Minister shall be predominantly for the supply of the market in Bhutan.
- (8) The decisions of the Minister under subsections (1) to (3) may be the subject of an appeal before the Court.

### **Invalidation**

16. (1) Any interested person may request the Court or the Registrar to invalidate a patent.
- (2) The Court or the Registrar shall invalidate the patent if the person requesting the invalidation proves that any of the requirements of Section 4(2) and (3), Section 5 and Section 7(3), (4) and (5) are not fulfilled or if the owner of the patent is not the inventor or his successor in title.
- (3) Any invalidated patent, or claim or part of a claim, shall be regarded as null and void from the date of the grant of the patent.
- (4) The final decision of the Court shall be notified to the Registrar who shall record it and publish a reference thereto as soon as possible.

## **PART III**

### **INDUSTRIAL DESIGNS**

#### **Definition of "Industrial Design"**

17. (1) For the purposes of this Act, any composition of lines or colours or any three-dimensional form, or any material, whether or not associated with lines or colours, is deemed to be an industrial design, provided that such composition, form or material gives a special appearance to a product of industry or handicraft and can serve as a pattern for a product of industry or handicraft, and appeals to and is judged by the eye.
- (2) The protection under this Act does not extend to anything in an industrial design which serves solely to obtain a technical result and to the extent that it leaves no freedom as regards arbitrary features of appearance.

#### **Registrable Industrial Designs**

18. (1) An industrial design is registrable if it is new.
- (2) An industrial design shall be new if it has not been disclosed to the public in

Bhutan by publication in tangible form or by use or in any other way, prior to the filing date or, where applicable, the priority date of the application for registration. Section 5(2)(c) shall apply *mutatis mutandis*.

- (3) Industrial designs that are contrary to public order or morality shall not be registrable.

### **Right to Registration of Industrial Design; Naming of Creator**

19. Section 6 shall apply *mutatis mutandis*.

### **Application**

20. (1) The application for registration of an industrial design shall be filed in the prescribed manner with the Registrar and shall contain a request, drawings, photographs or other adequate graphic representations of the article embodying the industrial design and an indication of the kind of products for which the industrial design is to be used. It may be accompanied by a specimen of the article embodying the industrial design, where the industrial design is two-dimensional. The application shall be subject to the payment of the prescribed application fee.
- (2) Where the applicant is not the creator, the request shall be accompanied by a statement justifying the applicant's right to the registration of the industrial design.
- (3) Section 9 shall apply *mutatis mutandis*.
- (4) Two or more industrial designs may be the subject of the same application, provided they relate to the same class of the International Classification or to the same set or composition of articles.
- (5) The application, at the time of filing, may contain a request that the publication of the industrial design, upon registration, be deferred for a period not exceeding 12 months from the date of filing or, if priority is claimed, from the date of priority, of the application.
- (6) The applicant may withdraw the application at any time during its pendency.

### **Examination; Registration and Publication of Industrial Design**

21. (1) The Registrar shall accord as the filing date the date of receipt of the application, provided that, at the time of receipt, the application contains indications allowing the identity of the applicant to be established and the required graphic representation of the article embodying the industrial design. Section 11(1)(b)

shall apply *mutatis mutandis*.

- (2) After according a filing date, the Registrar shall examine whether the application complies with the requirements of Section 20(1) and (2) and the Rules pertaining thereto, whether the application fees has been paid and whether the industrial design complies with the requirements of Sections 17 and 18(3) and the Rules pertaining thereto.
- (3) Where the Registrar finds that the conditions referred to in subsection (2) hereof are fulfilled, he shall register the industrial design, publish a reference to the registration and issue to the applicant a certificate of registration of the industrial design; otherwise, he shall refuse the application.
- (4)
  - (a) Notwithstanding subsection (3), where a request has been made under Section 20 (5) for deferment of publication, upon registration of the industrial design, neither the representation of the design nor any file relating to the application shall be open to public inspection. In this case, the Registrar shall publish a mention of the deferment of the publication of the industrial design and information identifying the registered owner, and indicating the filing date of the application, the length of the period for which deferment has been requested and any other prescribed particulars.
  - (b) At the expiry of the period of deferment, the Registrar shall publish the registered industrial design.
  - (c) The institution of legal proceedings on the basis of a registered industrial design during the period of deferment of publication shall be subject to the condition that the information contained in the Register and in the file relating to the application has been communicated to the person against whom the action is brought.

