# REPORT

# ON THE

# REVISION OF THE PATENTS LAW

*by*

Shri Justice N. Rajagopala Ayyangar

September, 1959

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# REPORT

# Report

To

The Minister for Commerce and Industry,

Government of India,

New Delhi.

A REPORT ON THE REVISION OF THE LAW IN INDIA RELATING TO PATENTS FOR INVENTIONS

Sir,

By a resolution of the Government of India dated 1-10-1948 a Committee was appointed to review the Patent Laws in India with a view to ensure that the patent system was more conducive to national interests.

## REPORT OF THE PATENTS ENQUIRY COMMITTEE 1948—1950

2. This Committee was presided over by Dr. Bakshi Tek Chand, a retired Judge of the High Court of Lahore, and consisted of six others with Shri K. Rama Pai, former Controller of Patents as a Member-Secretary. The Committee submitted an interim report in August, 1949 suggesting the immediate amendment of the Patents and Designs Act, 1911 with a view to counteract the misuse or abuse of patent monopolies in India by the enactment of provisions for compulsory licensing on the same lines as those suggested by the Swan Committee[1].

1. A Departmental Committee appointed by the Board of Trade of the U.K. in April, 1944 to consider and report whether any, and if so what, changes were desirable in the Patents and Designs Act and in the practice of the Patent Office and the courts in relation to matters arising therefrom under the chairmanship of Sir Kenneth R. Swan (a very distinguished Patent Lawyer). This Committee submitted two interim reports

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The Government accepted this recommendation which resulted in the amended sections 22, 23 and 23A to 23G of the Indian Patents and Designs Act, 1911 (*vide* Act 32 of 1950). The Committee submitted their final report at the end of April. 1950. It is not necessary to set out at this stage the recommendations contained in this report, since I would be dealing with them in some detail at the appropriate places in the course of this report.

## PATENTS BILL, 1953

3. A Bill generally based on the U.K. statute of 1949, with a change that opposition proceedings should be deleted as recommended by the Committee, was introduced by Shri T.T. Krishnamachari, the then Minister for Commerce and Industry, in the Lok Sabha as Bill No. 59 of 1953. The Bill, however, was not proceeded with, and it lapsed. Sometime later the provisions of the Bill, including the phraseology employed were subjected to a close scrutiny by Dr. S. Venkateswaran as well as by other officials of the Ministry of Commerce & Industry and they reached some tentative conclusions in regard to these matters.

## THE PRESENT INQUIRY

4. Subsequently in April 1957, the Government of India requested me to advise them as regards the revision of the law relating to Patents and Designs and on my agreeing to do so, I was entrusted with that task. Dr. S. Venkateswaran, the Officer on Special Duty in connection with the revision of the law relating to Patents and Designs, was deputed by Government to assist me in this task.

5. Though I started on this work in or about June, 1957 the work was stopped in the beginning of August owing to the illness of Dr. Venkateswaran whose services could not be available for about four or five months. I resumed this work from the beginning of January, 1958.

## QUESTIONNAIRES, ANSWERS AND MEMORANDA

6. Materials in the form of memoranda and answers to questionnaires submitted to the Patents Enquiry Committee were made available to me and I have profited by them. I further considered it necessary to ascertain the views of those who were interested in particular topics which were of a controversial nature in the revision of the Patents Law at the present stage of industrial development of this country, namely, (1) patentability of inventions relating to food, medicine and chemical products and substances; (2) the degree of patent protection that ought to be afforded to these inventions; (3) the conditions subject to which patents in general should be open to compulsory licensing and the terms and conditions subject to which licences should be granted; (4) the countering of attempts by patentees seeking to extend the scope of patent monopoly by entering into restrictive contracts touching the use of unpatented articles; I accordingly prepared questionnaires on these topics and circulated them to about 300 selected individuals, firms and institutions and also to all the members of Parliament. The response, however, was very poor. I received just 79 replies. No reply to the questionnaires was received from any Member of Parliament. This must no doubt be due to the highly

in March 1945 and April 1946 and a final report in September 1947. The changes made by the U.K. Patents Act of 1949 were mainly in implementation of the recommendation of this Committee.

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technical and difficult nature of the subject and the unfamiliarity with the problems involved. Even of the replies received, several of them, I must say, were not very helpful, since no reasons were given for their 'yes' or 'no' answers to the questions raised. I have taken the views expressed in these answers into due consideration in framing my proposals and making my recommendations in this report.

7. Besides these, I prepared two special questionnaires in relation to patents relating to Atomic Energy inventions and those relevant for Defence and circulated them to the concerned authorities. My recommendations in respect of these matters have taken note of the answers I received.

## RECENT PATENT COMMITTEES AND LEGISLATIONS IN THE U.K., AUSTRALIA AND CANADA

8. At the time when the Patents Enquiry Committee were considering the questions referred to them, they had before them the report of the Swan Committee, which was appointed by the Board of Trade in the United Kingdom. It is hardly necessary for me to say that I have carefully considered the several points urged for and against the particular course of action suggested by the Swan Committee and have considered the appropriateness or applicability of their conclusions in the context of our national economy. I would only add that in formulating my proposals I have borne in mind the provisions of the U.K. Patents Act of 1949 which implemented the recommendations of the Swan Committee.

9. Subsequent to the U.K. enactment of 1949, the Australian Patent laws were revised and a revised Patents Act was passed in 1952. This enactment was preceded by the appointment of a Committee presided over by Mr. Justice Dean to advise on the revision of the Patent Law. This Committee gave due consideration to the conclusions reached by the Swan Committee in the U.K. and while accepting some of their recommendations rejected others as not suited to Australia. This report is interesting as in the nature of a comment on the report of the Swan Committee and I must acknowledge the assistance derived from this report and from the phraseology adopted in the Australian Patents Act, 1952-1955 on the recommendations of this Committee.

10. The present Canadian Patents Act is a consolidating enactment of 1951 though many of its provisions are bodily taken from the enactments of an earlier date starting with the basic Act of 1935. It is somewhat remarkable that notwithstanding the considerable American influence which is reflected in the form and contents of the Canadian Patents Law, (e.g. the lack of opposition proceedings to the grant of a patent, the provision for 'interference' procedure etc.) the Canadian Act still retains, departing in this respect radically from the American Law, the compulsory working and licensing provision (*vide* section 64 of the Act of 1952 which follows section 62 of the Act of 1935), a provision which was the major feature of even the earlier Canadian Patents legislation. A Committee was appointed by the Canadian Government in 1954 for suggesting the manner in which the Patent Law ought to be revised but I understand that the Committee has not finished its labours yet and that it has not issued any interim report either. Taking into account the time which this Committee has taken, its report must form a valuable contribution to the elucidation of the problems connected with designing a proper system of patent laws and it is a matter of regret that it is not available to me for being considered.

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## SCOPE AND CONTENTS OF THE PRESENT REPORT

11. The present report is framed in two parts. The first part deals with the general aspects of the various questions, a discussion of the evils which I consider beset the present patent system and the broad lines of my solution to the problem; as also with the main changes which I would recommend in regard to the law. The second part is in the form of notes on the several clauses of the lapsed Bill of 1953 which for convenience of reference I have included as Appendix C to this Report and is devoted to a consideration of the details of my proposals including generally the phraseology I would suggest to implement the alterations I recommend or to avoid ambiguity or overcome any particular decisions on the construction of words used in the corresponding provisions in the U.K. statute which have been adopted in the Bill. In the notes to the several clauses, I have suggested the manner in which they could be redrafted. It should not, however, be taken that these redrafts are final. They are set out merely as a convenient and concrete method of elucidating my ideas. I am conscious that between the discussion in what, I term the first part and in that dealing with the details in the second part, there is bound to be and there is some little overlapping, but I have tried to avoid this to the extent possible.

## SEPARATE ENACTMENTS FOR PATENTS AND FOR DESIGNS SUGGESTED

12. I agree with the Patents Enquiry Committee that it would be convenient to have separate enactments dealing with Patents and; Designs, and in fact the Patents Bill, 1953 proceeds on that basis. The present report deals only with the revision of the Patents Law and I have reserved to a further report my recommendations in regard to the appropriate changes to be made regarding the Law of Industrial Designs.

## INTERIM REPORT FOR PATENTS FOR ATOMIC ENERGY INVENTIONS ALREADY SUBMITTED

13. The last matter I desire to mention is in respect of patents for inventions relating to Atomic Energy. At present the patentability of such inventions depends on the same tests as are applicable to inventions in other fields—*viz.* whether it is a manner of new manufacture [section 2(8) of the Indian Patents & Designs Act, 1911]. The applications for those patents are, however, subject to the provisions of section 12 of the Atomic Energy Act, 1948, under which the Controller is directed to impose an order as to secrecy on the applicant restraining him from disclosing the invention to others, until this ban is lifted by the Central Government and not to proceed with the application beyond the stage of acceptance, so long as the secrecy direction is in force. As the inventions in this field are *sui generis* and required to be separately treated owing to their importance for national well-being, I considered it proper to deal with them comprehensively in an independent report confined to that topic. In view of the urgent need for Government taking a decision in relation to these inventions, I have submitted this already as an interim report in April 1959 and consequently the present report does not deal with any matter arising with reference to patents for inventions relating to Atomic Energy.

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## ACKNOWLEDGMENTS

14. Dr. K. Vasudeva Rao, Chairman of the Pharmaceutical Development Council convened a meeting of the sub-committee of this body at Madras at which the questionnaires issued were discussed in detail. I must express my indebtedness to Dr. Vasudeva Rao as well as to the members of the Committee for the assistance they gave me by elucidating the practical difficulties which they experienced in the provisions of the existing law and the manner in which they would like the law to be amended. In addition, Dr. K.S. Krishnan, F.R.S., Director, National Physical Laboratory, Dr. A. Nagaraja Rao, the then Chief Industrial Adviser to the Government of India and Dr. K. Ganapathi of the Hindustan Antibiotics, Pimpri, Poona, were kind enough to go over here for a personal discussion of the problems raised in the field of chemical and pharmaceutical patents and compulsory licensing. I must express my indebtedness to them all for so readily acceding to my request and assisting me with their views on the subject.

15. There is one further obligation which it is my duty and pleasure to acknowledge and that is the assistance I have received from Dr. S. Venkateswaran[2] in discussing the problems and their solution. He began his official life as an officer in the Patent office and his deep knowledge of the practice of that office has been of invaluable help to me. Besides, he is a distinguished chemist. I derived the utmost assistance from him in understanding the problems arising in the field of chemistry. He has sat and discussed matters with me day after day, during these nearly two years on which I have been engaged on this work and his assistance has served practically to eliminate the handicap of an one-man Committee on an assignment as this.

2. Now Controller of Patents and Designs and Registrar of Trade Marks.

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# Part I

# REPORT

PART I

# Report

## I. SOME GENERAL CONSIDERATIONS

### Basis of the Patent System

16. Patents may broadly be defined as statutory grants of monopoly for working an invention and vending the resulting product. Possibly the expression 'monopoly' might not be strictly accurate, for the inventor does not derive the right to work his invention from the patent grant and the idea might be better indicated by stating that a patent disables, others than the patentee or those authorised by him from, manufacturing and selling the patented article or using or imitating the patented process or vending the resulting product. Though monopolies were frowned upon by the English common law, the monopolies involved in patents for inventions were held to fall outside this ban for the reason that they were needed to encourage invention and afford increased opportunity for industrial development and achieving gainful and diversified employment. It would not be an exaggeration to say that the industrial progress of a country is considerably stimulated or retarded by its patent system according as to whether the system is suited to it or not.

17. Patent Laws rest upon the assumption that it is desirable to encourage inventions for their own sake and that monopoly privilege is the best way of doing it. The Swan Committee observed:

> "* * * The theory upon which the patent system is based is that the opportunity of acquiring exclusive rights in an invention stimulates technical progress in four ways: first, that it encourages research and invention; second, that it induces an inventor to disclose his discoveries instead of keeping them as a trade secret; third, that it offers a reward for the expenses of developing inventions to the stage at which they are commercially practicable; and fourth, that it provides an inducement to" invest capital in new lines of production which might not appear profitable if many competing producers embarked on them simultaneously. Manufacturers would not be prepared to develop and produce important machinery if others could get the results of their work with impunity". (Second Interim Report, para 9).

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## Rewarding inventors by patent grant

18. The patent system of rewarding the invention is based on the idea that the grant of a monopoly will automatically secure to an inventor a reward which is commensurate with the value of his invention. In theory, if the invention is good, the inventor should be able to exploit or sell his patent and thereby make a profit. If the invention were useless, he would receive nothing. In practice, however, even if the invention is good, and useful, the inventor, owing to factors beyond his control, might be unable to make a profit out of this patent; and on the other hand, in some cases the reward which an inventor obtains for his invention might be out of all proportion to the benefit conferred on the general public.

19. The desire for economic reward is undoubtedly an important factor motivating inventions. The possibility of obtaining an exclusive right to exploit an invention for a given period gives the inventor an assurance that his efforts would be rewarded with financial return. Men who are motivated by the prospect of economic reward might normally not be expected to invent if they could not obtain patents, freeing them from competition, and thus opening the prospect of large financial returns which a grant of a patent might involve. A patent monopoly has much to offer by way of prospect of good profits whenever a useful invention is made and such a prospect would have a tendency to bring forth new ideas at an earlier date than would otherwise have occurred. In short the patent system tends to encourage and maintain a continuous flow of inventions. Invention breeds invention and thus the pace of inventive activity is accelerated.

20. As Michel points out—

> "* * * patents play the role of the pike in the carp pool; they prevent stagnation and stimulate progress. Industrialists are forced to forge ahead to improve their machines and processes for the further reason that each one fears that if he does nothing some other will do something and exclude him from the field for a considerable number of years. This result produced by the patent systems is sound because it requires, as nothing else would require that industry go forward; it gives primarily the true justification for patent protection."—(Michel on Principal National Patent Systems, Vol. I, page 21).

New products and processes are created, industry encouraged to manufacture new and better products and an expansion of the industry based upon the invention takes place. Thus, employment, national wealth and a higher living standard are created.

**21. Consideration for grant: Disclosure and Working.**—But this assumes that patent monopoly is used for the purpose for which it is granted. As Michel observes—

> "* * * Patent systems are not created in the interest of the inventor but in the interest of national economy. The rules and regulations of the patent systems are not governed by civil or common law but by political economy" (Michel: *ibid* Vol. 1, p. 15).

Several theories have been put forward as regards the consideration or the quid pro quo which society receives in return for the grant of the monopoly. In the earliest law on the subject of the grant of patents in the United Kingdom, the consideration received by society as justifying the grant of monopoly was stated to be the introduction of a new manufacture within the country. At a later date it was stated that the consideration consisted in the disclosure to the public of the invention which they were at liberty to use at the expiry of the period of monopoly.

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22. In the statement of objects and reasons prepared by the Board of Trade in connection with Patents and Designs Amendment Bill of 1919, they said:

> "The object of granting patents for new invention is to benefit the trade or industry of the United Kingdom. For this purpose it is not enough to reward the inventor; it is also necessary to secure that new inventions be brought into commercial use without delay. To bring a new invention into commercial use requires in many cases the cooperation of the capitalist, and the readiest way of securing this cooperation is a grant of a monopoly. A monopoly being contrary to the common law right can only be justified by some consideration moving to the public. The consideration justifying the grant of a monopoly for a new invention is not only the disclosure to the public of information which they can use when the period of monopoly expires but the benefit to trade by the new invention being brought into commercial use during that period. The public therefore are entitled to have the monopoly so framed and guarded that they are not deprived of this consideration. The real difficulty is to prevent the abuse of the patent monopoly without so restricting it as to deter the capitalist from financing the inventor."

## The Country must be technologically advanced to work the invention

23. The advantages accruing to a nation's economy from rewarding inventors with the grant of exclusive privileges for a limited time are dependent on two main factors: (1) The country must be technologically advanced to maintain the rate of invention which is brought forth by the promise of the reward. This in its turn would be dependent upon (a) the degree of diffusion of scientific and technological education and the number of persons reaching high proficiency by such education; (b) a massive industrial production which could absorb the products of the education and develop the instinct for research and direct it to useful and productive channels; (c) the amount of speculative capital which is forthcoming for being risked in investment in new ventures and for profitable utilisation in such industries. (2) The patented invention must be worked in the country which grants the patents. It goes without saying that if the first condition which I have set out above obtains in any country, there may not be much difficulty in the second one also being fulfilled.

24. From the above it will be seen that the monopoly created by the patent and the reward to the inventor by the grant of such monopoly offer advantages which have been claimed for the system, only in the highly industrialised countries which have a large capital available for investment in industries and a high degree of scientific and technological education.

## Patent system in under-developed countries: Failure of the Patent system in India.

25. It is further obvious however that the system would not yield the same results when applied to under-developed countries. I entirely agree with the views of the Patents Enquiry Committee that "the Indian Patent system has failed in its main purpose, namely, to stimulate invention among Indians and to encourage the development and exploitation of new inventions for industrial purposes in the country so as to secure the benefits thereof to the largest section of the public." **(Interim Report p. 165).**

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26. The Patents Enquiry Committee have in their interim report (*vide* pp. 165-166) set out the figures of patents granted in various countries during the period 1930—37 together with the proportion of grants to its own nationals as compared with the number granted to foreigners. (The figures were apparently taken by them from 'Patents and Industrial Progress' by George E. Folk, 1942). During this period the proportion of grants to Indians and foreigners is stated to be roughly 1:9. Even with the attainment of independence and rapid growth of scientific education by the opening of more institutions for post-graduate training and the establishment of several national laboratories, the proportion of Indian to foreign patents still remains substantially the same as during the earlier period, and is roughly 1:2 [See Appendix "A" Table (1) and Table (5)]. This is, however, without taking into account the economic or industrial or scientific importance of the inventions. If this factor were taken into account [for break-up of the figures of the patents sealed according to the class of inventions, see Appendix 'A' Table (2)], our nationals would appear to be at even less advantage. Further, if account were taken of the number of inventions for which renewal fees have been paid beyond the 6th Year, which gives a rough idea of the value attached to the invention by the patentee, the proportion of Indian to foreign nationals would be shown to be in still less favourable light, [*vide* Appendix A Table (6) which sets out the number of patents for which renewal fees are being paid, also Appendix A Table (4)].

