

SRI LANKA INVENTORS INCENTIVES

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF A PUBLIC AUTHORITY CALLED SRI LANKA INVENTORS COMMISSION AND FOR THE PROMOTION AND ENCOURAGEMENT OF SRI LANKA INVENTIONS AND THEIR MANUFACTURE AND WR MATTERS CG.WECTED THEREWITH OR INCIDENTAL THERETO.

Act Nos,

53 of 1979

Short title and date of operation.

1. This Act may be cited as the Sri Lanka Inventors Incentives Act, and shall come into operation on such date as the Minister may appoint by Order published in the Gazette* (in this Act referred to as the " appointed date ").

Establishment of the Commission.

2. There shall be established on the appointed date an authority which shall be called the Sri Lanka Inventors Commission (hereafter in this Act referred to as "the Commission ") and which shall consist of the persons who are for the time being members of the Commission under section 4.

The Commission to be a body corporate.

3. The Commission shall, by the name assigned to it by section 2, be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in its corporate name.

Members of the Commission.

4.

(1) The Commission shall consist of a Commissioner and two Assistant Commissioners appointed by the Cabinet of Ministers on the recommendation of the Minister.

(2) Such Commissioner or Assistant Commissioner shall be a citizen of Sri Lanka and an inventor with one or more inventions registered as such with the Registrar of Patents of Sri Lanka.

(3) Where in the opinion of the Cabinet of Ministers there is no person suitably qualified for appointment to the Commission a person who has distinguished himself in science or industry or is otherwise specially qualified in relation to some aspect of the work of the Commission may be temporarily appointed to the Commission.

(4) A person shall be disqualified from being appointed or from continuing as a member of the Commission if he is a Member of Parliament.

Term of office of members.

5.

(1) Subject to the provisions of section 6 the term of office of the members of the Commission shall be three years :

Provided that a member appointed in place of a member who resigns or is removed or otherwise vacates office, shall, unless he earlier resigns or is removed or otherwise vacates office, hold office for the unexpired part of the term of office of the member whom he succeeds.

(2) Any member of the Commission vacating office by effluxion of time shall be eligible for re-appointment.

Resignation or removal of members.

6.

(1) A member of the Commission may resign from the Commission by letter addressed to the Minister.

(2) All members of the Commission shall hold office during good behaviour and may be removed from office by the Cabinet of Ministers.

(3) Where a member is temporarily unable to discharge the duties of his office on account of ill health, absence from Sri Lanka or any other cause, the Cabinet of Ministers may subject to section 4 appoint some other person to act as a member in his place.

Remuneration of members of the Commission.

7. The members of the Commission may be paid such remuneration as may be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance.

Members to disclose interest in any decision to be made by the Commission.

8. A member of the Commission who is directly or indirectly interested in any matter which forms the subject of any proceeding of the Commission or of any decision proposed to be made by the Commission, shall disclose in writing the nature of his interest at a meeting of the Commission and such member shall not take part in any proceeding or decision in respect of such matter.

Commission may act despite vacancy.

9. No act or proceeding of the Commission shall be declared invalid by reason only of the existence of any vacancy among its members or any defect in the appointment of any of its members.

Objects of the Commission.

10. The objects of the Commission shall be

- (a) to encourage the making or creation of inventions by citizens of Sri Lanka;
- (b) to give technical, financial and legal assistance to inventors,
- (c) to exercise, discharge and perform all the powers, functions and duties conferred or imposed on such Commission under this Act; and
- (d) to do all such other acts or things as may be necessary for, or conducive to, the attainment of the objects specified in paragraphs (a), (b) and (c) of this section.

Powers, functions and duties of the Commission.

11.

(1) The Commission shall have the following powers, functions and duties :-

- (a) to give technical assistance to inventors after examination of their inventions to determine their patentability and to help them prepare patent applications, under such terms and conditions as may be specified by the Commission;
- (b) to grant financial aid to inventors to enable them to develop, perfect and produce their patented inventions or (those which are pending patent, under such terms and conditions as may be specified by the Commission;
- (c) to render legal assistance to inventors by representing them in filing their patent applications in Sri Lanka or abroad and by protecting their secured patents from infringement in patent cases, under such terms and conditions as may be specified by the Commission;
- (d) to recommend to government lending institutions inventions that are beneficial to Sri Lanka so as to enable such institutions to give long-term loans to inventors to manufacture their inventions, with only their patents, as security, the amount of any such loan to be granted depending upon the importance and market of their inventions as determined by the Commission;
- (e) to help inventors find markets for their inventions in Sri Lanka and abroad,
- (f) to encourage Sri Lankan inventors to make known their inventions by giving annually sizeable cash awards and medals to be known as the " Presidential Awards for Inventions " to patented inventions in Sri Lanka in the fields of agriculture, chemistry, medicine, national defence, pharmacy, physics, public safety and welfare, public works, transportation and such other fields of science and technology. Such awards shall be open to all inventors in Sri Lanka without distinction as to nationality;
- (g) to establish and maintain a public research laboratory and experimental station where authorized inventors and researchers may avail themselves of its facilities and services for carrying out