### **Rights Conferred by Registration; Duration; Renewal**

22.
  - (1) The exploitation of a registered industrial design in Bhutan by persons other than the registered owner shall require the agreement of the latter.
  - (2) For the purposes of this Act, "exploitation" of a registered industrial design means the making, selling or importation of articles incorporating the industrial design.
  - (3) Section 13(4)(a)(i) shall apply *mutatis mutandis*.
  - (4) The registered owner of an industrial design shall, in addition to any other rights, remedies or actions available to him, have the right to institute Court proceedings against any person who infringes the industrial design by performing, without his

agreement, any of the acts referred to in subsection(2) or who performs acts which make it likely that infringement will occur.

- (5) The registration of an industrial design shall be for a period of five years from the filing date of application for registration. The registration may be renewed for two further consecutive periods of five years through the payment of the prescribed fee. A period of grace of six months shall be allowed for the late payment of the renewal fee on payment of the prescribed surcharge.

### **Invalidation**

23. (1) Any interested person may request the Court or the Registrar to invalidate the registration of an industrial design.
- (2) The Court or the Registrar shall invalidate the registration if the person requesting the invalidation proves that any of the requirements of Section 17 and 18 is not fulfilled or if the registered owner of the industrial design is not the creator or his successor in title.
- (3) Section 16(3) and (4) shall apply *mutatis mutandis*.

## **PART IV**

### **MARKS, COLLECTIVE MARKS, TRADE NAMES AND ACTS OF UNFAIR COMPETITION**

#### **Definition of "Mark," of "Collective Mark" and of "Trade Name"**

24. For the purposes of this Act:
- (i) "mark" means any visible sign capable of distinguishing the goods ("trademark") or services ("service mark") of an enterprise;
- (ii) "collective mark" means any visible sign designated as such in the application for registration and capable of distinguishing the origin or any other common characteristic, including the quality, of goods or services of different enterprises which use the sign under the control of the registered owner of the collective mark;
- (iii) "trade name" means the name or designation identifying and distinguishing an enterprise.

#### **Acquisition of the Exclusive Right to a Mark; Registrability**

25. (1) The exclusive right to a mark, as conferred by this Act, shall be acquired by

registration in accordance with the provisions thereof.

- (2) Nothing in this Act shall be deemed to affect rights of action against any person for passing off goods or services as the goods of another person or as services provided by another person, or the remedies in respect thereof.
- (3) A mark cannot be validly registered if it is:
  - (i) incapable of distinguishing the goods or services of one enterprise from those of other enterprises;
  - (ii) contrary to public order or morality;
  - (iii) likely to mislead the public or trade circles, in particular as regards the geographical origin of the goods or services concerned or their nature or characteristics;
  - (iv) identical with, or is an imitation of or contains as an element, an armorial bearing, flag and other emblem, a name or abbreviation or initials of the name of, or, official sign or hallmark adopted by, any State, intergovernmental organisation or organisation created by an international convention, unless authorised by the competent authority of that State or organisation;
  - (v) identical with, or confusingly similar to, or, constitutes a translation of, a mark or trade name which is well known in Bhutan for identical or similar goods or services of another enterprise, or if it is well-known and registered in Bhutan for goods or services which are not identical or similar to those in respect of which registration is applied for, provided, in the latter case, that use of the mark in relation to those goods or services would indicate a connection between those goods or services and the owner of the well-known mark and that the interests of the owner of the well-known mark are likely to be damaged by such use;
  - (vi) identical with a mark belonging to a different proprietor and already on the Register, or with an earlier filing or priority date, in respect of the same goods or services or closely related goods or services, or if it so nearly resembles such a mark as to be likely to deceive or cause confusion.

### **Application for Registration**

26. (1) The application for registration of a mark shall be filed in the prescribed manner with the Registrar and shall contain a request, a reproduction of the mark and a list of the goods or services for which registration of the mark is requested, listed under the applicable class or classes of the International Classification. It shall be

subject to the payment of the prescribed application fee.

- (2) (a) The application may contain a declaration claiming the priority, as provided for in the Paris Convention, of an earlier national or regional application filed by the applicant or his predecessor in title, in which case, the Registrar may require that the applicant furnish, within the prescribed time limit, a copy of the earlier application, certified as correct by the Registry with which it was filed.
- (b) The effect of the said declaration shall be as provided in the Paris Convention; if the Registrar finds that the requirements under this subsection and the Rules pertaining thereto have not been fulfilled, the said declaration shall be considered not to have been made.
- (3) The applicant may withdraw the application at any time during its pendency.