27. This apart, there are no statistics available for computing the precise extent to which inventions patented in India are being worked within the country either by the patentees themselves or by being made available to others by means of licensing. But it might broadly be asserted that compared to the number of patents on the register those which arc actively worked bear only a very small proportion.

## Why are patents taken in foreign countries

28. The first subject that suggests itself for examination in this context is as to why foreigners take patents in this country when admittedly they have no intention of working the patents here and possibly even in cases where it may not be commercially possible to work them here. Mr. Langner giving evidence before the Temporary National Economic Committee of the U.S.A., which was set up in 1941, speaking of the American Patent system said:

> "Patents are taken out in foreign countries, (by Americans) for two main reasons. One is that we are doing business abroad and we want to protect our article, so that the German manufacturer or the English manufacturer is not able to copy it immediately and go into competition with us. In other words, it is a great selling point for our goods to have a protected inventive feature and we have kept ahead of the whole world in the export markets through our patent system."

Bennett in his treatise on "The American Patent System" says:

> "* * * When inventors take out patents in the several countries of the world, those patents establish a monopoly over the inventions in the various countries * * *. By taking out patents only in the industrial countries it is usually possible to stop competition at its source. It is unnecessary to patent an invention in all foreign countries. In this way patents can be used to establish protected foreign markets. Others can neither produce nor sell the invention in the foreign countries without the patentee's permission. The

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German chemical industries were able to reserve the American market in this way before World War I. During that war the United States Government confiscated the German patents and established a system for licensing American manufacturers to use them. The extensive American chemical industries date from that time."

29. These patents are therefore taken not in the interests of the economy of the country granting the patent or with a view to manufacture there but with the main object of protecting an export market from competition from rival manufacturers particularly those in other parts of the world.

This explains the phenomenon of a large proportion of patents being held by foreigners not merely in the industrially backward countries but also in the comparatively more industrialised countries. For instance, the following figures show the high proportion of foreign patents in Canada, Holland, U.K. and Switzerland, though these are by no means industrially backward:—

| | Average annual number of patents granted during the years 1930—1937 | Number granted to foreigners | Per cent granted to foreigners |
|---|---|---|---|
| United States | 48,697 | 6,421 | 13.2 |
| Germany | 20,621 | 5,327 | 25.8 |
| France | 20,025 | 9,994 | 49.9 |
| Great Britain 1930-35 | 18,417 | 9,522 | 51.7 |
| Italy | 10,634 | 6,782 | 63.8 |
| Canada | 9,269 | 8,368 | 90.3 |
| Switzerland (1930—36) | 7,307 | 4,066 | 55.6 |
| Japan (1930—36) | 4,845 | 1,165 | 24.0 |
| Czechoslovakia | 3,613 | 2,749 | 76.1 |
| Holland (1930—35) | 2,674 | 2,164 | 80.9 |
| Denmark | 1,590 | 1,056 | 66.4 |
| Norway | 1,428 | 1,031 | 72.2 |

## Balance of gains and losses to under-developed countries by the grants of patents to foreigners

30. The existence of the monopoly enables the patentee to dictate the price at which the article could be sold and where he has his manufactory in several of the countries of the world enables him to choose the source from which the product could be obtained with the maximum profit to him. Of course the grant of a patent in a country like India with a teeming population offering an extensive market must be to the advantage of the national economy of the particular foreign country in which the industries covered by the patent are worked, for a larger and assured market would mean a corresponding increase in the size of the industry with consequent absorption of its labour and scientific personnel and also capital for profitable investment. This might no doubt result in a reduction in the cost of production in the foreign manufacturing country and a portion of which might possibly be passed on to the consuming public in the importing country, where the patent is granted but not

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worked. In the discussions in what might be termed the International aspects of the patent, as distinguished from purely national ones, this small possible advantage has sometimes been strongly stressed, and it is said that the grant of such patents to foreigners who do not work the invention in the country of grant, is not harmful as it tends to locate the industry in the place where it is most economical to manufacture. No doubt the imported product might be cheaper, but even if the cost of the article manufactured in the country might be considerably higher, it might in the long run prove an advantage to national economy in (1) the saving of foreign exchange, (2) the absorption of surplus labour, (3) the utilisation of the country's scientific and technical talent, (4) the utilisation of indigenous material not hitherto used which in its turn would have beneficial repercussions on other industries, (5) the increase in technical knowledge by the establishment of a new industry by the working of the invention, (6) the utilisation of bye-products which might lead to a diversified economy and (7) greater security particularly in emergencies and economic independence arising out of increased self-sufficiency, to mention only the more important. If therefore the problem is viewed as one of balancing gains and losses to the economy of each nation, it does not need much argument to show that the costs to an under-developed country where a patent is worked wholly abroad far exceed any possible gains in any such exchange.

31. In this connection I cannot do better than give a few extracts from Edith Penrose's penetrating study entitled "The Economics of the International Patent System":—

> "* * * When a country grants patents to foreigners for inventions which the foreigner is not going to work in the country himself, but which he is willing to make available to domestic producers at a price, the price paid to the foreigner is clearly one of the costs of granting the patents and just as clearly must restrict the use of the invention to those who can pay the price. From the point of view of producers, this cost is simply the royalty payment made to foreign firms" (page 102). "From the point of view of the economy as a whole it is a tax paid to a foreign firm and requires a transfer of real income from one country to another * * *. Any country must lose if it grants monopoly privileges in the domestic market which neither improve nor cheapen the goods available, develop its own productive capacity nor obtain for its producers at least equivalent privileges in other markets. No amount of talk about the 'economic unity of the world' can hide the fact that some countries with little export trade in industrial goods and few, if any, inventions for sale have nothing to gain from granting patents on inventions worked and patented abroad except the avoidance of unpleasant foreign retaliation in other directions. In this category are agricultural countries and countries striving to industrialise but exporting primarily raw materials." (pages 116 & 117).* * * "Most countries have little if anything to gain economically from granting patents to foreign firms; and they do so partly because the custom is old and firmly established, partly because of the pressures of vested interests and partly because the ideals of 'international co-operation', 'non-discrimination' and similar laudable sentiments have been influential in shaping the thoughts of lawyers and statesmen." (p. 142).

32. The author is here considering the effect on the economy of the industrially under-developed countries, of the grant of patents to foreigners who work their inventions abroad and use the patents merely as a means of ensuring a monopoly of importation. There have not been wanting competent experts who express a similar view even in regard to the more advanced countries. Thus Floyd L. Vaughan, says speaking of the position of Patents in America—

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> "It is a contravention of our patent law and an economic injustice to the American manufacturer to allow a foreigner to take out a patent in this country merely for the purpose of reserving the United States as a market for his patented product which is manufactured abroad exclusively. It means the exclusion of all other would be inventors and competitors from the industry covered by the patent and at the same time, the building up of the industry in other countries, all to the detriment of the United States"— [F.L. Vaughan on 'Suppression and Non-working of Patents' with special reference to the Dye and chemical industry, American Economic Review Vol. 9 (Dec. 1919) page 693 at page 700].

## Non-working of patents of foreigners detrimental in two respects

33. I shall next proceed to consider the cost to the country, particularly an under-developed country like India, of the grant of these patents which the patentee has no intention, of working in this country. These patents may be broadly classified under two heads: (1) where a particular invention is not patentable under the laws of the patentee's home country but it is patentable under the Indian Patents Act; (2) where an invention is covered by patents in several countries of which India is one but the manufacture is carried on either in the home country of the patentee or in some other country outside India where he has obtained patent protection.

34. A well-known example under the first head where an invention is not patentable in the patentee's home country but is patented in India relates to patents for medicines and drugs taken out by Swiss nationals in India. Where the substance is new but the process by which it is produced is not new, no patent can be obtained in Switzerland, whereas a claim for a new product made by the process which is not novel but is merely described in the specification may be patented in India. The result of the grant of an Indian patent to any Swiss firm in such circumstances would be to eliminate the competition of other Swiss firms from the Indian market. These firms, however, have freedom to compete with each other in the Swiss market but the benefit of this competition would not be available to the Indian consumer. As in most of the European countries, the law does not permit the patenting of chemical products, but allows only the processes for manufacturing those products to be patented, the situation for this country is greatly aggravated.

35. In the second type of cases listed above, a patent is applied for and obtained for the same invention in several countries of the world. This is done in order to ensure an export market to the producer as stated by Mr. Langner in the passage I have already quoted. As the right granted by a patent for an article includes the exclusive right to import the patented article from abroad (subject to general import restrictions, if any), the country selected by the patentee becomes the sole source on which the importing country has to depend for meeting its requirements. This acts detrimentally in more ways than one. In the first place, the existence of the patent prevents the importation of the product manufactured by the same or similar process from a country which might offer the article at a lower price. In this connection it might be pointed out that where the same patentee manufactures the same article in different countries, the price of the product might not be the same in each country, and besides there is nothing to prevent a patentee from selling the same article at different prices in different markets based on local conditions as to demand, the availability of alternative products etc.

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36. The above is on the assumption that in the several sources, there is patent protection for the article. But this might not always be the case. Where the invention is not protected by a patent in any particular manufacturing country, the price differential is likely to be more. In recent times there have been many instances of this type of price differential, owing to the inventions in western Europe, the United Kingdom and U.S.A. not enjoying patent protection in the Soviet and the East European countries, the inventors not having applied for patents in the latter counries. Most of the patents granted in India to foreign nationals are to those belonging to the U.K., the Commonwealth countries, U.S.A. and the western European countries who do not seek patent protection in the Soviet and the East European countries. Consequently this country is deprived of getting in many cases goods, even though they are essential for industrial production or for the health and safety of the community at cheaper prices from available alternative sources, because of the patents protection granted in India.

## II. THE PATENT SYSTEM IN INDIA

### What safeguards are necessary in India against patents of foreigners

37. In the present decade under the impact of the national plans that have been formulated for the economic uplift of the country and the raising of the standard of living of its people, the conservation of foreign exchange is a matter of prime importance. In the context of this need, it would be seen that any increase in the price of the patented products imported into the country must to that extent be a disadvantage to the nation's economy. This apart, there is also the factor that by reason of these patents, our country is deprived of the benefits of importing from that country, payment in whose currency would be the least burdensome to India. Due to the existence of the grants, this country has no choice as regards the currency to be paid for the importation because this depends not on our choice but on the location of the patentee's manufactory or the country from which the patentee chooses to import for sale in India.

38. I have already set out the considerations which are said to constitute the quid pro quo for the grant of the patent monopoly, namely; (1) the working of the invention within the country so as to result in the establishment in the country of a new industry or an improvement of an existing industry which would profitably employ the labour and capital of the country and thus increase the national wealth, and (2) disclosure to the public of the invention and the manner of its working so that on the expiry of the life of the patent the public are enabled to work the invention themselves and in competition with each other. Where the patentee has no intention of working the invention in this country either because he considers that this is not profitable or because he prefers to expand the production in his home country so as to achieve there greater efficiency and more production or is otherwise not interested in working the invention in India, the grant of the Indian patent might tend to improve the economy of the patentee's home country but offers little advantage to us. Unless therefore the law provides for measures to be taken to compel the patentees to work the invention within the country, and these measures are effective to achieve their purpose, the social cost involved in the grant of the patent is not offset by any benefit to the community. As regards the possible advantage which might result by disclosure it should be noted that most of the inventions patented by foreigners in this country are also patented abroad and the theory therefore that

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but for patent protection the invention would have been worked in secret and that the public would have been deprived of the knowledge of the invention has no relevance in the case of the large majority of patents granted in India. As neither of the above considerations seems to be present in the case of patents granted to foreign nationals which are not worked in this country the cost to the community by the grant of the patents is unrelieved by any positive advantage by way of an increase of technical skill or of national wealth.

## Is the Patent system necessary in India?

39. Having made this appraisal of the effect of the Patent system in India, the next question is whether the system should be continued. With all the handicaps which the system involves in its applications to under-developed countries, there are no alternative methods for achieving better results. At present there is no country in the world that does not adopt the patent system of rewarding inventors', 'whatever differences in detail there might be in the laws of the various countries due to local conditions or historical reasons. Switzerland which for long resisted the adoption of the Patent system adopted it in June 1888 and has continued it ever since. Holland adopted the system in 1817 but as a result of the free-trade ideas which prevailed in the middle of the 19th century the Law was repealed in 1869 and the country was without a patent system. In 1910, however, a Patent Law on nearly the same lines as that which prevailed in Germany was adopted. Though there has been some controversy as to whether the Dutch industry suffered a set-back as a result of the abrogation of the Patent Law in 1869, there is no dispute that the country has achieved a considerable technological advance since the introduction of the Patent system. It is, however, not possible to relate the industrial advance of any country to the Patent system or any provision contained in it, because there is no way of showing what would have happened if at the same period in a country's history a different system or different provisions had obtained.

40. Even in a country which has adopted a socialistic economic system such as the U.S.S.R. the law makes provision for the grant of patents in the same manner as in the rest of Europe. But along with patents, the U.S.S.R. has a system of authorship certificates—which broadly approximate in the U.K. terminology to patents endorsed with the words "licences of right". Every inventor has an option to apply either for patents or for authorship certificates, though in respect of certain inventions, and inventions evolved by the use of facilities afforded by the State or State agencies, only authorship certificates are allowed. Besides, a patentee may convert a patent into an author's certificate provided no licence has been granted. There are elaborate procedures for the determination of the royalty or remuneration payable to holders of author's certificates. Besides these two types of patent grants—the State also remunerates inventors by the grant of cash awards on the inventor making over the invention to the State. In regard to all these, however, I will only repeat what the Swan Committee said "We have little information as to how the system functions in actual practice."

41. I need only add that a patent system on the same lines as is found in Western Europe also prevails in the other Socialist countries of Eastern Europe, like Czechoslovakia, Poland, Hungary as also in Yugoslavia.

42. A system therefore which has been universally adopted, and which the experience of the world for well over a century definitely favours, cannot be discarded without the weightiest of reasons, and I see none such.

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43. I consider that the Patent system is the most desirable method of encouraging inventors and rewarding them and though at present Indian inventors take a very small share in the benefits of that system, with the increasing emphasis on technical education and the number and quality of the research institutes that have been established in the country, together with the rapid industrialisation that is proceeding, one may look forward to a time when the Indian research worker and inventor will take full advantage of the patent law. Besides, the security and immunity from competition which patent protection affords are very necessary inducements for the working of an invention. Further, the Patents system has been working in India for over a century. There is therefore sufficient justification for the retention of the patent system.

## What changes are necessary in the Indian law

44. The precise provisions of the Patent law, however, have to be designed, with special reference to the economic conditions of the country, the state of its scientific and technological advance, its future needs and other relevant factors and so as to minimise if not to eliminate the abuses to which a system of patent monopoly is capable of being put.

45. Bearing in view the matters I have set out above, I would recommend the retention of the patent system, but that it should be improved—

(1) by defining with precision inventions which should be patentable and by rendering unpatentable certain inventions, the grant of patents, to which will retard research, or industrial progress or be detrimental to national health or well-being;

(2) by expanding the scope of "anticipation" so as to comprehend not merely what is known or published in this country, but also what is known or published outside India;

(3) by providing remedies for the evils which India, in common with other countries, experiences from foreign owned patents which are not worked in the country, but which are held either to block the industries of the country or to secure a monopoly of importation;

(4) by providing special provisions as regards the licensing of patents for inventions relating to food and medicine;

(5) by providing remedies for other forms of abuse resorted to by patentees, to secure at that [illegible] a1

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## III. RESTRICTIONS ON THE PATENTABILITY OF INVENTIONS: PATENTS FOR CHEMICAL SUBSTANCES, FOOD AND MEDICINE ETC

### What is patentable invention

46. The matter that stands at the threshold of the enquiry is as to what should be the scope of patentable inventions in this country, bearing in mind the economic position of the country, the degree of scientific and technological progress achieved and other relevant factors.

47. Under the Indian Patents and Designs Act, 1911, the test of patentability of an invention is furnished by the formula—is it a "manner of new manufacture"—a phrase coming down from the U.K. Statute of Monopolies, (21 Jac, 1 ch. 3,1623), and contained in the successive U.K. Patents Acts. These words have been the subject of innumerable decisions and though several general principles have been evolved, there is still a considerable area of uncertainty. The Patents Enquiry Committee suggested that the term "invention" might be defined in exact terms so as to be capable of application to determine with precision whether a claim to an "invention" was within the statute or not. They however refrained from attempting such a definition themselves. The difficulty, however, in any definition is due to the circumstance that what is termed "subject matter" or "obviousness" is "always the most uncertain issue in patent cases depending as it does upon the temperament and experience of the Judge" (Terrell on Patents, 8th Edition, page 65). The decisions are therefore decisions dependent on one's feeling, each Judge viewing the invention against the background of his own experience. The philosophy of this field of human activity has been the subject of discussion and investigation at the hands of German Patent lawyers, but even they left the task of defining 'invention' as beyond the realm of the practical.

### What inventions should be non-patentable

48. Positing 'invention'—understood in the sense generally attributed to that term—there is considerable advantage in the statute specifying with clarity which 'inventions' alone are patentable and which 'inventions' should not be patentable. This would (1) eliminate ambiguity and (2) prescribe in precise terms inventions for which patents should be refused in the interests either of national economy or national health or well-being.