- or perfecting their approved inventions and researches;
- (h) to promote and encourage inventiveness and creativeness among people in Sri Lanka and to assist them in creating new inventions in those fields of science and technology specified in paragraph (l) through an annual " Creative Research Contest " with cash prizes and medals to the winners chosen by the respective judges of the " Presidential Awards for Inventions";
- (i) to publish and disseminate information about inventions, researches and science in general;
- (j) to hold regular monthly sessions for the exchange of ideas among inventors ;
- (k) to help Sri Lankan inventors join international competitions for inventions and researches, or to recommend them to such competitions; and
- (1) to organize creative societies in schools, colleges and universities to promote and encourage creativeness among Sri Lankan youth.

(2) For the purpose of giving annually the cash awards and medals specified in paragraph (l) of subsection (1), the President shall appoint a panel of judges, consisting of three distinguished persons in the respective fields of endeavour, referred to in that paragraph.

Conditions under which facility or service is given to inventor or researcher.

12. The inventor or researcher shall by written agreement before making use of the facilities provided by the Commission under paragraphs (a), (6), (c) and (g) of subsection (1) of section 11, contract to give the Commission not less than one-tenth of all royalties arising from such inventions or research, depending upon the extent of the facilities or services to such inventor or researcher to maintain the public research laboratory or experimental station.

Laboratory facilities.

13. The laboratory facilities and services of the Ceylon Institute of Scientific and Industrial Research or any other government research institution, shall be made available to inventors or researchers who may need the same as recommended by the Commission. All expenses incurred by any such institution in making available laboratory facilities to the Commission shall be chargeable to the Commission.

Transfer of functions relating to promotion and development of inventions to the Commission.

14. All functions relating to the promotion and development of inventions conferred upon any person or body of persons corporate or unincorporate by any written law are hereby transferred to the Commission which shall hereafter exercise those functions.

Power to make rules-

15.

(1) The Commission may make rules for the proper administration of the affairs of the Commission, for the regulation of employment of the staff of the Commission and generally for the exercise and performance of its powers and duties under this Act.

(2) No rule made by the Commission shall have effect until it has been approved by the Minister.

Acquisition of immovable property for the purpose of the Commission.

16.

(1) Where any immovable property is required to be acquired for any purpose of the Commission and the Minister, by Order published in the Gazette, approves of the proposed acquisition, that property shall be deemed to be required for a public purpose and may accordingly be acquired under the Land Acquisition Act and be transferred to the Commission.

(2) Any sum payable for the acquisition of any immovable property under the Land Acquisition Act for the Commission shall be paid from the Fund.

Special grant or lease of property belonging the Republic to the

17. Where any immovable property of the Republic is required for the purpose of the Commission, such purpose shall be deemed to be a purpose for which a special to grant or lease of such property may be made under section 6 of the State Lands Ordinance and,

Commission. accordingly, the provisions of that Ordinance shall apply to a special grant or lease of such property to the Commission.

Power of bodies of persons or local authority to enter into contracts with the Commission. **18.** Any body of persons, corporate or unincorporate or any local authority may, notwithstanding anything to the contrary in any written law or instrument relating to its function, enter into and perform or carry out all such contracts and agreements with the Commission as may be necessary for the performance of the duties and the exercise of the powers of the Commission.

Protection for action taken under this Act or on the direction of the Commission. **19.**

(1) No suit or prosecution shall lie-

(a) against the Commission for any act which in good faith is done or is purported to be done by the Commission under this Act; or
(b) against any member, officer, servant or agent of the Commission for any act which in good faith is done or is purported to be done by him under this Act or on the direction of the Commission.

(2) Any expense incurred by the Commission in any suit or prosecution brought by or against the Commission before any court shall be paid out of the Fund, and any costs paid to, or recovered by the Commission in any such suit or prosecution shall be credited to the Fund.

(3) Any expense incurred by any such person as is referred to in paragraph (b) of subsection (1) in any suit or prosecution brought against him before any court in respect of any act which is done or is purported to be done by him under this Act or on the direction of the Commission shall, if the court holds that such act was done in good faith, be paid out of the Fund, unless such expense is recovered by him in such suit or prosecution.

No writ to issue against the person or property of a member of the Commission. **20.** No writ against the person or property of a member of the Commission shall be issued in any action brought against the Commission.

Administration and staff. **21.**

(1) The Commission shall have the following divisions for the purpose of its administration: -

(a) Patent Examining Division ;
(b) Research Division;
(c) Legal Division;
(d) Evaluation and Financing Division ;
(e) Administration Division ; and
(f) other Divisions that the Commission, with the approval of the Minister, may deem necessary to create.

(2) The Commission shall have the power to appoint or employ such technical, administrative and other personnel as may be necessary to carry out the functions of the Commission.