### **Examination; Opposition; Registration of Mark**

27. (1) (a) The Registrar shall examine whether the application complies with the requirements of Section 26(1) and the Rules pertaining thereto.
- (b) The Registrar shall examine and determine whether the mark is a mark as defined in Section 24(i) and is registrable under Section 25(3)(i) to (vi).
- (2) (a) Where the Registrar finds that the conditions referred to in subsection (1) hereof are fulfilled, he shall forthwith cause the application, as accepted, to be published in the prescribed manner.
- (b) Any interested person may, within the prescribed period and in the prescribed manner, give notice to the Registrar of opposition to the registration of the mark on the ground that one or more of the requirements of Section 24(i) and 25(3) and the Rules pertaining thereto are not fulfilled.
- (c) The Registrar shall send forthwith a copy of such a notice to the applicant, and, within the prescribed period and in the prescribed manner, the applicant shall send to the Registrar a counter-statement of the grounds on which he relies for his application; if he does not do so, he shall be deemed to have abandoned the application.
- (d) If the applicant sends a counter-statement, the Registrar shall furnish a copy thereof to the person giving notice of opposition and, after hearing the parties, if either or both wish to be heard, and considering the merits of the case, shall decide whether the mark should be registered.
- (e) After an application is published and until the registration of the mark, the

applicant has the same privileges and rights as he would have if the mark had been registered; however, it shall be a valid defence to an action brought hereunder in respect of an act done after the application was published, if the defendant establishes that the mark could not validly have been registered at the time the act was done.

- (3) Where the Registrar finds that the conditions referred to in subsection (1) are fulfilled, and either:
- (i) the registration of the mark has not been opposed within the prescribed time limit; or
  - (ii) the registration of the mark has been opposed and the opposition has been decided in the applicant's favour;

he shall register the mark, publish a reference to the registration and issue to the applicant a certificate of registration. Otherwise, he shall refuse the application.

### **Rights Conferred by Registration; Duration; Renewal**

28. (1) The use of a registered mark, in relation to any goods or services for which it has been registered, by any person other than the registered owner shall require the agreement of the latter.
- (2) The registered owner of a mark shall, in addition to any other rights, remedies or actions available to him, have the right to institute court proceedings against any person who infringes the mark by using, without his agreement, the mark as aforesaid or who performs acts which make it likely that infringement will occur. The right shall extend to the use of a sign similar to the registered mark and use in relation to goods and services similar to those for which the mark has been registered, where confusion may arise in the public.
- (3) The rights conferred by registration of a mark shall not extend to acts in respect of articles which have been put on the market in Bhutan by the registered owner or with his consent.
- (4) (a) The registration of a mark shall be for a period of ten years from the filing date of the application for registration.
- (b) The registration of a mark may, upon request, be renewed for consecutive periods of ten years, provided that the registered owner pays the prescribed renewal fee.
- (c) A period of grace of six months shall be allowed for the late payment of the renewal fee on payment of the prescribed surcharge.

## **Invalidation; Removal on Grounds of Non- Use**

29. (1) (a) Any aggrieved person may request in the prescribed manner the Court or the Registrar to invalidate the registration of a mark.
- (b) The Court or the Registrar shall invalidate the registration if the person requesting the invalidation proves that any of the requirements of Section 24(i) and 25(3) is not fulfilled.
- (c) Any invalidation of a registration of a mark shall be deemed to have been effective as of the date of registration, and it shall be recorded and a reference thereto published as soon as possible.
- (2) Any aggrieved person may request the Court or the Registrar to order the removal of a mark from the Register, in respect of any of the goods or services for which it is registered, on the ground that up to one month prior to filing the request the mark had, after its registration, not been used by the registered owner or a licensee during a continuous period of three years or longer, provided that a mark shall not be removed if it is shown that special circumstances prevented the use of the mark and that there was no intention not to use or to abandon the same in respect of those goods or services.

## **Collective Marks**

30. (1) Subject to subsections (2) and (3), Sections 25 to 29 shall apply to collective marks, except that references therein to section 24(i) shall be read as reference to Section 24(ii).
- (2) (a) An application for registration of a collective mark shall designate the mark as a collective mark and shall be accompanied by a copy of the Rules governing the use of the collective mark.
- (b) The registered owner of a collective mark shall notify the Registrar of any changes made in respect of the Rules referred to in paragraph (a).
- (3) In addition to the grounds provided in Section 29(1), the Court or the Registrar shall invalidate the registration of a collective mark if the person requesting the invalidation proves that only the registered owner uses the mark, or that he uses or permits its use in contravention of the Rules referred to in subsection (2)(a) or that he uses or permits its use in a manner liable to deceive trade circles or the public as to the origin or any other common characteristics of the goods or services concerned.