49. Clause 3 of the Bill [*vide* Appendix C] seeks to lay down the degree of patentability of certain inventions and what shall be unpatentable. I have suggested a redraft of that clause into two parts setting out in the first those inventions which are universally or almost universally not patentable and these comprise the class of inventions for which patents are not now grantable under the Indian Patents and Designs Act, 1911, and in the second those inventions as regards which I have suggested a change in the law.

50. I have explained the details of the matter in category (1) in the notes to that clause and this does not call for any comment at this stage.

51. I have, however to explain the ratio of the changes in the law which I would recommend in regard to those in the second part and in particular regarding—

(a) patents for chemical inventions; and

(b) patents for inventions relating to food and medicine.

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Before doing so, however, it is convenient to deal with one recommendation of the Patents Enquiry Committee which is implemented in the Bill. The Patents Enquiry Committee said—

> "Invention should be given a wider meaning than in the present Act, so as to include inventions concerned with processes for testing materials even though they did not result in the manufacture of any article".

In suggesting this as a reform to be adopted in the Indian Act, the Committee had in mind the views of the Swan Committee expressed in paragraph 123 of their final report, which ran—

> "The term 'manufacture' implies the making of something, and difficulty has been experienced in applying it to useful industrial devices where nothing tangible is made, such as processes for testing material or performance in the course of manufacture. The result has been that many such inventions of undoubted industrial value have been refused the grant of Letters Patent because they cannot be legitimately regarded as any 'manner of manufacture'. We therefore recommend that the definition of 'invention' be amended in such a way as to make it clear that any new method or process of testing applied for the purpose of improving or controlling manufacture may be treated as coming within the expression 'manner of new manufacture'."

52. This recommendation was accepted by the Parliament of the United Kingdom and the expression 'invention' was defined in Section 101 (1) of the U.K. Patents Act of 1949 so as to include 'any method or process of testing applicable to the improvement or control of manufacture'. The Patents Enquiry Committee suggested a definition of 'invention' in the Indian enactment on the same lines and this recommendation has been adopted in the definition of manufacture' under Clause 2(j) (ii) of the Patents Bill, 1953. This extended scope of the definition of 'invention' does not find a place in the United States, which is without question the country most advanced in the matter of industrial production and undoubtedly where the largest number of patents are applied for and obtained among all the countries of the world, nor in Germany where the rate of invention might be said to be next to the U.S.A. When the Dean Committee in Australia considered the revision of the Australian Patents Law, they did not think it necessary to expand the definition of 'invention' in the Australian enactment on the lines which were recommended by the Swan Committee for use in England. Similarly in the other leading Commonwealth country of Canada, in their Patents Act, revised after 1949, this provision does not find a place and in fact the U.K. is the only country where inventions which consist of method or process for the testing of materials or for control of manufacture are regarded as patentable. Before a provision of this sort is adopted as part of the law of this country, one has to ascertain its economic implications. It does not need much argument to establish that if the scope of patentable invention were widened the persons to benefit would be mostly inventors in the highly advanced industrial countries and for the use of these inventions which are not subject to patents in any country of the world other than in the United Kingdom, the industries in India would have to pay a tax in the shape of royalty.

53. I am therefore against the adoption of this proposal of the Patents Enquiry Committee and would accordingly recommend the deletion of sub-clause (ii) of Clause 2(j).

Inventions relating to chemical substances and for food or medicine etc.

54. Another recommendation made by the Committee which is also found in the Bill was "that inventions relating to substances prepared or produced by chemical processes or

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intended for food or medicine should not be patentable except when made by the invented processes or their obvious equivalents" [*vide* paragraph: 139(b) of the Report]. This recommendation figures as Clause 3(d) of the Bill reading—

> "The following shall not be patentable under this Act:—
>
> * * * * * * *
>
> (d) a substance prepared or produced by a chemical process or intended for food or medicine other than a substance prepared or produced by any method or process of manufacture particularly described in the complete specification of the invention or by its obvious chemical equivalent."
>
> "*Explanation*.—In relation to a substance intended for food or medicine, a mere admixture resulting only in the aggregation of the known properties of the ingredients of that substance shall not be deemed to be a method or process of manufacture".

In substance the language adopted in Clause 3 of the Bill, which I have extracted is a reproduction of Section 38A(1) of the U.K. Patents and Designs Act, 1907 as it stood when it was repealed by the U.K. Patents Act, 1949 as a result of the recommendations of the Swan Committee.

55. It would be convenient to consider the two matters dealt with by this provision separately:—

(1) The precise degree and extent of patentability to be permitted in regard to inventions of chemical products in general; and

(2) the law determining the patentability of inventions relating to food and medicine.

## Product claims for chemical substances not recommended; history of the law.

56. As regards inventions relating to chemical products, or products produced by chemical processes, I am clearly of the view that the interests of the country would be best served by confining patentability to the processes by which the products are obtained and to deny patents to the products either *per se* or in the qualified manner suggested in the Bill.

57. The reasons for this recommendation are based on (1) the history of the law relating to patents regarding chemical inventions in Europe during the past nearly 100 years and the lessons to be derived therefrom; (2) the experience of other countries somewhat similarly situated like India; and (3) the disadvantages to an underdeveloped country of permitting product claims for such inventions.

58. The history of the law relating to patentability of chemical products in Europe is briefly as follows: A special rule negativing product claims for chemical substances was first introduced into the German Patent Law of 1877. Before 1877, Germany had no unified patent law, the constituent states each having a law of its own with fundamental differences both as regards the substantive provisions as well as the procedure for obtaining patents. At that time, the French patent law was considered the model generally followed in Europe. Under the French statute of 1844, patents were granted to chemical products *per se, i.e.* without reference to the processes by which the product was obtained. The French chemical industry was considered somewhat backward and there were scientists and research workers who were

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inclined to attribute this condition to the French Patent system though there were others who differed from this view. The former view was strongly held by German scientists and manufacturers, their theory being that the grant of a patent to a chemical product *per se* had a deadening effect on research since it precluded attempts to arrive at the same product by other alternative processes, whereas if patentability was restricted to novel processes, it stimulated research in regard to other alternative methods for producing the same product. This view found general acceptance and became one of the basic features of the German Patent Law of 1877 which for the first time unified the law of the entire German Empire. It must, however, be mentioned that though under the German law patents were granted only for the processes of manufacture of chemical products, the protection afforded by the law extended to the products made by the patented process. In other words, a patent for a process was infringed not merely by the use of that process, but also by the vending of the product resulting from such use. The rise of the German chemical industry dates from 1877 and in the course of the next 30 years it came to occupy the foremost position in Europe. This phenomenon was attributed by acute observers in great part to the provision of the German Patent Law of 1877 which confined patent grants to process claims, and thus left an open field for research in new methods of manufacture. Dr. Ing observes:

> "* * *This patent law gave an immense impetus and aid to the development of German industry. The fact that in Germany henceforth chemical process only, not however chemical products as such, were patentable, thus leaving an open field for the search for new methods of manufacturing known chemicals, was of great advantage to the chemical industry. Technical progress in general was fostered by the excellent mental schooling which the combined examination and opposition proceedings gave to inventors". (Dr. Van Ing: "A Survey of the Principal National Patent Systems", page 145).

59. The results achieved by German industry and economy by this system of patent protection for chemical products led to its adoption by most countries of the world—in fact at present the United States of America, the United Kingdom and some common wealth countries (and even here Canada is an exception) are among the few countries in the world whose patent laws confer patent protection for chemical products as such.

60. The system of confining the patentability of inventions relating to chemical products or substances to process claims, which originated in Germany, is the law that now obtains in most countries of the world. Thus, to mention a few of the more important ones, in Austria, Brazil, Czechoslovakia, Holland, Hungary, Japan, Mexico, Norway, Poland and the U.S.S.R. products produced by chemical process are not patentable though processes for such products are patentable, of course if they satisfy the other tests of patentability, *e.g.* novelty, subject matter, etc. The law as to patentability of chemical inventions in some of the countries of the world is set out in the footnote[1].

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1. Law relating to patentability of inventions for chemical products.
   *Argentina*.—Law of 1864 as subsequently amended. Chemical products are patentable *per se*.
   *Austria*.—Basic law of July 1950.
   Substances produced by chemical processes not patentable although processes themselves may be patented.
   *Belgium*.—Basic law—May 1854.
   Art. I—Chemical substances patentable as such.
   *Chile*.—Law of 1925 as subsequently amended.

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61. It would be seen that some of these countries are now industrially advanced and that

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Art. 5—All kind of chemical preparations and articles and combinations are not patentable, but according to Art. 4(f) new processes for the preparations of chemical products and new methods of extraction and separation of natural substances are patentable.

*Czechoslovakia*.—Patents Law No. 34 of 1957.

Sec. 1(3)—Inventions for products obtained by chemical processes are not patentable but definite processes for obtaining the articles are patentable.

*Denmark*.—Patent Act of 1st September 1936 as subsequently amended in December 1950.

Sec. 1—Product claims for inventions relating to chemical substances are patentable.

(Though on a superficial reading of the Patent Laws of Denmark, chemical products are patentable; according to Danish practice, however, they are not patentable, since new chemical products are looked upon in Danish law not as inventions but only as discoveries. Claims however have been allowed in some cases for chemical products only to the extent that the applicant can show one or more fields in which the product concerned can be used in practice—(See observations of the Danish Government to the proposal to amend Article 4 of the Paris Convention at Lisbon in 1958, Vol. IV of the Proceedings of the Lisbon Conference, page 40).

*Finland*.—Law of Patents—1st Jan. 1944.

Chemical products as such are not patentable but manufacturing processes are patentable.

*France*.—Basic Law—5th July 1844.

Chemical products are patentable

*German Empire*.—Law of 1877.

No patents granted for chemical products; but processes for manufacturing such products patentable.

*Germany* (Federal Republic).—Law of July 18, 1956.

Substances prepared by chemical processes are not patentable but specific processes for their manufacture are patentable—alloys are treated outside the class of chemical products and are patentable.

*Germany* (Democratic Republic).—Patent Law of 6th September 1950.

Art. 1—Patents for substances of chemical origin not granted but special processes of manufacture patentable.

*Holland*.—Patent Law of 7th November 1910.

Part I—Art. 4—Patents are not granted for chemical products; alloys, glass and cement are not patentable. Processes for producing such products are allowed.

*Hungary*.—Patent Law of July 1895, as subsequently amended.

Articles produced by chemical processes are not patentable though processes themselves might be patentable.

*Italy*.—Law of April 1941.

Product claims are permitted for chemical inventions.

*Japan*.—Basic Law No. 96 of 1921 as subsequently amended.

Substances manufactured by chemical processes are not patentable but the processes for their manufacture are patentable.

*Mexico*.—Law of 1st January 1943.

Art. 6(5)—Chemical products *per se* not patentable but new processes used in obtaining these products are patentable.

*Norway*.—Act of 1910, with subsequent amendments.

The Norwegian Act excludes from patentability inventions relating to chemical compounds although processes themselves are patentable.

*Poland*.—Act of March 1928 as subsequently amended.

Claims for products obtained by chemical processes are not patentable but special processes used to obtain such products are patentable.

*Spain*.—Law of July 26, 1929.

Under Art. 48(2) chemical products are not patentable as such. However, processes, apparatus or machine for producing such products are patentable.

*Sweden*.—Act of 1884 as subsequently amended.

Inventions relating to chemical compounds are not patentable but special processes for manufacturing them are patentable.

*Switzerland*.—Patents Act of 1954.

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this law has come down from a time when they were not so advanced. It is also interesting to note that the Peoples' Republic of China recently enacted a Patents Law that follows the U.S.S.R. pattern and refuses patents for chemical products but grants it for the processes by which the products are produced.

### Restricting patents to process claims encourages invention; provision in some foreign statutes.

62. It is still the experience of these countries that a system which provides for the refusal of patents for chemical products while permitting the grant of patents for new processes of manufacturing such products, is the one which encourages research and facilitates invention.

63. At the recent conference at Lisbon of the International Union a suggestion was made by some of the member nations whose patent laws permitted the patentability of chemical products, that an Article should be inserted in the International Convention as settled at Paris, requiring the members to amend their patent laws by granting patents for chemical products. This proposal was opposed by a large number of the delegates and was ultimately lost. The following reasons given by the Government of Czechoslovakia, a country whose delegates opposed the move, is typical generally of the grounds of opposition to the new Article:—

> "To grant patents of invention in respect of chemical products would not promote the development of the chemical industry. The exclusive right to prohibit the manufacture of a protected product would act as a brake on further scientific research which, in view of the right, could not lead to the development of new manufacturing processes independently of the wishes of the patentee of the new product. For example, where the manufacturing process developed by the inventor of the new product proved to be uneconomical, the patent of invention granted in respect of the product would prevent the exploitation of a better manufacturing process invented by another person.

For the above reasons we are not in favour of the proposed new Article 4 *quater*".

64. The observation of the Hungarian Government to this proposal was on the same lines—

> "* * * We do not agree with the proposal concerning the patentability of chemical products. If this proposal were accepted it would hinder technical progress, because the protection of the product itself might restrict the work of inventors in the future".

65. The Government of Yugoslavia observed—

> "* * * the problem of the patentability of chemical products as such and the protection of the process for their production should be assessed from the point of view of the economic interest of each State of the Union, and it clearly follows that the decision on this question and its regulation belong to the domain of national law.

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Chap. I, Part I: Sec. 2—Patents shall be refused for the following— *** Inventions of chemical substances are unpatentable but chemical processes for obtaining them are patentable.

*U.S.S.R.*—Soviet Patent Law of March 5, 1941.

Chapter I: Para 2: Author's certificate and patents are not issued for any chemically obtained products but only for new methods of preparing these products.

*Yugoslavia*.—Ordinance of November 1920 & Law of December, 1948.

Substances produced by chemical means are not patentable but new processes for their manufacture may be patented.

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Apart from that, we are in no way convinced that, in accepting the principle of patentability of chemical products, one would be contributing to industrial development and to work in the field of scientific research; on the contrary, we think that the protection granted to these products as such would present, not only a brake upon, but an obstacle to their production by new processes."

66. Before however passing from this topic, it is necessary to mention one matter. According to the German law and the law of most of the other countries—barring U.S.A. and a few others—a patent for a process affords protection to the patentee not merely against the use of the process by others but also against the sale of the products produced by such process.

## History of the Law relating to chemical Patents in the U.K.

67. Since a reference has been made to the U.K. law on the subject and Clause 3(d) in the Bill is derived from Section 38A(1) of the U.K. Patents Acts, 1907-46, it would be useful to advert to the history of the law in relation to the patenting of chemical substances in that country.

68. In the United Kingdom, the law as to patentability of chemical products was for a longwhile a matter of great uncertainty. The test of patentability in that country was whether the invention was a "manner of new manufacture" within the meaning of the Statute of Monopolies. For over two centuries since the passing of that statute, claims to products *per se* were considered not allowable, but as it appears that no applicant had sought a patent for a product during the period, there was no definite decision on the question. Terrell in the 5th Edition of his work on Patents (1909) summed up the law as regards this point thus—

> "* * * Doubts have been expressed as to whether a patent can be granted for a new product irrespective of the manner in which it had been brought into existence. It is submitted that such a grant would be wholly invalid, since it would not be for a manufacture at all. For example, a new metal might be smelted from some well-known mineral, which metal might possess extraordinary qualities, and become indispensable. A valid patent could be obtained for the process of smelting, if novel in itself, which would probably receive a wide construction so as to cover any substantially similar process. But if some one discovered a vein of the metal in a pure state requiring no smelting, the person who had actually first discovered the metal, and patented the process of smelting, could not have a patent to prevent the owner of the vein from selling the produce of his mine. The same remarks apply to a chemical product".

There were, however, some observations which sounded the other way—see for instance the speech of Lord Davey in the *Acetylene Illuminating Coy's case*[2] —but these were only by way of *obiter* and were also expressly dissented from in later judgments of the House of Lords (see per *Lord Shaw in British Thomson-Houston Co. Ltd.* vs. *Charlesworth, Peebles Co.*[3]).

69. This was the condition of the law or rather the understanding among the lawyers, when the Patents Amendments Acts of 1902 and the consolidating Patents and Designs Act of 1907 were passed. Those enactments were, as I shall be explaining later, passed to meet the threat of German competition to Britain's industry, particularly in the chemical field. These

2. 22 RPC 145 at 153.
3. 42 RPC 180 at 207.

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enactments made provision for the compulsory licensing of patents, and for the revocation of patents for non-working. No attempt was, however, then made to make any statutory changes in the law regarding the patentability of chemical inventions presumably because it was assumed that the law in the U.K. did not differ very much from the law in Germany on that point. In this connection it is necessary to bear in mind that from a very early date, it was ruled authoritatively that a patent for a process protected not merely the use of that process but also the sale of the product made by that process. As already stated this was expressly provided in the German Patents Law of 1877 and this was copied in the law of several other countries, but whether or not there was a specific provision to that effect in the statute, the law was held to offer that protection. This had been held to be the law in England from as early as 1835 (*Minter* v. *Williams*[4]). In *Elmslie* v. *Boursier*[5], which was the first case in which the point was seriously argued and decided, James V.C. rested the rule on the rights conferred on the patentee by the Letters Patent, and stated,

> "The obtaining from abroad and selling in this country an article manufactured according to the specification of a patent is a violation of the privileges granted by the Letters Patent".

This was expanded by Kerry C. B. in *Wright* v. *Hitchcock* in upholding the claim of the Patentee—

> "*** When a man has patented an invention another might merely crossing the channel and manufacturing abroad and selling in London.....articles made by the patented process wholly deprive the patentee of the benefit of his invention" (Per Kelly C. B. in *Wright* v. *Hitchcock*[6]).