Fund of the Commission. **22.**

(1) There shall be established a Fund called the Sri Lanka Inventors Fund (in this Act referred to as " the Fund ") which shall be managed, controlled and operated by the Commission in accordance with such directions as the Minister may give from time to time.

(2) There shall be paid into the Fund-

- (a) any gifts or donations of money made to the Commission by any person, or by the Government;
- (b) any grant received from the Government under section 23 ;
- (c) any income from investments or any other moneys received by the Commission; and
- (d) any moneys received by way of royalties.

(3) There shall be paid out of the Fund-

- (a) all expenses incurred in the establishment, maintenance and working of the Commission;
- (b) the salaries of officers and servants of the Commission; and
- (c) such other payments as are approved by the Commission as being necessary for the purpose of carrying out the objects of the Commission.

Annual grant by the to the Commission.

23. The Government shall grant or give on loan to the Commission out of the Consolidated Fund for the purpose of carrying out the aims and objects of the Commission such sums as may be voted by Parliament for the purpose,

Exemption of commission and donors from certain duties and taxes

24.

(1) The Commission shall be exempt from any income tax, wealth tax or other tax payable under the Inland Revenue Act (No. 28 of 1979).

(2) All goods imported for the purpose of giving effect to the objects and purposes of the Commission under the provisions of this Act, shall be exempt from the payment of any custom duty, if the Minister in consultation with the Minister in charge of the subject of Finance approves the importation of such goods.

(3) Any instrument containing any agreement between the Commission and any other person providing for the payment by such person to the Commission of any sum as a donation shall be exempt from the payment of stamp duty.

(4) The amount of any donation made to the Commission by any person in the year preceding any year of assessment shall, for the purpose of computing his taxable income for that year of assessment under the Inland Revenue Act, (No. 28 of 1979), be deducted from his assessable income, and the making of such donation shall be deemed not to be a taxable gift for the purpose of that Act.

(5) The provisions of this section shall have effect notwithstanding anything to the contrary in the Inland Revenue Act (No. 28 of 1979) and the Customs Ordinance.

Exemption of inventors form tax.

25.

(1) Where a patent has been granted any citizen of Sri Lanka in respect of any invention approved by the Commission then, subject to the provisions hereinafter contained, the income received by the holder of such patent from royalties or otherwise in respect of such patent shall not be liable to any income tax, wealth tax or other tax payable under the Inland Revenue Act (No. 28 of 1979) for a period of five years from the date of the grant of the patent, and the holder of such patent shall be exempt from all licenses or permits required to be obtained under any written law.

(2) The preceding provisions of this section shall apply only to the holders of a patent-

- (a) where the paid-up capital consequent to the use of such patented invention does not exceed one million rupees; and

(b) where the manufacture in pursuance of such patented invention is carried out by the inventor himself as a home industry.

Financial year.

26. The financial year of the Commission shall be the period of twelve months commencing on the first day of January each year.

Duties of the Auditor-General.

27.

(1) The Auditor-General shall audit the accounts of the Commission at such intervals not exceeding a period of twelve months as the Commission may decide.

(2) Notwithstanding the provisions of subsection (1), the Minister may, with the concurrence of the Minister in charge of the subject of Finance, and in consultation with the Auditor-General, appoint a qualified auditor or auditors to audit the accounts of the Commission. Where such appointment has been made by the Minister, the Auditor-General may, in writing, inform such auditor or auditors that he proposes to utilize his or their services for the performance and discharge of the Auditor-General's duties and functions in relation to the Commission and thereupon such auditor or auditors shall act under the direction and control of the Auditor-General.

(3) Every qualified auditor appointed under the provisions of subsection (2) shall submit his report to the Minister and also submit a copy thereof to the Auditor-General.

(4) The Auditor-General shall examine the accounts of the Commission and ascertain the correctness of the balance sheet and report to the Commission-

(a) whether or not he has obtained all the information and explanations required by him ; and

(b) whether in his opinion the balance sheet referred to in the report is properly drawn up so as to exhibit a true and correct view of the Commission's affairs according to the best of his information and explanations given to him and as shown by the books of the Commission.

(5) In this section "qualified auditor" means-

(a) an individual who, being a member of the Institute of Chartered Accountants of Sri Lanka, or of any other Institute established by law, possesses a certificate to practice as an Accountant issued by the Council of such Institute ; or

(b) a firm of Accountants each of the resident partners of which, being a member of the Institute of Chartered Accountants of Sri Lanka or of any other Institute established by law, possesses a certificate to practice as an Accountant issued by the Council of such Institute.

Power of Minister to give special or general directions to the Commission.

28. The Minister may give special or general directions in writing as to the performance of the duties and the exercise of the powers of the Commission, and the Commission shall give effect to such directions.

officers and servants of the Commission deemed to be public servants-

29. All officers and servants of the Commission shall be deemed to be public servants within the meaning and for the purposes of the Penal Code.

The Commission deemed to be a scheduled institution within the meaning of the Bribery Act.

30. The Commission shall be deemed to be a scheduled institution within the meaning of the Bribery Act and the provisions of that Act shall be construed accordingly.