## **Licensing of Marks and Collective Marks**

31. (1) Any license contract concerning the registration of a mark, or an application therefor, shall provide for effective control by the licensor of the quality of the goods or services of the licensee in connection with which the mark is used. If the license contract does not provide for such quality control or if such quality control is not effectively carried out, the license contract shall not be valid.
- (2) The Registration of a collective mark, or an application therefor, may not be the subject of a license contract.

## **Trade Names**

32. (1) A name or designation may not be used as a trade name if by its nature or the use to which it may be put, it is contrary to public order or morality and if, in particular, it is liable to deceive trade circles or the public as to the nature of the enterprise identified by that name.
- (2) (a) Notwithstanding any laws or rules providing for any obligation to register trade names, such names shall be protected, even prior to or without registration, against any unlawful act committed by third parties.
- (b) In particular, any subsequent use of the trade name by a third party, whether as a trade name or a mark or collective mark, or any such use of a similar trade name or mark, likely to mislead the public, shall be deemed unlawful.

## **Acts of Unfair Competition**

33. (1) Any act of competition contrary to honest practices in industrial or commercial matters shall be unlawful.
- (2) The following acts, in particular, shall be deemed to constitute acts of unfair competition:
- (i) all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities of a competitor;
- (ii) false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities of a competitor;
- (iii) indications or allegations the use of which in the course of trade is liable

to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity of the goods.

## PART V: GENERAL PROVISIONS

### **Changes in Ownership; License Contracts**

34. (1) Any change in the ownership of a patent, the registration of an industrial design or the registration of a mark or collective mark, or in the ownership of an application therefor, shall be in writing and shall, at the request of any interested party to the Registrar, be recorded and, except in the case of an application, published by the Registrar. Such change shall have no effect against third parties until such recording is effected.
- (2) Any change in the ownership of the registration of a collective mark, or in the ownership of an application therefor, shall require previous approval by the Minister.
- (3) Any change in the ownership of a trade name must be made with the transfer of the enterprise or part thereof identified by that name and shall be in writing.
- (4) A change in ownership of the registration of a mark or a collective mark shall, however, be invalid if it is likely to deceive or cause confusion, particularly in regard to the nature, origin, manufacturing process, characteristics, or suitability for their purpose, of the goods or services in relation to which the mark or collective mark is intended to be used or is being used.
- (5) Any license contract concerning a patent, a registered industrial design or a registered mark, or an application therefor, shall be submitted to the Registrar who shall keep its contents confidential but shall record it and publish a reference thereto. The license contract shall have no effect against third parties until such recording is effected.

### **Agents**

35. Where an applicant's ordinary residence or principal place of business is outside Bhutan, he shall be represented by a legal practitioner resident and practicing in Bhutan or a person registered in the prescribed manner as an industrial property agent.

### **Organization of the Industrial Property Registry**

36. (1) (a) The Industrial Property Registry shall be established within the Ministry of Trade and Industry.
- (b) The Industrial Property Registry shall be entrusted with all functions relating to the procedure for the grant of patents and the registration of industrial designs, marks and collective marks and for the administration of granted patents and registered industrial designs and marks as specified in this Act and the Rules.
- (2) (a) The Registrar shall be appointed by the Minister.
- (b) The Registrar shall be assisted by such number of Deputy Registrars and Assistant Registrars as may be appointed.
- (c) Decisions shall be signed by the Registrar or an official designated by him.
- (3) The Minister shall determine the organisational structure and regulate all questions concerning the financial and budgetary system of the Industrial Property Registry.

#### **Registers; Official Bulletin**

37. (1) (a) The Industrial Property Registry shall maintain separate Registers for patents, industrial designs and marks. Collective marks shall be registered in a special section of the Register of Marks. All the recordings provided for in this Act shall be effected in the said Registers.
- (b) The Registers may be consulted by any person, and any person may obtain extracts from the Register, under the conditions prescribed in the Rules.
- (2) The Industrial Property Registry shall publish in the Official Bulletin all the publications provided for in this Act.