And, in *Von Heyden* v. Neustadt[7], the Court of Appeal, whose judgment was delivered by James L.J., affirmed *Elmslie* v. *Boursier*. The headnote of the report of this case runs—

> 'Where a patent has been granted in England for a process for producing more cheaply a chemical product which was previously known, the importation and sale in England of this substance made abroad according to the patented process is an infringement of the patent".

70. There is, however, all the difference between the grant of a patent for a product and the grant of a patent for a process—even though the process patent conferred an exclusive right on the patentee to vend the product made by the patented process. In the latter case, the process has to possess the patentable characteristics of novelty and subject matter and therefore, as pointed out earlier, the grant of a process patent does not hinder the evolution of new processes for producing the same product, subject, however, to the doctrine of chemical analogues.

71. The judgment of Lord Davey in the *Acetylene case*[8] in which appeared an obiter which favoured the view that products produced by chemical process could be a "manner of new manufacture" provided of course the product was new was rendered in 1905, and within a decade thereafter came the first World War. Germany was no doubt defeated but her indus-

4. 4 A & E 251.
5. 1869 LR 9 Eq 217.
6. 1870 LR 5 Ex 37.
7. (1880) 14 CD 230.
8. 22 RPC 145.

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trial potential was by no means shattered. The result was that the fear of German penetration in English industry, particularly the chemical industry, by means of patents owned by German nationals did not disappear.

## U.K. Amendment Act of 1919

72. Early in 1917, a committee known as the Law Amendment Committee was constituted under the presidency of Lord Parker to suggest a reform of the British Patent law so as to strengthen it against this danger. The Committee's recommendations resulted in the Patents Bill of 1917, which, however, though introduced in the House of Commons, was not proceeded with owing to the pressure of other business in the House.

73. A Bill, in terms almost identical with the lapsed Bill of 1917, was introduced into the House of Commons in 1919 and this ultimately became the Patents Amendment Act of 1919, which received Royal assent at the end of that year.

74. The major amendments effected by this legislation included (1) an expansion of the grounds on which compulsory licences could be obtained, (2) special provisions dealing with the patentability of inventions relating to articles of food and medicine and for the grant of compulsory licences for working such patents, and (3) special provisions regarding patents for inventions relating to chemical products. I shall be referring in some detail to the first two matters later, but what is of relevance to the present discussion is the last one. The law enacted in regard to patentability of chemical inventions was contained in Section 11 of the Amending Act which introduced Section 38A (1) into the Patents and Designs Act, 1907, reading as follows:—

> "38A. (1) In the case of inventions relating to substances prepared or produced by chemical processes.....the specification shall not include claims for the substance itself, except when prepared or produced by the special methods or processes of manufacture described and claimed or by their obvious chemical equivalents:
>
> Provided that, in an action for infringement of a patent where the invention relates to the production of a new substance, any substance of the same chemical composition and constitution shall in the absence of proof to the contrary be deemed to have been produced by the patented process."

75. In the notes on the clauses of the Bill prepared by the Board of Trade, the purpose of this provision was explained thus—

> "This clause relates to chemical products and substances intended for food or medicine and confines the patentee in his specification to claims for what he has actually invented, namely, the substance as produced by the process he has discovered; and not the substance generally by whatever process it may be made. This amendment will bring the law of England into greater agreement with the law of the majority of foreign countries (including Germany) and prevent our giving a wider protection to foreign chemists than our own chemists receive.
>
> It further provides for the grant of licences in respect of inventions for the production of food or medicine in order to give the public the benefit of such inventions, and prevent monopoly".

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76. Lord Parker, however, who is stated to have actually drafted the Bill, explained as follows the origin of this provision to clarify the law. Addressing the Institute of Patent Agents in January 1918, the learned Lord explained the purpose of the corresponding clause in the infructuous Bill of 1917 in these terms—

> "There was an old controversy as to whether one could get a patent for a process and at the same time for the product of the process. He had always maintained, in such discussions on Patent law as he had taken part in, during the course of his professional career, that one could not, but he knew there were other people who took a different view. In the case of a chemical patent for a drug which might be represented by a chemical formula, the patentee would describe the process and the formula, and if it was new, there was no doubt he could get a patent for the process. But could he get for the product? The product might be such that another man by another and absolutely different process might evolve the same product, and if an individual could get a patent for the product he would have a monopoly of that product, and no one else could make it even by quite different means which might be equally ingenious and beneficial to the public. It was an open question whether in circumstances of that sort a patent could be obtained for the product as well as for the process".

## Section 38A of the U.K. Act, 1919 construed

77. The origin of the clause and its terms were thus due to two circumstances: (1) To clarify the law and remove the uncertainties that surrounded the subject of patents for chemical substances in a manner which would not be much of a departure from the law as generally accepted before that date;

(2) To approximate the law to that which prevailed in Germany. The granting of patents for products *per se* would have resulted in an advantage to the German chemists for it would be mainly they that would have benefited from the extended patentability. Notwithstanding, therefore, the somewhat complex phraseology employed in Section 38A (1), the intention therefore was that a chemical invention in order to qualify for patent protection should be an 'invention' as defined in the Act, *i.e.*, should possess novelty and subject matter in the 'process' by which the product was obtained.

78. This was achieved by the statutory requirement that a claim to the product would be allowed not *per se* but only "when prepared or produced by the special methods or processes of manufacture *described* and *claimed*". These words were explained by Sir Ernest Pollock, S.G. (later Lord Hanworth, M.R.) in disposing of an appeal against an order of the Comptroller refusing an application in the following passage:—

> "What is the meaning to be placed upon the word "special" in the sub-section? It is clear to my mind that it does not merely mean "specified in the specification". The identity of the method or process referred to with what is contained in the specification is sufficiently designated by the word "described". Nor do I think that the word "special" indicates, as has been suggested, some particular treatment which would not be effective in the absence of special directions. The specification—if it is to be of any service —must always contain directions which are to be followed with precision. In my judgment the word "special" is introduced, in addition to the word "described", in

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order to connote that the particular method or process set out in the specification must contain the essentials of a valid patent—novelty, a manner of new manufacture—a process which produces by its own chemical reaction a new substance. It must be a method, or process, which has such attributes that it is the proper subject of a claim for letters patent, one that has some intrinsic characteristics which are the invention of the inventor and for which a patent may be properly and legitimately claimed and granted". *(M's application*,[9]).

79. This interpretation was expressly affirmed by him sitting in the Court of Appeal in *Sharp and Dohme Inc.* v. *Boots Pure Drug Company Limited*.[10] where he said (p. 175)—

"* * * Further consideration of the word "special" and of the proviso to the section confirms my opinion as to the interpretation of the section which I gave when Solicitor-General. [See M's Application[11]]. The section was intended to give the security of a patent to substances in respect of which a method or process was described in the specification, "that has some intrinsic characteristics which are the invention of the inventor and for which a patent may be properly and legitimately claimed and granted".

80. The scope of Section 38A was considered also by Sir Thomas Inskip, S.G. in N.V.I's Application[12], where he said: "It is well known that it was designed to prevent the appropriation by a patentee of certain substances in such a way as to preclude other explorers in the same field from devising improvements in the preparation or the quality of the substance in question. The terms of the sub-section which I have quoted prohibit claims for the substance itself except within strict limitations". In a later passage (p. 505) he stated: "The distinction between process claims and product claims may be a fine one and difficult to draw, but in my opinion it is one that must be remembered. Section 38A (1), is not, as I read it, designed to prohibit or restrict bare process claims, and if every claim for a process were to be regarded as a claim for a substance prepared or produced by the process claimed, the scope of Section 38A (1), would be unduly extended".

## Sargant Committee Report and the U.K. Amending Act of 1932

81. The year 1931 was a year of great depression which was reflected in a fall in the number of applications for patents in the United Kingdom—it fell by over 3000 compared to 1930. There was also the example of the U.S.A. The meteoric rise of the American Chemical industry dates from the end of the First World War when it was released from the deadening effect of the German owned patents in that field being dealt with as enemy property. As already mentioned the U.S.A. granted patents to chemical products *per se*. The impact of the advance of America together with the feeling that Britain could hold its own against German invention were factors that favoured the grant of a more extended monopoly. More than all Sargant L.J. had in 1928 in the *Sharp and Dohme case*[13] —I have quoted earlier a passage from the judgment of Hanworth M.R.) expressed himself thus as to the meaning of Section 38A(1):—

9. 39 RPC 261 at 262.
10. (1928-45 RPC 153).
11. (1922) 39 RPC 261.
12. 42 RPC 503 at 504.
13. 45 RPC 153.

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> "It would seem, on principle, that, in the case of a patent for a substance, just as much as in that of any other patent, there must be an element, a 'scintilla', of invention in connection with the process and the material, *at any rate, in combination* and this would appear to be in accordance with the implications of Section 38A." (The italics are mine).

These words meant that if the product was new, the process need not possess the scintilla of invention *viz.*, novelty and patentable subject-matter and that a claim for a new product as made by the process described might be patented even though the process did not constitute an invention.

82. A Departmental Committee to suggest desirable improvements to the Patents and Designs Act was appointed in 1929 under the Chairmanship of Sir Charles Sargant. On the report of this Committee (which submitted its report in 1931), the Patents and Designs Act, 1907 was amended by an Amending Act of 1932. In their report the Committee said:

> "Prior to the Act of 1919, it was customary for British specifications dealing "with the manufacture of new chemical substances to include claims for the substances themselves independently of the actual process of manufacture. And, though the weight of authority may have been against the validity of such claims, there was not any reported decision to that effect and the subject was not free from doubts, which it was very desirable to remove, particularly in view of the numerous claims of this class made in the British specifications of German inventions in relation to dye-stuffs".
>
> * * * *
>
> "Evidence was given to us that, although the provisions of the section have in fact been of considerable value in encouraging the development of British Chemical industry, difficulties have arisen from the interpretation placed in a decision (*In the matter of M's Application for a patent*[14]) of the Law Officer on the word 'special' in the phrase 'the special methods or processes of manufacture'."
>
> * * * *
>
> "It was submitted to us that such a limitation was not contemplated by the framers of Section 38A, that the ambiguous wording of the section has involved considerable unnecessary expense to applicants for patent, and that the presence of the word 'special' has led in some cases to the refusal of patents for inventions for the production of new substances, when such substances were produced by processes which might be said to contain no features of substantial novelty in themselves. The unofficial evidence on this subject was that the difficulty would be overcome, and the sub-section cured, by excision of the word 'special' or "alternatively (though this was not quite so acceptable), by the substitution for it of the word 'particular' ". (paras 176, 179 and 180).

It would be seen that if the Board of Trade explained the object of the amendment introduced by Section 11 of the Amending Act of 1919 which inserted Section 38A (1), in the Patents and Designs Act, 1907 (*vide* para. 75 *ante*) was to achieve an approximation to the law in relation to chemical patents in Germany, the word "special" was designedly used to designate novelty and an inventive step in the process. But as I said earlier, British industry was considered to have sufficiently advanced by 1931 to justify a more extended patent grant.

14. 39 RPC 261.

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This recommendation of the Sargant Committee was accepted and Section 38A (1), was amended so as thereafter to read:

> "38A (1). In the case of inventions relating to substances prepared or produced by chemical processes, the specification shall not include claims for the substance itself, except when prepared or produced by the methods or processes of manufacture particularly described and ascertained or by their obvious chemical equivalents."

83. The result of the deletion of the words "special" and "claimed" and their substitution by the words "particularly described" was that thereafter a claim for a product was not required to be based on a special process claimed and that it was sufficient if the method of preparing or producing the product was merely described in the specification. It was not required that the method described should be new or show an element of invention. In other words, protection could be had for a new product even though the method described for its production was not "a manner of new manufacture". The description of the method in the specification was thus reduced to a formality and it became the practice in drawing up a specification to cover all known and possible alternative processes for obtaining the product so that in effect, after 1932, the section practically recognised the patentability of a product *per se*, if it was new.

## Removal of the limitation as to product claim recommended by the Swan Committee.

84. The effect of this provision in the context of maintaining the advance of the United Kingdom in the field of chemical industry was the subject of consideration by the Swan Committee. This Committee recommended the deletion of section 38A (1), and suggested that no distinction need be made between products which were the result of chemical processes and of other processes and that in both cases claims for products should be patentable *per* se. Several arguments were urged before the Committee for this change in the law. The first was that in the case of a new substance, the real invention consisted in the production of the substance, the process by which it was produced being in most cases only those which were well known. If the novelty consisted in the product, the argument ran, there was no point in protecting the novel substance only in conjunction with a process which was old and well-known.

35. It was pointed out that if a claim to a new product was admissible, even though it was obtained by a process which was old and well known, there was no meaning in the law requiring the describing of the well known process as a condition of the allowance of the product claim.

86. The second objection was that the existence of this limitation was not of any real use since if all the well known methods of producing a product were described in the specification it would virtually amount to a claim for the substance itself particularly when taken in conjunction with the phrase "or its chemical equivalents" occurring in the sub-section.

87. Lastly, it was pointed out that the expression "obvious chemical equivalents" was vague and led to difficulties of interpretation and that taking into account the developments in the fields of physics and chemistry, there was considerable difficulty in defining what a "chemical process" was.

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The Committee expressed themselves thus:

> "We are impressed by the arguments which have been advanced in support of the proposal for removing this limitation on the claiming of new substances produced by chemical processes, and we recommend that this limitation be repealed."

88. The acceptance of this recommendation has resulted in the deletion of the provision in section 38A (1) from the U.K. Patents Act, 1949. The history of section 38A in the U.K. Act of 1907 to 1940 set out above should suffice to show that the form of claim introduced by the U.K. Act of 1919 was the result of a striving to express a compromise between the plausible interpretation of the expression 'manner of manufacture' in the U.K. Acts as including claims for chemical products and the German rule restricting chemical patents to process claims; on the other hand the U.K. Amendment Act of 1932 was a shift in the other direction being an approach though guarded to the American model of patents extending to claims for products *per se*, reflecting the progress made by the British Chemical Industry in the inter-war period. No useful purpose will therefore be served by the adoption in the Indian Bill of a provision on the lines of section 38A of the U.K. Acts 1909—1946.

## Practice of the Indian Patent office regarding patents for chemical products.

89. To appreciate the effect of amending the law as suggested in clause 3(d) of the Bill, it would be convenient to refer to the position as it exists under the Indian Patents and Designs Act, 1911. As "invention" is defined in section 2(8) of the Act to mean "any manner of new manufacture" the doubts expressed in the U.K. as regards the patentability of products *per se* to which I have already adverted would appear to surround this definition. The practice of the Indian Patent Office does not appear to have been uniform. Michel in his Supplement to "The Principal Patent Systems of the World" refers to a patent granted by the Indian office in which product claims were allowed, though a close examination of the particular specification shows that it is capable of being read as a claim to a product as made by a process described. I however understand from the Controller that in effect the Indian Patent practice proceeds on the basis of section 38A (1) of the U.K. Act of 1907 as amended in 1932. So that practically clause 3 (d) of the Bill makes little or no change in the law save that what was merely a practice of the Patent Office is sought to be given statutory force.

90. As the Swan Committee pointed out, this form of claiming for new products, was in effect to render such products patentable *per se*; only the specification as regards the process had to be drafted so as to satisfy the statute, and that as many processes as could be thought of could be "described".

## Recommendation for adoption in India; claims for chemical substances not to be patentable.

91. The question is whether such a system is desirable for adoption as part of the law of an under-developed country like India. In considering this, I have not omitted, to take into account—

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(1) the fact that a large number of those who answered the questionnaire issued by me, as well as those who forwarded memoranda to the Patents Enquiry Committee favoured a provision on the lines of section 38A (1) of the U.K. Act of 1907 and

(2) the sub-committee of the Pharmaceutical Development Council which met me at Madras, by a majority suggested the adoption of section 38A (1) of the U.K. Act particularly for pharmaceutical chemicals. In this connection I would only add that the few who answered my questionnaire and those who made representation to the Patents Enquiry Committee as well as the Pharmaceutical Development Council were not in favour of granting patents for products *per se* and considered that such a law would unduly hamper research in the country.

92. I have considered the matter with the utmost care and have reached the conclusion that the chemical and pharmaceutical industry of this country would be advanced and the tempo of research in that field would be promoted if the German system of permitting only process claims were adopted. In this connection I will recall the remarks of Dr. Van Ing as to the effect of the adoption of the German Patent Law of 1877 on German chemical industry. I would accordingly recommend that the relevant provision in clause 3 might run:

> "No patent shall after the commencement of the Act be granted in respect of inventions claiming substances produced by chemical processes including alloys but excluding glass."

with a proviso permitting the patenting of claims to processes. I have in my redraft of clause 3 and the notes to that clause endeavoured to explain the details of my recommendation.

93. Before however passing from this topic it is necessary to deal with an objection that has sometimes been raised to the expression "a substance produced by a chemical process" as too vague to be used in a statute and that this vagueness was itself a ground for the grant of patents for substances *per se*. It is true that the development of modern physics has somewhat blurred the borders between physics and chemistry but nevertheless there is no doubt that for all practical purposes the border does exist. The accepted view in modern chemistry is that it could not be predicated of a process that it is a chemical process, unless a chemical reaction takes place and a chemical reaction requires that a chemical individual or individuals should react so as to produce another chemical individual or other chemical individuals (see per Lord Evershed M.R. *Anglo Levy Patent*[15]). I do not, therefore, consider that any confusion would be caused by the use of these words in the statute. There is, however, one matter which is required to be mentioned in this connection. In the case of alloys and glass, it is a matter of some doubt whether the processes by which they are produced might be termed as chemical processes. In several countries inventions relating to alloys and glass are treated as outside the general class of chemical compounds, *e.g.,* West Germany and Switzerland. On the other hand, in Holland for instance alloys are not excluded from the scope of the restrictive provision as to patenting of chemical products. Having regard to the present state of metallurgical industries in India and the urgent need for the development of this field of industrial activity, I consider that the law in relation to the patentability of alloys should be placed in the same position as that in regard to other chemical inventions of which it really forms a part. In regard to glass however, I see no objection to patents being granted for the product itself.

