

(4) No such assignment or transmission shall be recorded in the register unless the prescribed fee has been paid to the Director-General.

(5) No such assignment or transmission shall have effect against third parties unless so recorded in the register.

CHAPTER XXV

LICENCE CONTRACTS

124. (1) For the purposes of this Part licence contract means any contract by which the registered owner of a mark (hereinafter referred to as “the licensor”) grants to another person or enterprise (hereinafter referred to as “the licensee”) a licence to use the mark for all or part of the goods or services in respect of which the mark is registered.

Interpretation.

(2) Use of the mark by the licensee shall be deemed to be use of the mark by the registered owner.

125. (1) A licence contract shall be in writing signed by or on behalf of the contracting parties.

Form and record of licence contract.

(2) Upon a request in writing signed by or on behalf of the contracting parties, the Director-General shall, on payment of the prescribed fee, record in the register such particulars relating to the contract as the parties thereto might wish to have recorded :

Provided that the parties shall not be required to disclose or have recorded any other particulars relating to such contract.

126. In the absence of any provision to the contrary in the licence contract, the licensee shall –

Rights of licensee.

- (a) be entitled to use the mark within the territory of Sri Lanka, during the entire period of registration of the mark, including renewals, in respect of all the goods or services for which the mark is registered ;

- (b) not be entitled to assign or transmit his rights under the licence contract or grant sub-licences to third parties.

Rights of licensor.

127. (1) In the absence of any provision to the contrary in the licence contract, the licensor may grant further licences to third parties in respect of the same mark or himself use the mark.

(2) Where the licence contract provides the licence to be exclusive, the licensor shall not grant further licences to third parties in respect of the same mark or himself use the mark unless the contract otherwise provides.

Nullity of licence contract and certain clauses.

128. (1) A licence contract shall be null and void in the absence of stipulations ensuring effective control by the licensor of the quality of the goods or services in respect of which the mark may be used.

(2) Any clause or condition in a licence contract shall be null and void in so far as it imposes upon the licensee restrictions not derived from the rights conferred by this Part on the registered owner of the mark, or which are unnecessary for the safeguarding of such rights :

Provided that –

- (a) restrictions concerning the scope, extent, duration of use of the mark or the geographical area in or the quality or quantity of the goods or services in connection with which the mark may be used ;
- (b) restrictions justified by the stipulations referred to in subsection (1) ; and
- (c) obligations imposed upon the licensee to abstain from all acts capable of prejudicing the validity of the registration of the mark,

shall not be deemed to constitute a restrictions as mentioned above.

129. The Court may on the application of any person showing a legitimate interest, or of any Authority including the Director-General, to which the registered owner of the mark and every assignee, licensee or sub-licensee on record shall be made party, annul and cancel the said contract if—

Cancellation of
licence contracts.

- (a) the licensor has lost effective control over the quality of the goods or services in respect of which the mark is used ;
- (b) the licensee has used the mark in such a way as to mislead or confuse the public.

130. (1) Where the Director-General has reasonable cause to believe that any licence contract or any amendment or renewal thereof –

Licence contracts
involving
payments abroad.

- (a) which involves the payment of royalties abroad ; or
- (b) which by reason of other circumstances relating to such licence contract,

is detrimental to the economic development of Sri Lanka he shall in writing communicate such fact to the Governor of the Central Bank and transmit all papers in his custody relevant to a decision on such matter, to the Governor of the Central Bank.

(2) Where the Governor of the Central Bank on receipt of any communication under subsection (1) informs the Director-General in writing that the said licence contract or any amendment or renewal thereof is detrimental to the economic development of Sri Lanka the Director-General shall cancel and invalidate the record of such contract in the register.

(3) The provisions of this section shall, *mutatis mutandis*, apply to assignments and transmissions.

(4) The provisions of this Chapter shall, *mutatis mutandis*, apply to sub-licences.

Effect of nullity
of registration on
licence contract.

131. Where, before the expiration of the licence contract, the registration is declared null and void, the licensee shall no longer be required to make any payment to the licensor under the licence contract, and shall be entitled to repayment of the payments already made :

Provided that the licensor shall not be required to make any repayment, or shall be required to make repayment only in part, to the extent that he can prove that any such repayment would be inequitable under all the circumstances, in particular if the licensee has effectively profited from the licence.

Expiry,
termination or
invalidation of
licence contract.

132. The Director-General shall –

- (a) if he is satisfied that a licence contract recorded under subsection (2) of section 125 has expired or been terminated, record that fact in the register upon a request made in writing to that effect signed by or on behalf of the parties thereto ;
- (b) record in the register the expiry, termination, annulment or invalidation of a licence contract under any provision of this Part.

CHAPTER XXVI

RENUNCIATION AND NULLITY OF REGISTRATION OF A MARK

Renunciation of
registration.

133. (1) The registered owner of a mark may renounce the registration, either wholly or in respect of part of the goods or services for which the mark is registered, by a declaration in writing signed by him or on his behalf and forwarded to the Director-General.

(2) The Director-General shall, on receipt of the said declaration, record it in the register and cause such record to be published in the Gazette.

(3) The renunciation shall take effect from the date that the Director-General receives the said declaration.