An Bille um Bosca Forbartha Eolais (Deimhniú Aireagán), 2016
Knowledge Development Box (Certificate of Inventions)
Bill 2016

Meabhrán Mínitheach agus Airgeadáis
Explanatory and Financial Memorandum
Introduction
The purpose of this Bill is twofold. Firstly, it provides a legislative framework for a new scheme aimed at SMEs involved in research and development activities (R&D) in Ireland to allow them to avail of the reduced corporate tax rate of 6.25% under the Knowledge Development Box (KDB). The Finance Act 2015 made provision for such an initiative and requires the establishment of a certification scheme to enable SMEs inventions in the nature of intellectual property assets to qualify for the KDB. Eligible SMEs are those with income arising from intellectual property of less than €7.5m and with global turnover of less than €50m where the profits result from R&D. The Bill provides that the Controller of Patents, Designs and Trade Marks will oversee and operate this certification scheme.

Secondly, the Bill amends the Patents Act 1992 to ensure that Irish long term patents continue to qualify for KDB after 1 January 2017. The Bill will amend sections of the Patents Act 1992 to make provision for the introduction of substantive examination of patent applications from that date; thus ensuring long term patents remain eligible for the KDB.

Provisions of the Bill
Section 1 (Short title, collective citation and commencement) contains the short title, collective citation and commencement arrangements.

Section 2 (Interpretation) is a standard provision to define the terms used in the Bill.

Section 3 (Expenses) provides that expenses incurred by the Minister in the administration of this Bill shall be provided by the Oireachtas.

Section 4 (Invention must be novel, non-obvious and useful) outlines the characteristics an invention must have in order to qualify for KDB. Essentially, an invention must be novel, non-obvious and useful.

Section 5 (Cases in which KDB certificate shall not be issued) outlines items for which a KDB certificate shall not be issued e.g. an invention the commercial exploitation of which would be contrary to public order or morality, a plant or animal variety or essential biological process for the production of plants or animals other than micro-biological process, a method for treatment of a human or animal body by surgery or therapy and a diagnostic method practised on the human body or animal body.
Section 6 (KDB certificate may only be issued for one invention except in specified cases) provides that a KDB certificate will be issued in respect of a single invention only unless a group of inventions are so linked as to form a single general inventive step for which a single certificate may be issued.

Section 7 (Applications for KDB certificate) sets out who can apply for a certificate, the content of the application and the relevant fee, if prescribed. It also provides that the application should be accompanied by an opinion and supporting evidence from a patent agent attesting to the invention being novel, non-obvious and useful.

Section 8 (Insufficient information, etc.) sets out the procedure when an application fails to meet the requirements set out in section 7. The Controller will issue a notice outlining how the application is non-compliant and allow the applicant 30 days to amend and resubmit the application. If no reply is received within the time limit, or if a re-submitted application remains non-compliant, the application will be deemed withdrawn.

Section 9 (Certain applications made in respect of 2 or more inventions) sets out the procedures where two or more inventions are the subject of a single application; the Controller may refuse the application on the basis that they are not sufficiently linked to form the single general inventive concept required under section 6. The applicant will be notified in writing and have 30 days to identify which one invention it wishes is to be considered at this time. The applicant can make a new application for those inventions not considered.

Section 10 (Withdrawal of application) makes provision for the applicant to withdraw an application at any stage of the procedure.

Section 11 (New application may be made following withdrawn application) provides that an applicant whose application is withdrawn or deemed withdrawn may make a new application in respect of the same invention.

Section 12 (Decision to issue KDB certificate) makes provision for the Controller to issue a KDB certificate if he is satisfied that all requirements of Part 2 are met. The certificate will state the name and address of the applicant, the title of the invention and the date on which the invention began to be used, produced or marketed.

Section 13 (Decision to refuse to issue KDB certificate) makes provision for the Controller to refuse an application if he is not satisfied that the application has met all the requirements laid down in Part 2. The Controller will issue a written notice setting out the grounds on which the decision was made and informing the applicant that it may request a review if it so wishes.

Section 14 (Review of decision to refuse to issue KDB certificate) allows the applicant to request a review of the Controller’s decision to refuse to issue a certificate. The request must be filed within 30 days and state the reasons why the request is being made. The Controller shall appoint a reviewer who will be of a higher grade than the person who made the original decision. After examining the application based on the information supplied in the review request the reviewer can either confirm the original decision and issue a written notice with the reasons for the decision or cancel that decision and issue a KDB certificate.

Section 15 (New application may be made following refusal to issue KDB certificate) permits an applicant whose application has been refused to file a new application containing new information.
Section 16 (Authorisations by Controller) allows the Controller delegate to his officers some of the functions in relation to the KDB certificate procedures.

Section 17 (Confidentiality of records, etc.) requires the Controller to keep records and to maintain the confidentiality of such records. The disclosure of information contrary to the Bill will be an offence.

Section 18 (Reports) requires the Controller to make a report to the Minister containing statistical information on the number of applications received, withdrawn, refused, the number of certificates issued and information on applications reviewed. The report shall not disclose any details of an invention the subject of an application.

Section 19 (Indemnity) indemnifies the Controller and his officers for the good faith performance of functions under the Bill.

Section 20 ( Forgery of Documents) creates an offence for a person to forge, alter or use a forged or altered document, notice or certificate. Any person guilty of such an offence shall be liable to a fine or imprisonment.

Section 21 (Rules) allows the Minister to make rules to provide for any matter referred to in the Bill as “prescribed”.

Section 22 (Liability for offences by body corporate) provides that where an offence committed by a body corporate is proved to have been committed by an officer of the body corporate, that officer shall be guilty and liable to be proceeded against and punished.

Section 23 (Fees) provides for all fees received by the Controller to be paid to the Exchequer.

Section 24 (Forms) makes provision for the Controller to specify the form of certain documents required under the Bill and if necessary to include a statutory declaration regarding the true and correct particulars contained therein and requires forms to be completed as directed.


Section 26 (Application) provides that the current patenting regime will continue to apply to patent applications on hand in the Patents Office at 1 January 2017. The new regime involving substantive examination will apply to applications made on or after that date.

Section 27 (Amendment of section 29 of Act of 1992) amends section 29 of the Patents Act 1992 to make provision for the introduction of a report and written opinion as to the patentability of an invention. It also amends section 29 to allow the report and written opinion to relate only to the first invention specified in the claims. It makes provision for the applicant to amend an application in light of the report and written opinion and provides for the application to be refused by the Controller if satisfactory amendments are not received. Provision is also made for the substantive examination of an application following the receipt of any amendments or a statement to the effect that no amendments are necessary.

Section 28 (Amendment of section 30 of the Act of 1992) amends section 30 of the Patents Act 1992 to enable the use of the equivalent to a section 29 report and written opinion instead of the search report previously required when accepting foreign specifications or search reports. If any amendments are submitted or a statement to the effect that no amendments are required the Controller shall cause a substantive examination to be carried out.
Section 29 (Observations by third party on patentability) inserts a new section 30A into the Patents Act 1992 to make provision for observations to be made in writing by a third party on a patent published but not granted.

Section 30 (Amendment of section 31 of Act of 1992) amends Section 31 of the Patents Act 1992 to allow patents to be granted or refused following substantive examination.

Financial Implications

The introduction of the KDB certification scheme provided for in this Bill will not result in any additional costs to the Exchequer.

An Roinn Post, Fiontar agus Nuálaiocht.

Samhain, 2016.