15. 62 RPC 97.

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## Patents for inventions relating to food or medicine; restrictions in other countries.

94. So far I have been dealing with patents for chemical substances regardless of the use to which these products could be put. The next matter to be considered is in relation to patents for articles of food and medicine. Barring the U.S.A. there are few countries in the world that do not have special provisions as regards the patentability of inventions in respect of articles of food and medicine or as to the licensing and working of patents in this class.

95. The patent laws of every country in Europe contain special restrictions on the patentability of articles of food and pharmaceutical products. The French law of 1844 which permitted the patenting of chemical products as such, however confined patents for articles of food and medicine to process claims. Belgium in its Patents law of 1854 adopted the French model. The German law of 1877 denied patents to articles of food, medicinal products, though processes for their preparations were patentable. The Swiss Law was recently amended in 1954 and under it inventions of medicine including medicinal mixtures and forms of medicine and inventions of food products are not patentable, but the processes for manufacturing medicine or food are patentable. The law in Sweden and in Spain is similar and so is the law in Japan. As I said earlier, in none of the countries of Europe are patents granted for product claims for articles of food or medicine and in a few (Denmark for articles of food and Italy under the law of 1957 for medicinal products) even claims for processes for producing them are unpatentable. For the law of these and other countries see the note below:[16]

16. *Law relating to patentability of inventions for medicine and foodstuffs*

*Argentina*.—Law of 1864 as subsequently amended. Medicines and pharmaceutical compositions including food, beverages are not patentable but processes for their preparation are patentable.

*Austria*.—Law of 1950. Articles serving for human nourishment, medicines and disinfectants not patentable. Processes for producing them are patentable.

*Belgium*.—Basic law—May 1854. Foodstuffs and medicines for men and animals not patentable but processes for their production, patentable.

*Chile*.—Law of 1925 as subsequently amended. Art. 5—Beverages and foods for men or animals, all kinds of medicaments and pharmaceutical and medicinal preparations not patentable but processes for their preparation are patentable.

*Czechoslovakia*.—Patents Law No. 34 of 1957. Inventions relating to foodstuffs and medicaments not patentable but the processes for their production are patentable.

*Denmark*.—Patent Act of 1-9-1936 with subsequent amendments. Inventions of medicaments, articles of food and all edible, drinkable, smokable or such like articles which cannot be considered articles of food and which are usually consumed for the sake of pleasure and of processes in connection with the production of articles of food are not patentable but processes for the production of medicaments are patentable.

*Egypt*.—Law No. 132 of 1949.

Inventions relating to foodstuffs and pharmaceutical preparations are not patentable. The processes for these products however are patentable.

*Finland*.—Law of Patents, 1st Jan, 1944. Medicinal product claims are not patentable but processes for producing them are patentable.

*France*.—Basic law—5th July 1844.

Pharmaceutical compositions and remedies, vaccines, sera and biological products are not patentable but processes for producing the same are patentable (Art. 3). Foodstuffs however are patentable *per se*.

*German Empire*.—Law of 1877. Articles of food, medicine not patentable but processes for producing them patentable.

*Germany* (Federal Republic).—Law of July 18, 1953 as subsequently amended. Articles of food and for consumption whether for nourishment or enjoyment and medicines are not patentable but definite process for preparing them patentable.

*Germany* (Democratic Republic).—Art. 1(3) (Law of 6th December 1950). Inventions of victuals, luxury goods or medicaments are not patentable but special processes of manufacture are patentable.

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96. In every country where its laws impose restrictions on the grant of patents in respect of chemical inventions by confining patentability to the invented processes, there is a similar or even greater restriction on the grant of patents to inventions in relation to articles of food and medicine. There is nothing surprising in this because most of the pharmaceutical preparations are the products of chemical processes. But what is more to the point is that even in a large number of countries in which *per se* product claims for chemical substances are allowed, the laws permit only claims for processes so far as articles of food and medicine are concerned.

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*Holland*.—Patent Law of 7th November 1910. No special laws with regard to foodstuffs and medicines but as no product claims are allowed, the result is that only processes for producing food or medicine are patentable.

*Hungary*.—Patent Law of July 1895 as subsequently amended.

Medicines are not patentable, also inventions relating to food for men or animals are not patentable, but processes by which such articles are made are patentable.

*Italy*.—Law of April 1941. (Italian Patents Acts are governed by special laws.)

Under the law as prevailed till 1957, processes for the preparation of medicines were patentable though product claims were not allowed but since that date even the processes for the manufacture of medicines are not patentable.

*Japan*.—Basic law No. 96 of 1921 as subsequently amended. Food, drinks, stimulants or medicine or methods of prescriptions thereof are not patentable but processes for producing them are patentable. (Art. 3).

*Mexico*.—Law of 1st January 1943.

[Art. 6(5)]. Patent applications relating to food, drugs and medicines are not allowed by the Mexican Patent Law unless the products in question have been registered by the Mexican Board of Health. In so far as these articles of food etc. are made by chemical processes, the products would not be patentable and even for the process to be patented, registration of the Board of Health would be needed.

*Norway*.—Act of 1910 with subsequent amendments. The law prohibits the granting of patents to medicaments and foodstuffs *per se*. Inventions relating to processes for producing such articles are patentable.

*Poland*.—Act of March 1928 as subsequently amended. Claims for inventions relating to medicines or articles of food are not patentable but processes for obtaining the same are patentable.

*Roumania*.—Law of Jan, 1906 as amended.

Inventions relating to articles of food or of nourishment for men or for animals, pharmaceutical compounds or medicine or disinfectants or insecticides are not patentable. It is not clear whether even process claims are prohibited.

*Spain*.—Law of July 26, 1929.

Pharmaceutical and medical formulae as well as formulae relating to human or animal food are not patentable but processes themselves and apparatus for obtaining these are patentable.

*Sweden*.—Act of 1884 as subsequently amended. Inventions relating to articles of food and drugs are not patentable *per se*, but special processes for their manufacture are patentable.

*Switzerland*.—Patent Act of 1954.

Patents for inventions relating to foods, animal foodstuffs and beverages and inventions of medicines and inventions of processes for the manufacture of medicines other than by chemical methods are refused but chemical processes and methods for the manufacture of such products are patentable (section 2).

*U.S.S.R*.—Soviet Patent Law of March 5, 1941. Chapter 1, Para 2: Author's certificates only are issued for medical and food preparations prepared by other than chemical means. Patents may be issued only for methods of preparing these products.

*Yugoslavia*.—Ordinance of November 1920 and Law of December 1948. Product claims of inventions relating to medicines or articles of food for man or animal are not patentable but new processes for their manufacture may be patented.

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## History of the Law as to patents for food and drugs in the U.K.

97. In the U.K., when the Patents and Designs Amendment Act of 1919 introduced Section 38A(1) that sub-section contained the same restriction as to patenting of substances intended for food or medicine as applied to substances prepared or produced by chemical processes.

98. The origin of this provision in the U.K. Patents and Designs Amendment Act, 1919 was to implement an undertaking given to her allies in the World War I by Great Britain promising to bring the provisions of her Patent law into accord with what prevailed in laws of those countries—France, Belgium and Italy. Lord Parker in addressing the Chartered Institute of Patent Agents (I have already extracted another passage from this address), said:

> "....Some if not all of our Allies had in their Patent Laws provisions which excluded, at any rate in the case of medical products and food, patents for the product as well as the process. That clause was introduced in order to bring English law into line..... There might be many objections to the form in which the clause was put, but that was its *raison d'tere*. In France, and he thought also in Italy, there were provisions which prevented an individual from getting a complete monopoly, at any rate with regard to articles of food and surgery, it being felt that they were so important to the State that in matters of that sort the inventor ought not to be benefited at the cost of the State. If the Institute could frame a clause which would be acceptable to themselves and would also meet the wishes of our allies in modifying our Patent law so as to bring it more into accord with theirs, he had no doubt it would be very useful."

A slightly different explanation of the origin of this provision was offered by the Sargant Committee.

> "During the War it became apparent that Great Britain was suffering from a lack of medicine and drugs, many of which were the subject of patent rights in this country. On the other hand, it was found that in many European countries (*e.g.* France, Germany, Switzerland) such substances were not capable of protection under the patent laws of those countries. In this state of things it was considered expedient to modify to some extent the monopoly consequent on the existence of patent rights in regard to such substances." (para 186).

99. Besides sub-section (2) of section 38A enacted special provisions for the grant of compulsory licences for such articles, the details of which I shall reserve for consideration a little later. The special provisions regarding the patentability of these "substances" underwent the same modification as the other "substances" included in section 38A (1) by the amendment effected by the U.K. Patents & Designs Amending Act, 1932 with however a provision denying patents for admixtures and processes for admixture of substances intended for food or medicine and finally when the restrictions on patenting of substances prepared or produced by chemical processes were removed by the U.K. Patents Act, 1949 the same rule was applied to articles of food and medicine. The only remnants of the previous law in respect of these substances were two: (1) the provision in section 41 of the U.K. Patents Act of 1949 regarding the grant of compulsory licences under patents for these inventions which was virtually a continuation of the provision in section 38A (2) as introduced in 1919; (2) the continuance of the ban on claims for admixtures and the processes for preparing admixtures slightly extended to cover cases of substances *capable of* (not merely as formerly *intended for*) being used for food and medicine (section 10(1) (c) of the U.K. Act of 1949).

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### Restriction to process claims in respect of patents for food and medicine recommended.

100. I have made this digression to explain the history of the law in the United Kingdom for pointing out that the degree of patentability of inventions relating to articles of food and medicine has generally been more restrictive than in regard to patents for chemical inventions in general and never more extensive.

101. The reason for this state of law is stated to be that the denial of product claims is necessary in order that such important articles of daily use as medicine or food which are vital to the health of the community should be made available to every one at reasonable prices and that no monopoly should be granted in respect of such articles. It is considered that the refusal of product patents would enlarge the area of competition and thus result in the production of these articles in sufficient quantity and at the lowest possible cost to the public.

To render even the process unpatentable is I consider not in public interest as the grant of exclusive rights to the process which an inventor has devised would accelerated research in developing other processes by offering an economic inducement to the discovery of alternative processes leading again to a larger volume of manufacture at competitive prices.

The example of the rest of the world is of undoubted value and not to be disregarded without substantial reasons especially as under the patent laws of these countries, whether they are industrially highly developed or still underdeveloped, whether their economy be capitalist or socialist, claims for processes for inventions relating to articles of food or medicine have always been held patentable. The continuance of this system during the long periods of time and varied conditions could only be explained by its being helpful in furthering the countries' economic and other progress. The only exceptions are—Italy which changed its Law in 1957 by which even process claims for medicine were not allowed though articles of food were outside this ban—and Denmark which, while permitting the process claims for medicaments denied the same for articles of food. We have little knowledge of the factors which led to the change of the Law in Italy, and possibly it is too early to evaluate its effects on that country's progress in the pharmaceutical industry. I would, therefore, recommend that no patents should be granted for claims for articles of food and medicine as such but that processes for producing them should be patentable.

102. I consider that to maximise the benefit, inventions relating to articles of food and medicine—and in the last category I would include insecticides, fungicides etc.—should not be patentable as such but that, as in the case of substances produced by chemical processes claims for the processes for their production should alone be patentable if they satisfy the other tests for patentability.

## IV. ANTICIPATION AND NOVELTY

### Anticipation

103. I have so far dealt generally on the patentability of inventions with particular reference to inventions of chemical substances and of articles capable of being used as food or medicine. There is a related topic of considerable practical significance, namely, what shall constitute the element of novelty so as to qualify for the grant of a patent, which requires attention.

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104 Questions as to anticipation or lack of novelty as depriving an invention of patentability come up for consideration at four stages: (1) during the examination of an application for a patent; (2) as a ground upon which an application may be opposed; (3) in proceedings for the revocation of a patent; (4) in suits for infringement where the validity of a patent is disputed by the defendent. For all these purposes under the provisions of the U.K. Patents Act, 1949, regard is had to prior publications, prior knowledge and prior use, all restricted to the United Kingdom [*vide* sections 7(2), 14(1) (b), 32(1) (e), 32(4) and 50(1) of the U.K. Patents Act, 1949].

105. The draft bill practically adopts these provisions in the frame of the clauses dealing with these several matters.

## Present Indian Law as to anticipation

106. Under the Indian Patents and Designs Act, 1911 what constitutes an anticipation is not dealt with clearly. Invention is no doubt defined as "any manner of new manufacture" but what precisely deprives a "manufacture" of novelty and particularly where the previous publication ought to take place, is not specified in any of the provisions. Section 9(1) (d) of the Act enumerates as one of the grounds for opposition to the grant of a patent, that the invention has been publicly used or has been made publicly known in any part of India while sub-clause (1) (e) refers to the invention being published in a document available to the public in India. But when one turns to section 26 the relevant ground for revocation runs:

> "26(1)(*d*). "that the invention was not, at the date of the patent, a manner of new manufacture or improvement.
>
> (e) that the invention does not involve any inventive step, having regard to what was known or used prior to the date of the patent;"

knowledge or use not being qualified by reference to knowledge or use within India. This is obviously apt to give rise to difficulties of interpretation.

## Patents Enquiry Committee's recommendation

107. The Patents Enquiry Committee recommended that there should be a compulsory search for novelty as in the U.K. before applications for patents were accepted (para 144). They however added that the scope of the compulsory search should be limited to Indian patent specifications published during fifty years preceding the date of the application or since 1912 whichever was later. They observed: "We consider that as regards patent literature a search of records for fifty years is sufficient to establish the novelty of an invention and this is also the law in England." Dealing with what should be treated as novelty the Committee recommended [paragraph 139 (d)] that "novelty should be determined on the basis of prior knowledge or prior user in India," and that "Patent specifications and official abridgements thereof should not be taken into account if they are more than fifty years old" [paragraph 139 (g)].

108. I shall first deal with the question as to whether it is wise or proper that only public knowledge or public use in India should be taken into account for determining anticipation.

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## The history of the law as to anticipation in the United Kingdom

109. The rule that for the purposes of constituting anticipation public knowledge should be confined to knowledge within the country is a peculiar feature of the U.K. Patent system. The English Patents law has been the result of historical growth starting from the 16th century onwards. It originated in the desire to stimulate the growth of new industries. In an early leading case *Darcy* v. *Allein*[17] it was stated "The reason wherefor such a privilege given in law is because the inventor bringeth to and for the commonwealth a new industry". It therefore did not matter whether such an industry was practised outside "the Commonwealth" or not. In the 16th and 17th centuries therefore the crucial test was whether there had been a prior user within the realm (*vide* Hastings Patent 1567). By the end of 18th century there was a gradual shifting in the emphasis on prior *user* within the realm as the sole test of anticipation. Not merely the practice of the invention within the realm but public knowledge of it within the realm was held to deprive an invention of novelty. Lord Blackburn explained the position thus in *Pateson* v. *Gas Light & Co.*[18]:

> "The consideration for a patent is the communication to the public of a process that is new....It is not necessary that the invention should be used by the public as well as known to the public. If the invention and the mode in which it can be used has been made known to the public by a description in a work which has been publicly circulated or in a specification duly enrolled it avoids the patent though it is not shown that it ever was actually put into use."

When the several Patent Acts which had been passed from 1623 onwards were consolidated in the Patents and Designs and Trade Marks Act, 1883 this position was left untouched and the later enactments of 1907 to 1949 provided in express terms for novelty being determined with reference to public knowledge in the United Kingdom.

110. A provision on these lines has not been productive of any inconvenience or mischief in the U.K. because the libraries of the Patent Office and several other public libraries in that country like the library of the British Museum, the Bodleian library and the libraries attached to the major Universities obtain promptly every item of valuable scientific literature published anywhere in the world so that in practice a patent grant does not issue in the United Kingdom where the invention is one which has been published in any part of the world.

## Necessity to remove geographical limitation as to anticipation under the Indian law.

111. In India however the position as regards the availability of books and literature in public libraries is not the same as in the U.K. Public libraries are few and most of them are not well equipped with regard to scientific literature, which issues in great volume in the leading industrial countries of the world. It would therefore be apparent that a rule on the lines of the U.K. enactment would act unfairly and be contrary to public interest since such a rule would enable a person to obtain a valid patent in this country in respect of an invention, information in regard to which is before the date of the application available in foreign publications. On the other hand, a provision removing the geographical limitation would take note of the

17. (1602) 11 Co Rep 85.
18. 3 Appeal cases 244.

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fact that the world has shrunk in size, thanks to the rapid means of communication, and will prevent those who visit foreign countries or get acquainted through foreign periodicals with the inventions which are published abroad, from obtaining patents on the basis of the invention being "novel" in this country. It has sometimes been suggested that as it takes time for foreign specifications to become public in this country, there is some advantage in enabling foreigners to obtain patents on the basis of those published specifications. I consider this, however, as without force. If, as suggested, the patenting of an invention, although published abroad before the application is filed in India, is nevertheless useful and is in the interests of the country since it would result in an earlier disclosure of the invention, it has to be borne in mind that the foreign specification containing complete details of the invention is bound to reach this country very soon, after the filing of the Indian application and the invention would then become available free for use of the public, whereas if a patent were granted for such an invention the public will for a period of 16 years be deprived of the right to use the invention without payment of royalty. I am setting out the details of the precise provision which I would suggest being adopted in relation to the determination of novelty in my notes to the appropriate clauses.

112. In passing I might observe that the rule restricting anticipation by prior publication to documents published within the country prevails only in the U.K. and the Commonwealth countries and even here Canada is an exception to this rule. On the other hand in most of the other countries[19**] of the world there is no similar geographical limitation as regards the place where the anticipator in matter should be published. In these countries prior publication in any part of the world is regarded as anticipation depriving the invention of novelty and therefore of patentability. In this connection it is of interest to note that Japan, which till recently followed the U.K. rule that only anticipatory publications within the country would deprive a patent of novelty, has amended her law this year extending anticipatory publications to those published anywhere in the world.

