

Client Alert



August 2016

Indonesia: The Enactment of the New Patent Law

The Indonesian Parliament finally passed the draft new Patent Law on 28 July 2016, though it does not yet have a number or effective date. This new Patent Law will replace Law No. 14 of 2001 on Patents, and may come into effect at the end of August 2016.

The new Patent Law will provide patent holders with some solutions to the shortcomings of the current patent framework and registration procedures. In addition to some improvements to the current law, the new Patent Law will also introduce several new provisions to protect local genetic resources and traditional knowledge, and to reward inventors for any invention produced in official service with government agencies.

Based on the final draft new law submitted to the Indonesian Parliament, some of the key changes in the recently enacted new Patent Law are as follows:

Exclusions from Invention

The new Patent Law provides the following revised and new additional areas that are excluded from Inventions:

1. Computer Programs

Unlike the previous Patent Law, which excluded computer programs from the definition of invention, the new Patent Law provides that any computer programs that have characters (instructions), technical effects, and problem-solving, whether tangible or intangible, are considered as inventions that can be patented. Therefore, any computer programs that do not meet those criteria can still not be regarded as inventions, and thus cannot be patented.

2. Discoveries of Second Use and Second Form of Patents

The new Patent Law excludes discoveries of (i) new use for any existing and/or known products and (ii) new form of existing compound that shows no increase of efficacy and changes of chemical structure of the existing compound.

Genetic Resources

The new Patent Law provides an obligation to specify the origin of Genetic Resources (GR) and/or Traditional Knowledge (TK) in the descriptions of those inventions derived from either source. The reasons for specifying origin

of GR and/or TK in the descriptions are (i) to avoid any claims made by other countries to the GR and/or TK, and (ii) to support Access Benefit Sharing.

Obligations of Patent Holders

The new Patent Law requires patent holders to manufacture their patented products or to use their patented processes in Indonesia. The manufacture of the products or the use of the processes should support technology transfer, support the absorption of investment, and/or support job opportunities.

Invention Produced in Official Service

An inventor of an invention produced in official service with government agencies, whether a Patent Holder or not, will be entitled to receive reasonable compensation from non-state tax revenue for the patent he/she invented.

If the government agency as a Patent Holder is not able to exploit the patent, the inventor, whether a Patent Holder or not, with permission from the government agency concerned, can exploit the patent with a third party.

More Clarity in the Ruling of Compulsory Licenses and Government Use

The new Patent Law provides more clarity on the ruling of compulsory licenses, including reasons for the State to grant a compulsory license, the recordation of compulsory licenses, and the implementation of compulsory licenses.

The State may also grant compulsory license to export pharmaceutical products for which there is a granted patent in Indonesia to other developing or least developed countries that are in need of those pharmaceutical products for the purpose of treatment of the diseases in humans.

As for ruling of government use, the new Patent Law provides that the State itself may exploit a patent in Indonesia that is very important for the conduct of state defense and security, and where there is an urgent need for the public interest. The exploitation is limited to domestic needs and non-commercial purposes.

Security Interest Over Patent

The new Patent Law also introduces a new provision stating that as intangible assets, right on patent can be put under security interest (fiducia).

There will be an implementing government regulation to stipulate the requirements and procedures on this.

Broader Range of Authority for Patent Appeal Commission

The new Patent Law provides a broader range of authority for Patent Appeal Commission to receive, examine, and decide:

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- a. appeal request to application rejection;
- b. appeal request for correction on description, claim, and/or image after application is give Patent; and
- c. appeal request to Patent decision.

Maintenance Fees

The new Patent Law shortens the period of the procedure for paying maintenance fees. Annual fee payment for the first time must be conducted within six months at the latest starting since Patent certificate is issued.

A patent will be deemed cancelled if the annual maintenance fee is not paid by the due date.

Bolar Provision

The new Patent Law amends from two years to five years the time given for a third party to use a patented invention for the purpose of carrying out tests, preparing for production, and seeking regulatory/marketing approval before the patent expires.

Transitional Provisions

Patent applications which have been filed and processed but not yet completed before the effective date of the new Patent Law will be processed based on the old Patent Law (Law No. 14 of 2001 on Patents).

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Another client alert will follow once the new Patent Law comes into effect.