#### **Correction of Errors; Extension of Time**

38. (1) The Registrar may, subject to any provision in the Rules, correct any error of translation or transcription, clerical error or mistake in any application or document filed with the Industrial Property Registry or in any recording effected pursuant to this Act or the Rules.
- (2) If the Registrar is satisfied that the circumstances justify it, he may, upon receiving a written request, extend the time for doing any act or taking any proceeding under this Act and the Rules, upon notice to the parties concerned and

upon such terms as he may direct. The extension may be granted though the time for doing the act or taking the proceeding has expired.

### **Exercise of Discretionary Powers**

39. (1) The Registrar shall give any party to a proceeding before him an opportunity of being heard before exercising adversely to that party any discretionary power vested in him by this Act or the Rules.
- (2) Nothing in subsection (1) shall be deemed to require the Registrar to hear the parties before disposing of an application for extension of time under section 38(2)

### **Appeals**

40. Any decision taken by the Registrar under this Act, in particular the grant of a patent or the registration of an industrial design or of a mark or collective mark, or the refusal of an application for such a grant or registration, may be the subject of an appeal by any interested party before the Court and such appeal shall be filed within two months of the date of the decision.

### **Infringement; Unlawful Acts; Offences**

41. (1) Subject to Sections 13(4), 15, 22(3) and 28(3), an infringement shall consist of the performance of any act referred to in Sections 13, 22 and 28 in Bhutan by a person other than the owner of the title of protection and without the agreement of the latter.
- (2) (a) On the request of the owner of the title of protection, or of a licensee if he has requested the owner to institute court proceedings for a specific relief and the owner has refused or failed to do so, the Court may grant an injunction to prevent infringement, an imminent infringement, or an unlawful act referred to in Sections 32(2) and 33, award damages and grant any other remedy provided for in the general law.
- (b) On the request of any competent authority or any interested person, association or syndicate, in particular of producers, manufacturers or traders, the Court may grant the same relief in case of an act of unfair competition referred to in Section 33.
- (3) Any person who knowingly performs an act which constitutes an infringement as defined in subsection (1) hereof or an unlawful act as defined in Sections 32(2) and 33 shall be guilty of an offence punishable by imprisonment according to the law of the land or by a fine of upto Nu. 10,00,000 or by both.

- (4) For the purposes of proceedings, other than criminal proceedings, in respect of the violation of the rights of the owner of the patent referred to in subsections (1) and (2), where the subject matter of the patent is a process for obtaining a product, the burden of establishing that a product was not made by the process shall be on the alleged infringer if either of the following conditions is fulfilled:
- (i) the product is new; or
  - (ii) a substantial likelihood exists that the product was made by the process and the owner of patent has been unable through reasonable efforts to determine the process actually used.
- (5) In requiring the production of evidence, the Court before which the proceedings referred to in subsection (4) take place shall take into account the legitimate interests of the alleged infringer in not disclosing his manufacturing and business secrets.

### **Application of International Treaties**

42. The provisions of any international treaties in respect of industrial property to which Bhutan is a party shall apply to matters dealt with by this Act and, in case of conflict with provisions of this Act, shall prevail over the latter.

### **Rules; Administrative Instructions**

43. (1) The Minister shall issue Rules prescribing details for the implementation of this Act. The Rules may, in particular, provide for the payment of fees in connection with applications for the grant of patents and for the registration of industrial designs, marks and collective marks and matters related thereto.
- (2) The Registrar may issue Administrative Instructions relating to the procedures under this Act and the Rules as well as to the other functions of the Industrial Property Registry.

### **Interpretation**

44. In this Act, unless the context otherwise requires:

"Court" means a Court of competent jurisdiction;

"International Classification of Goods and Services" means, as regards industrial designs, the classification according to the Locarno Agreement Establishing an International Classification for Industrial Designs of October 8, 1968, as last revised, and, as regards marks, the classification according to the Nice Agreement Concerning the International

Classification of Goods and Services for the Purposes of the Registration of Marks, of June 15,1957, as last revised;

"Minister" means the Minister of Trade and Industry;

"Paris Convention" means the Paris Convention for the Protection of Industrial Property of March 20,1883, as last revised;

"Priority date" means the date of the earlier application that serves as the basis for the right or priority provided for in the Paris Convention;

"Registers" means the Registers referred to in Section 37(1);

"Registrar" means the Registrar of Industrial Property;

"Rules" means the Rules referred to in Section 43(1).

Done at the 79<sup>th</sup> Session of the Gyalyong Tshogdu Chhenmo on the 22<sup>nd</sup> day of the 5<sup>th</sup> month of the Female Iron Snake Year corresponding to 13 July, 2001