113. I consider that it is not in the public interest that an invention which is published abroad before the date of the corresponding application for a patent in India should qualify for the grant of a patent and that it is necessary to provide that publications which should constitute anticipation should include publications in India and elsewhere, before the priority date. In these publications I would include both publications in the form of patent specifications as well as other scientific literature. The Examiner in the Patent Office might naturally not have adequate facilities for determining novelty on the basis of publications abroad but if the law were that such foreign publications also constituted an anticipation, an opponent

19.

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|---|---|---|---|
| **Argentina | Costa Rica | Japan | Sweden |
| Austria | Cuba | Mexico | Switzerland |
| Belgium | Czechoslovakia | Netherlands | Turkey |
| Bolivia | Denmark | Poland | United States |
| Brazil | France | Portugal | U. S. S. R. |
| Canada | Germany | Rumania | Yugoslavia |
| Chile | Hungary | South Africa | |
| Colombia | Italy | Spain | |

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who objects to the grant of a patent could cite the foreign publication as depriving the invention of novelty and similarly even if a patent were granted it could be revoked on the same ground and suits for infringement could be resisted on that ground. I have made the necessary changes in clause 12(2) (dealing with examination), clause 16(4) (objections and orders at the examination stage) and clause 21 which I have redrafted providing for an opposition to the grant, to give effect to this recommendation. This would necessarily affect the content of public knowledge in clause 37 (dealing with revocation of patents) and clauses 48 and 49 (anticipations) .

## Deletion of the "fifty years" rule as to anticipatory documents recommended.

114. The other matter that remains to be considered is the recommendation of the Patents Enquiry Committee that there should be a limitation of 50 years as regards foreign specifications following in this respect the U.K. Patents Act, *viz.,* that no account should be taken of specifications, published more than 50 years before the filing of the complete specification in question. This limitation of time originated in England in the Patents Act of 1902 accepting the recommendation of the Committee presided over by Sir Edward Fry. The basis of their recommendation was that it would conduce to practical convenience and would limit the cost of the Patent Office examining staff; and the period was fixed arbitrarily, taking however these factors into account. Considerable opposition was voiced before the Fry Committee by the Patent Agents against the Patent Office being empowered to examine applications with reference to novelty and when the Committee was pressed by the instances of patents being sealed for inventions which were the subject of valid prior grants, they arrived at the 50 years rule as a compromise between conflicting opinions. We have now travelled be beyond that stage and examination not merely for novelty but also obviousness has become the standard procedure in countries adopting the examination as distinguished from the deposit system. In illustration of the effect of the 50 years rule in the U.K. I might refer to a decision of the Court of Appeal in *Page* v. *Brent Toy Products Ltd.*[20]. The case no doubt turned on whether an amendment to the defence in the action, which was for infringement of a patent, could be allowed and other technical points, but what is relevant to the present discussion is as regards the patented invention itself. The invention related to improvement to toy building blocks and had been granted in 1939. The amended defence sought to be pleaded was that the patent was invalid because the specification was virtually a copy of an earlier U.S.A. specification of 1886. This was disallowed principally for the reason that the published American specification was over 50 years old and therefore the patentee was protected. I do not see any advantage to the public by the grant of a patent monopoly to such anticipated inventions. I would also add that the 50 years rule does not obtain outside the U.K. and a few Commonwealth countries such as Australia and New Zealand. I recommend the deletion of this limitation of time which is incorporated in the Bill. In regard to Indian specifications, I have restricted anticipation to those published since 1-1-1912, for the very practical reason that specifications of earlier date were not printed.

20. 67 RPC 4.

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### Anticipation by prior use to be restricted to use in India.

115. I have so far dealt with publications by documents. Anticipation by public use however stands on a different footing. Of course there are several countries in which even public use outside that country, that is anywhere in the world, is coupled with publications of inventions in printed documents for determining anticipation. The adoption of that rule might in my opinion cause considerable amount of inconvenience and hardship. I am aware that there is some logic in having the same rule in regard to anticipation by published documents and anticipation by public use. But logic must yield to practical realities and taking the latter into account, I would recommend that public use to constitute anticipation be confined to use within India. In recommending this course I have in mind the difficulties of proof—necessity to take out commissions to foreign countries for examination of witnesses to prove such use and the cost and inconvenience which that would entail. Further, it is only in very rare cases that there would be public use in any country without there being a publication of the same invention in a printed document, be it in the form of a patent specification or other scientific or technical literature.

### "True and first inventor" should exclude "communicatee" and "importer".

116. There is a topic closely allied to the rule as to what should constitute "novelty" in an invention to merit the grant of a patent just now discussed, which it would be convenient to consider next. This relates to the definition of the term, "true and first inventor". In all the countries of the world outside the United Kingdom and some of the Commonwealth countries the expression is understood in its literal sense as meaning the actual deviser of an invention. In the United Kingdom however it includes besides the actual deviser, two other categories of persons, the "communicatee" and "the importer" of the invention from abroad. Though the expression "true and first inventor" was not defined in the Indian Patents and Designs Act, 1911, the form prescribed under the rules recognised "communicatees" as persons entitled to file applications as "true, and first inventors" and it is assumed that "importers" are also included in that expression. The Patents Enquiry Committee recommended that "true and first inventor" should be defined so as to include "the importer" and "the communicatee" from abroad [Chapter VIII p. 113 (2)]. The Bill implements the recommendation in including the suggested definition [*vide* clause 2(s)].

117. The "importer-inventor" is an anachronism and a historical survival even in the English law. Blanco White explains it thus:

> "When the patent system was first set up here, England was a very backward country, and the system was aimed "perhaps primarily at encouraging the setting up here of industries already in existence abroad" (Note 31, p. 161, "Patents for Inventions")

118. As regards the "communicatee" from abroad being considered as "the true and first inventor" the only use to which this extended definition is now put is to enable foreign inventors to make applications through their nominees (generally patent agents) in their own names "as the true and first inventors", though such "communicatees" would hold the patents when obtained in trust for the communicator. The "communicatee-inventor" served a real need when applications for patents could not be filed by assignees of the invention but after the alteration of the law to permit assignees to make applications [*vide* clause 6(1) (b)] there

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appears to be no purpose in retaining the system of "communicatee-inventor". Blanco White remarks:

> "In consequence of the new provisions allowing assignment of the rights to patent, the real difference between an assignee end a 'communicatee' goes only to the beneficial ownership of the invention. In due course no doubt the 'communicatee-inventor' will become a matter of history only; for the present he will remain of importance in connection with application procedure".

(Note 33, page 161 "Patents for inventions" by T.A. Blanco White).

119. There are more serious objections regarding an "importer" of an invention as a "true and first inventor". It is a historical survival in the law of the U.K. and one which is bound up with the theory that it is only knowledge and use "within the realm" that constitutes anticipation. Even in the U.K. "the importer-inventor" rule is capable of mischief and abuse as seen from a recent decision— *In the matter of an Application by H.*[21].

120. A patent for a gas mask which was "disposable", *i.e.* could be thrown away after a single use, was applied for in the U.S.A. on 14th March, 1950. The applicant for the patent in the U.S.A. granted a licence to an American company for the manufacture of these masks on the 1st April, 1951. Some manufacture took place under this licence and one Mr. Higgs in England having come to know of this invention wrote to the licensee-company at the end of May 1951 asking for a sample of the mask. After the receipt of this sample, there was some correspondence about the price but meanwhile on the 5th July, 1951 Higgs made an application in England for the grant to him of the patent for the manufacture of this mask. This application was accepted and when the specification was published, opposition was entered by the licensees under the American patent. The ground of the opposition was that the applicant had "obtained" the patent from the opponents by asking for a sample from them.

On the other hand, the contention of Mr. Higgs was that he was the "importer" of the invention and that if there was any obtaining, it took place in America. The major part of the argument was therefore devoted to the question, where did the "obtaining" take place. It was common ground that if the "obtaining" took place in America, it would not invalidate the application or be a bar to the grant of the patent, the applicant being in that event an "importer" of the invention; whereas if the obtaining was in England, the opponents would succeed.

121. Dealing with the claim of Mr. Higgs to be an inventor the Assistant Controller said—

> "* * * The reason for granting a monopoly to a person who brings in a new manufacture, which he has not himself devised, from abroad is well understood. The historical background of this aspect of the law is well-known. It is easy to grant that a man who undertook serious financial and even personal risks by foreign travel in order to benefit the trade and industry of this country was deserving of reward. But the position becomes almost an absurdity if a man, without having "to seek out an invention (because Mr. Higgs clearly knew already something of the invention in suit), can, by merely writing a letter, claim rights, to the exclusion of all others, in an invention to which he has made no other contribution. If he is entitled to do so it must be on the footing that his use of the international postal services is equivalent to a personal visit

21. 1956 RPC 197.

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> to a foreign country. ..... .... On these considerations I would have no hesitation at all in finding that Mr. Higgs is not the inventor, by virtue of being the importer of the invention and that he obtained the invention from the opponents in this country, were it not for the well-recognised practice whereby a foreign inventor sends information about his invention to a patent agent or other representative in this country and the agent applies for a patent here, as a communicatee, and describes himself as the true and first inventor. The agent can only be the inventor on the basis that he has, by the mere receipt of the information, imported the invention from abroad. This is precisely the ground upon which Mr. Higgs clims to be the inventor and not an 'obtainer' within the meaning of the Act."[22].

122. Referring to the public interests involved if the application were granted, he observed:

> "* * It was clearly their (the American licensees') intention to make the invention available here by sale of the masks. If they did this without patent protection, the general public would be free to make, use and vend the invention. The disclosure of the invention to Mr. Higgs clearly was a first implementation of the Opponents' intention to sell the masks here. Mr. Higg's action in seeking a monopoly for himself, far from serving the public interest by introducing a new invention, would have the effect of curtailing rights which the opponents apparently intended to make freely available." (*ibid* page 201).

123. A provision which lays itself open to such undesirable results requires to be omitted. Besides it is scarcely consistent with the rule that publication in any part of the world constitutes anticipation which deprived an invention of patentable novelty. That explains why the countries which adopt the rule as to novelty which I have recommended do not recognise "importer inventors". I would therefore recommend that the expression "true and first inventor" should exclude the "communicatee" and "importer" inventor, the "communicatee" because it is superfluous and the "importer" on the ground of its being undesirable. As I said earlier, the expression "true and first inventor" is used in the sense of the U.K. law in the Indian Patents and Designs Act, 1911. In view of the existing law it would be necessary to make it clear that a change is being made and I would accordingly suggest that the definition of "true and first inventor" in the Bill be altered by stating that "communicatees" and "importers" are not included in that expression.

## V. REMEDIES FOR ABUSE OF PATENT RIGHTS:—COMPULSORY LICENSING AND REVOCATION FOR NON-WORKING

### Abuse by non-working of patents.

124. Before dealing with the question of the inventions for which patents should be refused, I had discussed the problems which other countries have had to surmount arising from the non-working of patents, particularly those of foreign nationals who were unwilling to work their patents in the country. I shall now proceed to consider the remedies which these other countries have adopted. In doing so I shall principally trace the history of the provisions in the United Kingdom as furnishing a useful precedent and also with a view to emphasise that even

22. 1956 RPC 199, 200.

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industrially advanced countries are not immune from this type of handicap and that similar measures have been taken in such countries to safeguard the interests of their national economy. I shall then deal with the effectiveness of the remedies which the other countries have adopted and the measures I would recommend for our country to achieve the best results.

## Compulsory working and compulsory licensing

125. India is not unique in having to face this problem of patents for vital inventions being owned by foreigners who evince no desire to work them within the country. The problem is common to all under-developed countries which have adopted the patent system of rewarding inventors. Two means for redressing this handicap have generally been adopted, namely, (1) compulsory working, with the revocation of the patent in the event of non-working, and (2) compulsory licensing on terms of royalty settled by an outside authority where the parties do not agree. Michel observes: "The compulsory working system originated in the French Law of 1791 and was adopted by practically all the principal patent systems excepting that of United States at present. The important feature of this system was the invalidation of the patent if the inventor failed to work his invention within two years from the date of the grant unless he could justify his inaction..... The requirement of working the patented invention was originally a prerequisite to patent protection in England and even in the United States. If, in the further development of the U.S. patent system, it was forgotten, the reason for this is to be found in the economic condition and a leaf as to the future trend may perhaps be taken from the development of the British patent system."*

## History of the provisions in the U.K. as to compulsory working and compulsory licensing

126. "Upto 1872 England was so predominant in industry that everyone who anywhere in the world had made an invention of any consequence first worked such invention in England where he was able to find the necessary capital, the necessary spirit of enterprise and the necessary skilled labour."[23] There was then no need for any working requirement in Great Britain and none was contained in her statute. So much so that in the International Conference on Industrial Property at Paris in 1878 Britain was one of the countries that supported the view that a provision for compulsory working was inconsistent with the purpose of the International Convention. "But soon", to quote from Michel again, "these prerequisites for large scale industrial production were also found in the United States and in Germany. In order to prevent her industry from falling behind that of the United States or Germany, Great Britain did not hesitate to embody in her patent statutes the requirement of working". It was adopted in a modified form directed merely to compulsory licensing in the Patents and Designs Act of 1883 but at the turn of the century there was such a volume of opinion expressed against the handicaps from which English industry suffered by reason of a large number of patents being owned by foreigners who were not interested or disposed to work their inventions in the country, that a Committee under the chairmanship of Sir Edward Fry was appointed in 1901 to enquire into this question and suggest suitable remedies.

23. Michel on "Principal National Patent Systems" Vol. I, Pages 14-15.

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## U.K. Act of 1902

127. In accordance with the Committee's recommendations the Patents Act, 1902 was enacted. Section 3 of that Act for the first time introduced the principle of revocation of a patent for abuse of the monopoly by non-working for three years from the sealing of the patent and the expression used to specify this abuse was "that the reasonable requirements of the public with reference to the patented inventions have not been satisfied". The Act laid down in terms the circumstances when "the reasonable requirements should be deemed not be satisfied". During the passage of the Bill in Parliament the provisions were warmly supported by the several members, and I shall extract a few passages from their speeches which afford an indication of their approach to the question.

Sir William Houldsworth said:

> "Anything like compulsory licence given by a foreign patentee to manufacturers in this country would not meet the case. The foreign patentee acts as a dog in the manger, sends his patented articles to this country, but does nothing to have the patented articles manufactured here. He commands the situation and so our industries are, under our own law, starved in the interests of the foreigner..... Those who feel most strongly on this question think that there should be nothing but an absolute revocation of the patent if it is not worked in this country within two years and the Fry Commission was of that opinion.....The clause as presented in the Bill does not fulfil the ideal which was recommended by the Committee but it goes a very long way in the direction. At any rate it is an immense improvement in the present position and therefor it is acceptable."

Sir Robert Reid supporting this clause said:

> "I entirely agree.....about the necessity of revoking patents granted in this country to foreigners who do not work them here. Nothing can be more absurd or more outrageous than that a foreign patentee can come here and get a patent and use it, not for the purpose of encouraging the industries of this country, but to prevent our people doing what they otherwise would do. To allow our laws to be used to give a preference to foreign enterprise is, to my mind, ridiculous."

Sir Robert Finlay after referring to the eminence of the members of the Fry Committee, said:

> "The existing provisions in reference to patents taken out by foreigners and which are not worked out here have been found to be absolutely inoperative. A patent is supposed to be granted for the encouragement of manufacture in this country but under the existing laws, a large number of patents are taken out by foreigners solely for the purpose of preventing encouragement of manufacture in the country."

Another member Mr. Whitley said:

> "Any one who is actively engaged in commerce, especially those who are acquainted with patent laws, cannot help feeling how very much we are behind other countries, especially France, Germany and America who are our chief competitors in the markets of the world in the matter of patent laws. I had hoped that the Board of Trade, after many years of consideration of this question and the pressure put upon it by the commercial community, would have taken a little more courage in reforming our patent laws. The difficulty of dealing with foreigners to whom patents had been granted in

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> this country for years past and who never intended to work their patents here is certainly great."

I shall end this with three extracts from the speeches of Sir Joseph Lawrence, Mr. Cripps and of Mr. Cawley.

Sir Joseph Lawrence said:

> "We desire the enactment, if possible, of the Belgian Patent law, which requires compulsory working after three years. We know in the case of France and Germany the principle of compulsory working has been carried out harshly."

Mr. Cripps was no less emphatic. He said:

> "...The difficulty in all patent laws is to reconcile on the one side the true rights of inventors and on the other side not to interfere with general industrial interests...I quite agree that the same laws are applied to patents taken out in this country by everyone whether or not he is a foreigner. Nothing could be worse for this country than that foreign patents should be protected in this country, while the industry is carried on abroad. That is the worst form of protection; and appears exceedingly hard as regards various industries in this country ... I hope that in future the patent law of this country will serve its proper purpose of encouraging inventors and will not be used for the improper purpose of preventing new industries being established in this country, and of protecting foreigners, who supply this country from abroad with articles, merely because they have paper patents standing in their names."

Mr. Cawley, a member from Lancashire moved an amendment to make the working provision more drastic and in doing so said:

> "Out of every hundred patents granted in this country forty were not applied for in Germany and if applied for would not be granted. The result was that Germans came to this country, got patents, manufactured the articles in Germany and the British customer had to pay very large price for it because it could not be manufactured here as the consumer in Germany can get it at half the price of what the consumer has to pay here."

128. The Tribunal set up under the Act of 1902 to deal with applications for compulsory licences was vested with discretion either to direct the grant of a compulsory licence or to revoke the patent if the reasonable requirements of the public with respect to the patented invention had not been satisfied. An attempt was made to define when this condition was fulfilled—"if by reason of the default of the patentee to work this patent or to manufacture the patented article in the United Kingdom to an adequate extent, or to grant licences on reasonable terms (a) any existing industry or the establishment of any new industry is unfairly prejudiced or (b) the demand for the patented article is not reasonably met"—but these words were too vague and narrow to achieve the objective. Besides the expensive nature of the Tribunal, namely the Judicial Committee of the Privy Council, there were several procedural difficulties in the way of applicants who complained of abuse of monopoly rights and these several factors combined to render the provisions of the Act ineffective.

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## U.K. Act of 1907

129. The result was that the amendment of the Patent Law in 1902 did nothing to mitigate the evil. In fact no application was filed under these provisions and there was therefore need for further legislative measures. When the Patents and Designs Act was revised in 1907, new clauses were proposed which sought to strengthen the provisions dealing with revocation for non-working and to expand the grounds on which compulsory licences could be ordered. In introducing this Bill in the House of Commons Mr. Lloyd George who was then the President of the Board of Trade, said:

> "The main object of this Bill is to prevent laws from being used for the hindrance and suppression of British Industrial development. The object of the patent laws is to reward ingenuity and by so doing to encourage invention and to promote British industry. Unfortunately, however, they have been used in many respects to discourage the British inventor and to destroy the British industries.....Out of 14,700 patents issued last year, 6,500 are foreign. I do not object to them. But a good many of these patents had been taken out not for the purpose of working out the patents in this country, but for purpose of preventing their being worked ....In the first place I propose to simplify the procedure of compulsory licences. A second method is that any applicant can go to the Controller three years after the granting of any patent and apply for the revocation of the patent on the ground that it has not been adequately working within the U.K."

130. Supporting the measure Mr. Cawley said:

> "When the first patent was granted in 1626 it was stipulated that if the patentee failed to reduce to practice within three years his scheme of patents, the patent shall then lapse....In Germany if a patent was not worked within three years, it could be revoked and declared void. In France if a patent was not worked within two years it could be revoked. In fact in practically every industrial country including Japan, patentees had to work their patents, or to get them worked within a certain time of their being granted, or the grant might be revoked. We were the only country in Europe that allowed a patentee to take his grant away and work it where he liked, or sell it to whom he liked. The result of this careless liberality was that foreigners came here and got patents granted to them without ever having the slightest intention of working them in this country..... In 1903 we had granted nearly 8000 patents or monopolies to persons residing outside the country. In fact more than half the patents taken out here and the most important ones had been taken out by foreigners. We granted a large number of patents about 5,000 more than Germany did every year, although the population of Germany was one-third greater than our own. Some of these patents were only taken out for blocking purposes and were unscrupulously used when our manufacturers wished to make any article which would compete with a German production. Others which were of importance were taken abroad and were used to start industries there by new and improved processes, and so superseded industries carried on in this country....Although a patent lasted only fourteen years it was long enough to establish the industries abroad, and once established there, with trained labour, experience and an organised system of distribution, it was no easy matter to get it back again...We got no *quid pro quo* for the monopolies we gave, but we allowed the person to whom the monopoly was granted to produce his patented articles solely abroad.....That Germany had made enormous strides could not be denied.....The Chemical industry of Germany had increased rapidly

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> and now amounted to something like 70 million pounds per annum and part of that trade had been taken away from this country.....Most of the labour employed in these works was unskilled labour, and was the very kind of work which would absorb our unemployed if we only insisted that there should be a *quid pro quo* for the monopolies we granted and that they should not be taken away and used to find work for foreign labour in foreign countries at the expense of our fellow-countrymen. Had we said to them, we grant you a patent or monopoly for the sale of this article, you must in turn manufacture the article here, we would by now have much larger works in this county giving employment to a number of labourers, but our patent laws as they are at present are benevolently fostering great industries in Germany to the detriment of the manufacturers, consumers and working classes of this country. We had been granting thousands of patents to foreigners and getting nothing in exchange We are now going to grant a monopoly but if we do that, the country at least ought to have some recompense for having done it. The patent ought not to be merely a prize to the inventor who applied for it. The country where the man was granted protection ought at least to have some share in the benefit. If a man obtained a patent in this country he ought to manufacture the goods here."

131. I have made these rather long extracts because they contain references to the law in the European countries and this obviates the need for any detailed description by me of the law of these countries as also to emphasise that the problem which this country faces has often been the lot of other countries even though more industrially advanced than ourselves and that the solution usually adopted to counter the difficulties was the enactment of provisions for compulsory working and for compulsory licensing.

## U.K. Acts of 1919 and 1949

132. Before I pass on from this topic it would be convenient to make a brief reference to the later history of the provisions in the United Kingdom, a country which has served as a model for the law of our country. Notwithstanding that German industry and therefore competition from that country received a set back as a result of her defeat in the World War I, the U.K. Patents Act of 1907 was amended in 1919 enlarging the grounds on which compulsory licences could be granted, and finally when the Patent Law was thoroughly revised in 1949 as a result of the recommendations of the Swan Committee, far from the right to apply for compulsory licences becoming restricted, there was a further enlargement of these grounds.

## Proposal for Free Trade Area in Europe

133. Though the U.K. has been one of the major industrial countries of the post-war world, she clings with tenacity to the provisions regarding compulsory working contained in her Patents Act. In 1957, a proposal was made for a Free Trade Area in Europe. The idea was that the member countries of this Union should have a common Industrial Property legislation, particularly in the matter of patent laws, and one of the important matters which was involved in this scheme was, that the working of a patent in one of the countries of the Union should be treated as a working of it for the purpose of the national laws of all the other member states. The countries which were intended to be included in this area were the United

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Kingdom, Germany (Federal Republic), France, Italy, Belgium, Holland and Luxemburg. The patent laws of each of these countries contain provisions for compulsory working of the invention within each of them and provide for the revocation of the patent in the event of the non-working at the end of the period specified in their respective laws. The U.K. did not agree to this proposal. In a memorandum on this subject dealing with the economic effect of the setting up of such a Free Trade Zone with the provision outlined above the Board of Trade is reported to have said:

> "The practice of granting limited monopolies for new inventions is universally regarded as not only a legitimate function of a State to provide the inventor with the means and opportunity of obtaining some reward for his enterprise but one that is of definite value to the industrial and economic development of that State. Quite clearly this second object would be vitiated if the demand for a patented article in the country in which protection had been obtained were met wholly or mainly by importation of that article into that country....One suggestion that will be put forward is that working of a patent in one Free Trade Area country should be deemed equivalent to the working of the corresponding patent in others. Such suggestion would require the profoundest consideration in the light of the international practice of voluntary cross-licensing of patents. Large industrial concerns with considerable holdings of European patents would undoubtedly benefit if the suggestion were adopted. They would be able to concentrate large scale production at home and distribute their manufactures to the other countries within the Area under the protection of their patents in those countries. In assessing the extent of this benefit it would of course be necessary to take into account the loss of royalties they now receive from the various countries as licensors of their patents. In each country however a large section of industry is engaged in working patented inventions as licensees of patents owned by foreigners. To what extent this obtains in the U.K. is impossible to say but it must be quite considerable. If therefore working in one country were regarded as working in the others, the effect on U.K. licensees would be serious since the licences would in most cases be terminated and, thereafter the demand for the goods made thereunder would be met by importation.(04(i)11(e)31 тflX3(e(3)11mJXfl-0-1 1

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nationals and that foreigners are always inclined not to work their patents to the detriment of national industry and employment.

"Obviously, the present text, while creating an effective monopoly, would strengthen the position of states that are highly developed industrially. That is why the countries whose economic situation is not so satisfactory will also insist on the non-acceptance of the new text; as is well known these same countries showed no interest in the London amendment.....

"The industrialised states, without being exposed to serious difficulties, have gained greatly from the possibility of monopoly given them by their patents. Will the less industrialised states therefore never have the right to benefit from these advantages?"

What, however, is even more pertinent is that the U.K. Government joined these opponents observing—

"* * * We are in some doubt whether the time is yet ripe to abolish completely the power to revoke patents on the ground of failure to work."

## Criticism against compulsory licensing and compulsory working provisions answered

135. Patents must he enabled to fulfil their prime purpose, *viz.*, being worked in the country, and as early as possible after they are granted. Where this is incapable of being achieved the law must enable a patent to be revoked. The history of other countries and particularly of the U.K. which I have set out earlier furnishes a valuable precedent, and affords guidance for the course to be adopted. It has further to be borne in mind that compared to the position of the U.K. vis-a-vis America and Germany in 1907-1919, India is today much less industrially advanced compared to the major industrialised countries, and her laws in respect of compulsory working and compulsory licensing have accordingly to be broader based.

Before discussing the precise changes which are needed to improve the law, it is necessary to refer to one or two matters in connection with the subject of the effectiveness of compulsory licensing to counter the evils of unworked patents. The U.S.A. is perhaps the only country in the world which imposes no restrictions on her patentees by way of compulsory licenses or compulsory working and her industrialists and patent lawyers consequently most often inveigh against such restrictions on the score that they are improper infractions of the rights of patentees and are besides detrimental to the interests of the country itself which imposes such restrictions. In this connection it is necessary to bear in mind a few facts. The U.S.A. is a country with immense wealth, a super abundance of natural resources, a large surplus speculative capital available for investment in new ventures and highly specialised and diversified technical skill so that the country offers ideal conditions for establishing new industries. The result is that the proportion of patents granted in that country to those that are not worked there but are worked elsewhere is very small. Besides of the number of patents, granted every year,—and now this is near the six digit mark—barely about 1/10 are granted to foreign nationals—the lowest among all the countries of the world. Furthermore, any tendency on the part of foreign patentees to work their invention abroad and import their products into the country is countered by high tariff walls. On the other hand, her industries benefit by a large export market. The U.S.A. can therefore offer us no parallel and the criticism of some

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of the American patent specialists as to the inadvisability by any restrictions being imposed on patentees have to be understood in the light of this background. Even outside the U.S.A. there are some critics who view with disfavour any restrictions on the rights of patentees—and these are nationals of the more industrially advanced countries—and assert that the provisions for compulsory licensing and even more the provisions for compulsory working have an adverse effect on the economy and industrial progress of the countries adopting them and in any event are ineffective to achieve any useful result. The fact that despite these criticisms, provisions for compulsory working and licensing have been retained in the laws of almost every country in the world including most of the industrially advanced countries affords a sufficient refutation of those theorists.

136. It has sometimes been asserted that if the law of a country contained drastic provisions in the matter of compulsory licensing and compulsory working, it would have such a dampening effect on inventors, that the rate of invention would appreciably diminish which would be reflected in the number of applications for patent grants. But this is hardly borne out by facts and it is sufficient to refer to the figures of applications for patents during the years immediately following the enactment of such legislation in the U.K. and in India. Appendix A Table (7) contains the figures of applications for patents in the United Kingdom during the period 1902 to 1913. Notwithstanding the drastic provisions introduced by the legislations of 1902 and 1907 in the matter of compulsory licensing and revocation for non-working, the number of applications filed show no diminution. I might also mention that in his Report for the year 1909, Mr. Temple Franks, the U.K. Comptroller General, after referring to the provisions for revocation contained in section 27 of the U.K. Act of 1907, said:

> "It may be added in conclusion that the operation of the section has apparently not diminished the applications for patents which numbered 30,603 during 1909, the highest number but one yet on record."

The figures of applications for patents in India since 1950 when the Patents and Designs Act, 1911 was amended expanding the grounds for compulsory licensing on the lines of the U.K. Act of 1949, set out in Appendix A Table (i), and the figures of the patents for inventions in relation to drugs granted subsequent to 1952 when section 23CC was introduced, set out in Appendix A Table (3), should suffice to dispel any apprehensions on this score.

137. Another argument advanced is that compulsory licenses are ineffective and the smallness of the number of applications for the relief is cited to show that the provision satisfies no real need, and achieves no purpose. It is undoubtedly true that the number of applications for compulsory licences have been few in the United Kingdom, and I will add in India also [vide Appendix A Table (8)]. This feature was urged before the Swan Committee as a ground for dropping the provision. The Committee, however, as already stated, recommended not merely the retention of the system but its strengthening by broadening the grounds on proof of which licences could be granted. They attributed the paucity of applications for relief under the statute to the following four main reasons:

(1) The existence of the provision for compulsory licences in the statute book might have had the effect of inducing patentees to voluntarily grant licences on reasonable terms with the result that there was no necessity to approach the 89(a)-14(l)-[illegible]01]TJ[illegible]-0-0 1 Tf[illegible](h )-41(t)-17(h)4f[illegible]13

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> "It seems also necessary to add, that while the revocation of a patent is the only direct result contemplated by the section, there are many indirect results which may be expected to follow. The cases already tried show that, even when the patentee does not manufacture himself, orders have been given to British firms and licences offered for the manufacture or carrying on of the article or process in order to meet the requirements of the section. It seems probable also that the mere existence of the section and of the power to revoke has tended to bring about the establishment of manufactories in this country, and an increased employment of British labour."

(2) Notwithstanding the width of the language in which the conditions justifying the grant of compulsory licence was couched, in the Patents Act of 1907 to 1946, the courts had placed a narrow interpretation upon some of these phrases with the result that the provisions ceased to be capable of being invoked in a large number of cases for which Parliament had intended. The remedy which the Committee suggested was to alter the language of the provisions so as to put beyond doubt the intentions of the Legislature and also to widen the scope of the grounds on the basis of which the relief could be asked for, thus countering in this respect those decisions.

(3) Very many of the inventions covered by the patents which were not worked within the country or were not worked to an adequate extent, the working in the country being merely a mock working—could not be exploited merely on the basis of the information contained in the specifications. They required in addition a considerable amount of knowledge of other technical details as to working which are comprehended in the compendious expression 'know-how'. The Committee was of the opinion that in the absence of the imparting of this 'know-how', the patent could not be economically worked, and as there were no means by which the Comptroller or the Court could insist upon the communication of this 'know-how' to the licensee, the grant of compulsory licence was really without use. The Committee thought that this was responsible for the very small number of applications for compulsory licences, but could not offer any solution to the problem created by the unpatentable 'know-how' standing in the way of working of the compulsory licensing provision of the Act.

(4) The last of the grounds which they considered as being responsible for the small number of applications for compulsory licences was based on the provisions of the Trade Marks Act. It was explained that patentees who had been working their inventions abroad, particularly of German nationality, had been vending their goods under trade marks which have become well known in the market and that the applicants for compulsory licences thought that they could not successfully compete with the goods of the patentee vended under their several trade names. The Committee, therefore, suggested that the provisions of the Trade Marks Act might be examined with a view to eliminate this handicap to licensees.

## Changes recommended in the Indian law

138. I shall proceed to consider these four factors in the light of the conditions in this country and set out the proposals I would recommend to render the provision for compulsory working and licensing effective. I will premise the discussion by endorsing and emphasising the observations of the Swan Committee that the concept of 'abuse of monopoly' as the justification for the provisions in regard to compulsory working and compulsory licensing is too narrow. In the words of Akerman, "The compulsory license has acquired a positive function

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in serving the general interest of the community, in itself, and independently of an abuse on the part of the patentee. The concession of a licence is no longer the sanction for the failure of the patentee to live up to his obligations but the form under which the community expresses its right over the invention." (Casimir Akerman L' obligation d'exploiter et la licence obligation en matiere de brevetes d'invention. Paris 1935; pages 311-312 cited by Penrose ibid at p. 184). In other words, these provisions though they might undoubtedly operate to counteract cases of deliberate 'abuse', must, on the other hand, be viewed as a necessary adjustment of the patent system to the demands of an under-developed economy. There is no uniformity in the economic problems which confront different countries at any time or even the same country at different periods of its history and account has therefore to be taken of the actual conditions in the matter of devising the precise adjustments which are needed to rectify the imbalance which the patent system is apt to produce if left uncontrolled.

139. The compulsory licensing provisions in the Indian Patents and Designs Act, 1911 as originally enacted remained almost a dead letter, for reasons explained by the Patents Enquiry Committee, which I need not repeat. On the recommendation of that Committee, the Act was amended so as to bring it almost into line with the corresponding provisions in the U.K. Act of 1949. These amendments which were effected in 1950 have been in force for over 8 years, and the interval should be sufficient to permit an appraisal being made as to their effectiveness, their defects and the manner in which they might be remedied so that patent grants might fulfil their true purpose, *viz.* promote national economy.

140. As already stated the number of applications in India for compulsory licences have been very few [*vide* Appendix A Table (9)]. It is possible that the enlargement of the grounds and the procedural facilities afforded by the amendment effected in 1950 have tended to induce patentees to grant voluntary licences on reasonable terms to those desirous of utilising the patent and thus obviate the need for applications to the Controller. No statistical information is available as regards the patents which have thus been licensed and so the efficacy of this ground must be a matter merely of surmise. In this connection one matter is worth mentioning. If the possibility of the grant of a compulsory licence acts as an inducement to the grant of a voluntary licence on reasonable terms, it stands to reason that this inducement or pressure must be greater if the grounds on which the licence could be granted were enlarged, or if otherwise the obtaining of the licence were made easier by suitable modification of the adjectival law. In this context the observations I have extracted earlier from the Annual Report by the U.K. Patent office for 1909 appear very apt.

## Revocation for non-working

141. This brings me to the fact that neither the Indian Patents and Designs Act, 1911, as now in force, nor the Patents Bill of 1953 contains any provision for the revocation of a patent for non-working. The U.K. Patents Acts have since 1902 consistently carried a provision enabling the revocation of a patent in the event of non-working (*vide* section 42 of the U.K. Patents Act, 1949), I have already drawn attention to the attitude of the U.K. Government at, the Lisbon Conference in 1958 regarding the abandonment of this provision. Though the Indian Patents and Designs Act, 1911 as originally enacted contained a provision for revocation, as a relief alternative to the grant by a compulsory licence, the conditions stipulated on which alone these reliefs were available were such as to render the provisions wholly ineffective. The

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Patents Enquiry Committee in suggesting the reform of the law by modelling the sections on the lines of the U.K. Act of 1949 included, a provision for revocation [*vide* the Committee's draft of section 22(11)]. When, however, these recommendations were implemented by enacting Act XXXII of 1950 the relief by way of revocation was omitted and this omission has been continued in the Bill. In the questionnaire which I circulated I made enquiries regarding the desirability of a provision for revocation and the majority of those who answered this query favoured such a course, the opposition being almost confined to either foreign patentees or their professional advisers. I consider that it is very essential that there should be a provision for the revocation of the patent in the event of continued non-working and in the notes on the relevant clauses I have discussed the precise form this should take.

142. If a country with the industrial progress of the U.K. is unwilling to drop the provision as to revocation for non-working in her law, the need for such provision in the circumstances of our country requires no elaborate argument. Besides such a provision has other advantages to which I shall advert in due course.

## Expansion of grounds for compulsory licensing

143. The second reason adduced by the Swan Committee for the paucity of applications was that the conditions which had to be established to obtain a licence were somewhat narrow, besides the phraseology employed to signify them being ambiguous with the result that on the construction adopted, the benefit of the provision could be invoked in very few cases. They recommended a redraft of the grounds which was substantially adopted in the Act of 1949. Eight years have passed since that Act has been in operation but even during this period the number of applications have not been very numerous. The first reason already discussed, namely, that a statutory provision for compulsory licensing might induce voluntary grant of licence, might in part account for this feature, but as I shall point out in detail later, the Courts have also been inclined to follow in some respects the earlier decisions as regards the conditions to be established before an applicant could succeed. I have therefore, thought it necessary to suggest modification of the language of the conditions to overcome this defect (*vide* notes on clauses 40 to 47).

144. Apart from changes of a drafting character, there are two matters of significance which I consider have to be taken into account in framing provisions suitable for this country, *viz.* (1) elimination of the requirement as to commercial working, and (2) expansion of the ground for compulsory licensing so as to enable an export market to be created.

## Test of Commercial working in the grounds for licence to be omitted

145. The first of the grounds on which a compulsory licence or endorsement could be obtained under section 37(2) (a) of the U.K. Act of 1949 [*vide* clause 40 (2) of the Bill]—is "that the patented invention, being capable of being commercially worked in India, has not been commercially worked therein or is not being so worked to the fullest extent that is reasonably practicable". This does not appear to have always been the law in the U.K. When the provision appeared in section 27 of the U.K. Patents Act, 1907, it enabled a patent to be revoked "if the patented article or process was manufactured or carried on exclusively or mainly outside the U.K.", and in such cases the Controller could order revocation "unless the

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patentee proved that the patented article or process was manufactured or carried on to an adequate extent in the U.K., or gave satisfactory reasons why it was not so manufactured or carried on". Construing this section, Parker J. observed:

> "***It was suggested that if a patentee could prove that an industry in, a patented article or founded on a patented process could not be carried on in this country or as profitably as it could be carried on abroad owing to difference in the cost of material or labour, or other local conditions, he would have given a satisfactory reason within the meaning of the section. I do not think this suggestion is entirely correct. Certainly the fact that persons who were carrying on the industry in this country would make smaller profits than persons carrying it abroad would, in my opinion, be no satisfactory reason at all. I can conceive, cases in which a patentee having obtained a patent may find it impossible to work it in the United Kingdom because of the nature of the invention, or because of the local conditions which prevail here, but not in other countries, although these cases must, I think, be rare and may be exceedingly difficult to prove. The extra cost of labour or material may well be counter-balanced by superior skill or in other ways. But it can never, in my opinion, be sufficient for a patentee, defending himself under the section to prove that he cannot now start an industry with any chance of profit. The question really is: could he have done so if he had used his monopoly fairly as between home and foreign trade, or if he had devoted the time and money which he has expended in developing a foreign industry to developing a home industry? It may well be that having developed the industry abroad and given foreigners several years' start, he may find it difficult, if not impossible, to develop the industry on the same lines here, and yet such an industry might well have arisen but for the preference he has given to foreign countries. It was also suggested that the section only contemplates revocation, if revocation would lead to the establishment of a new industry or the further development of an existing industry in this country, so that if the patentee had by an abuse of monopoly succeeded in precluding the possibility of such establishment or development, his patent ought not to be revoked. I dissent entirely from this suggestion. I see no reason why the section should not have been intended to penalise a patentee who has abused his monopoly and by a revocation of the patent, this country becomes at any rate free from restraint on its trade which is opposed to the spirit of its common law"—(In the matter of an application for the revocation of Hatschek's Patents,[24]).

146. Section 27, was, however completely revised when the U.K. Patents and Designs Act was amended in 1919 and Section 27(2) (a) as then revised ran—

> "If (at any time after the expiration of four years from the date of the patent) the patented invention (being one capable of being worked in the United Kingdom), is not being worked within the United Kingdom on a commercial scale, and no satisfactory reason can be given for such non-working."

The other alternative grounds which were set out in Section 27 as amended all proceeded on the basis that the invention should be capable of being worked in the United Kingdom, to sustain an application for compulsory licence, and therefore to an application for revocation.

147. When the Swan Committee revised the conditions which might broadly be termed an abuse of monopoly, they retained the reference to the possibility of commercial working [*vide*

24. 26 RPC 228 at 243.

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Section 37(2) (a)] and suggested a new provision [*vide* Section 37(2) (b)], practically restoring the provision of the 1907 Act under which the working of the invention abroad and the supply of the U.K. demand by importation justified a revocation of the patent. Section 37(2)(b) of the U.K. Act, 1949 runs:

> "(b) that a demand for the patented article in the United Kingdom is not being met on reasonable terms, or is being met to a substantial extent by importation."

It is possible that this ground on its language might be available even in cases where the patented invention was not capable of being worked in the country. But in effect the concept that the invention must be one capable of being worked within the country was brought in by the consideration which the Comptroller has been directed to take into effect under Section 39(2) and in particular para (b) which reads:

> "(b) the ability of any persons to whom a licence would be granted under the order to work the invention to the public advantage."

148. The result is that notwithstanding the wide language of Section 37(2)(b), neither a compulsory licence nor an endorsement, either at the instance of a person interested or a government department; is obtainable in the U.K. unless the invention is capable of being worked within the country and the Comptroller can reasonably contemplate some person as willing to work the invention on a commercial scale. It follows therefore, that as a patent may be revoked only if, after two years subsequent to the granting of a compulsory licence, the conditions set out in Section 37 obtain, no patent could be revoked which is not capable of being worked in the country. In other words, such patents could be utilised to secure solely a monopoly of importation, besides operating to block research and industrial activity in the relevant field.



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respect to a patented invention have not been satisfied by manufacture in India,—and this includes (a) where factually the invention is not commercially worked in the country, and (b) where the demand for the patented article is met to a substantial extent by importation. from abroad—without any reference to whether of not any person in the country is willing to work the invention.

152. Thirdly, by making a provision enabling a patent to be revoked which is not factually worked adequately within the country after two years from the grant of an endorsement, whether or not a licence is granted in pursuance of the endorsement.

153. I need only add that under Section 42 of the U.K. Act, 1949, which provides for the revocation of patents for non-working, that relief can be had only if two years have passed after the "grant of a compulsory licence under Section 37" and the conditions set out in Section 37(2) persist even after such a grant.

154. A question might be asked why inventions which are incapable of being worked in the country should not be rendered unpatentable. This, however, is not feasible because, firstly, it would, if contested, involve complicated enquiries of a kind which it would not be possible for the Controller to conduct; secondly the country is progressing industrially and an invention that could not be worked at the date of the filing of the complete specification, might be worked after the lapse of 3 or 4 years from then; and lastly, it would not be possible to predicate of any invention at the time when the application for patent is made that it was absolutely incapable of being worked in the country. That is why I consider that rendering unpatentable of inventions which might be incapable of being worked in the country, is neither practicable nor desirable.

## Ground as to non-supply of export market

155. The second matter in respect of which I would suggest a variation from the law in the U.K. is as regards the purpose which the "working of the invention" ought to achieve, in order to constitute the working 'adequate'. In the United Kingdom, on the recommendation of the Swan Committee, it is provided in the Patents Act of 1949 that a compulsory licence could be granted if by reason of the refusal of the patentee to grant a licence on reasonable terms, "a market for the export of the patented article manufactured in the U.K. is not being supplied" [*vide* Section 37 (2) (d) (i)].

This is subject to the restriction contained in Section 37(3) proviso (b), which runs—

> "Provided that—
>
> (a) ***
>
> (b) an order shall not be made under this section for the endorsement of a patent on the ground that a market for the export of the patented article is not being supplied, and any licence granted under this section on that ground shall contain such provisions as appear to the Comptroller to be expedient for restricting the countries in which the patented article may be sold or used by the licensee;"

These provisions might be found adequate in a country where the lines of export are already fully diversified, but, where, as in this country, an export market has in several possible lines

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yet to be started, this would not obviously suffice. In dealing with the text of the relevant clause, I have suggested an expansion of the condition so as to comprehend the starting and the expansion as well as the supply of an export market in the patented article manufactured in India. If my recommendations on these two matters are carried out together with the drafting changes to which I have already referred, I consider that the provisions would enable the achievement of the proper purpose of patent grants.

## Know-how

156. The third reason assigned by the Swan Committee for the paucity of applications for compulsory licences was that few inventions could be worked or worked commercially with the description and instruction contained in the patent specification, without the knowledge of the technical "know-how" and as the patentees were not inclined and could not be compelled to impart the "know-how" the compulsory licensing provisions were rendered ineffective without the co-operation of the patentees. This factor is obviously of greater significance in this country than in the U.K. because here, owing to the comparatively less technological knowledge, licensees are less able to devise methods by themselves for working an invention. Speaking of the role of know-how in rendering ineffective provisions regarding compulsory licences, Penrose observes—

> "* * *it is alleged that without the "know-how" many patents could not be worked. If this latter allegation is true, it must mean that the disclosure of the invention (which is legally required in order to obtain a patent and is supposed to be sufficient to enable others to apply the new invention) has been insufficient. Stricter laws regarding disclosure may be desirable, even providing, perhaps, that to obtain a patent a patentee must be prepared to instruct a licensee in the use of the invention if necessary." (Page 197).

157. In my redraft of clause 9 of the Bill dealing with complete specifications, I have endeavoured to strengthen the law as to the disclosure which a patentee should make of the methods of working the invention. But this touches barely the fringe of the problem. At the time when patents are applied for and complete specifications filed, inventions are most often worked only on an experimental basis or in pilot plants. Large scale working commences only thereafter and it is only at that stage that technical difficulties are surmounted and efficiency in methods of production achieved. It is in that process that "technical information" compendiously called "know-how" is gathered and this is perfected by further experience. It is because of this reason that even the fullest disclosure in the specification of everything that the patentee knows on the date of his application is insufficient to achieve the most efficient working of the invention from the information contained in the patent specification.

158. The question therefore still remains how to secure for the licensee the "know-how" and the supplementary technical information needed to work the invention efficiently. It is undoubtedly true that patentees are unwilling to impart technical "know-how" to licensees who are forced on them and that this constitutes a real handicap to the success of provisions for compulsory licensing. It would be noticed that Mrs. Penrose suggests a provision in the law by which the patentee is compelled to instruct licensees.

159. In the questionnaire issued, I enquired if they would favour a proposal by which it was made a condition of every compulsory licence that the patentee should impart

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"know-how"—enforced either by the withholding of royalties or by the revocation of the patent. The majority of the replies received expressed the view that the provision would be unworkable.

160. I entirely agree that there are grave practical difficulties in the direct enforcement of a rule requiring the imparting of "know- how". . In the first place as the information is unpublished and secret, there cannot be any check on whether the "know-how" imparted is what all that the patentees possessed. Secondly, as the essence of "know-how" is that it is secret, its details and the extent to which it had been imparted to a licensee cannot obviously be the subject matter of adjudication by the Controller or a tribunal of appeal. Further since "know-how" is an asset of the patentee, quite distinct from his patented invention, it would be unjust to insist on the communication of the "know-how" without further separate remuneration. In view of these and similar considerations, I have reached the conclusion that it is not feasible, however desirable it may be, to include the imparting of "know-how" as a term which the Controller might impose in drawing up a compulsory licence.

161. If then the direct enforcement of a provision for imparting "know-how" is not feasible, the next question is whether this result could be achieved by other means. It is from this aspect that I consider the provision for revocation for non-working or inadequate working, to be of value. If a patentee is working an invention adequately in the country, he fulfils the purpose for which he was granted the monopoly and normally he is not interfered with in his exploitation of the patent. It may be assumed that he would be deriving a reasonable profit from his venture and he cannot therefore complain. Where he does not work the invention himself, he might grant licences voluntarily to others to work the invention and in those cases it might be expected that it would be part of the bargain that the licensee should have the "know-how" imparted whether for a separately stipulated payment distinct from the royalty for the use" of the patented invention, or for a consolidated royalty payment. These cases present no problem.

162. It is only when the patentee neither works himself nor through licensees, that the need for compulsory licensing arises. If the statutory conditions are established, the licence is granted and so long as the licence is in force the patentee is assured of his royalty payments. If the invention cannot he worked by the licensee "without further instruction from the patentee there would be inadequate working notwithstanding the licence, and hence the conditions for the revocation of the patent would be satisfied. To avoid this contingency and ensure the continuance of the royalty payments, it would be to the interest of the patentee to supply the licensee with such additional instruction in his possession as to enable the latter to work the invention adequately. As it would be to the interest of the licensee also to work the invention and derive profit therefrom, it may be expected that the patentee and the licensee would arrive at a satisfactory arrangement as regards the payment to be made for the "know-how" so that the patent is maintained in force. This affords a further reason why I consider that it is essential to enact a provision for the revocation of a patent in the event of continued non-working.

163. My recommendation in favour of revocation of a patent even where a patent is endorsed "licences of right" if within two years after the endorsement no steps are taken to commence the working of an invention, would, I believe, induce patentees to start the working themselves or to persuade others to do so, with a promise of cooperation by imparting the "know-how" in an effort to save their patent rights.

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## Describing patented article by reference to a registered trade mark

164. The last of the reasons adduced by the Swan Committee touched on the handicap created by the trade marks under which patentees vended their products not being available for the licensees. The Indian Trade and Merchandise Marks Act, 1958 has made a distinct change in the law from what it was under the Trade Marks Act, 1940, the latter having incorporated the provisions of the U.K. Trade Marks Act, 1938 which was the subject of comment by the Swan Committee. Section 4(1) (b) of the U.K. Trade Marks Act, 1938 enacted that it was an infringement of the rights of the proprietor of a registered Trade Mark, for a person to use the same "in a case in which the use is use upon the goods or in physical relation thereto or in an advertising circular or other advertisement issued to the public, as importing a reference to some person having the right either as proprietor or as registered user to use the trade mark or to goods with which such a person as aforesaid is connected in the course of trade." This *obscure clause* was construed by the Court of Appeal in *Bismag Ltd.* v. *Amblins Ltd.*[25] as rendering the act of a defendant who used a different mark, but in a trade circular claimed that his goods were equal to and had the same therapeutic value as the plaintiff's product, the latter being referred to by its trade name, an infringement of the plaintiff's mark. Section 4(1) (b) of the U.K. Trade Marks Act, 1938 was copied in Section 21(1) (b) of the Trade Marks Act, 1940. But in the Trade and Merchandise Marks Act, 1958 this clause has, accepting my recommendation in that regard [See para 176 of the Report on the revision of the Trade Marks Act], been omitted [*vide* Section 29(1)]. The result is that though the patent licensee could not use the same or a deceptively similar trade mark of the patentee in the course of trade, unless he were a registered user, he might by reference to the patentee's trade mark use such expressions as "as good as" or "a substitute for" or "made by the same patented process as", I consider that this has in great part removed the difficulty to which the Swan Committee referred.

## Recommendation to set up special Government Unit to obtain information as to the working of patents

165. Besides the above it was represented to me by certain Indian licensees of patents held by foreigners that Indian industrialists were unwilling to make applications to the Controller for licences for fear of incurring the displeasure of the foreign patentees which might take the form of retaliatory action in those fields in which they were then collaborating. It was therefore suggested to me that *provision should be made for licences* being first obtained by Government the Indian manufacturers being thereafter invited to work these licences.

166. I consider, however, that though undoubtedly an applicant for a compulsory licence does incur a certain amount of odium at the hands of patentees in general—and there is nothing unnatural about it either—the degree of odium and the unpleasant consequences of this displeasure have been rather exaggerated. If for the maintenance of a patent in force the law requires that the invention should be adequately worked in the country the patentees would

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under Section 23A of the Indian Patents and Designs Act, 1911, the Central Government has been vested with the power to make an application for the endorsement of a patent with the words "licences of right", it does not appear that the right has ever been exercised though the provision has been on the statute book for over 8 years. The expansion of the grounds on which compulsory endorsements could be granted, and the provision enabling the Central Government to apply for the revocation of patents which are not worked in the country, would not serve the purpose for which they are framed unless a machinery is set up for enabling Government to act in the matter.

167. Clause 105 of the Bill enables the Controller to obtain information from patentees regarding the working of patents. Besides the Government in administering the Industries Development Act, 1951 are in a position to know in the several important industries scheduled to that Act whether the commercial working of a patent relevant to such industry has been started and if so what the quantum of working is. In these circumstances if a wing of the Commerce Ministry which deals with patents is entrusted with the task of obtaining information as regards the working of patents, the Central Government would be in a position to ascertain from the above and other sources the patents in regard to which action has to be taken by them. I would accordingly suggest the setting up of a unit in the Commerce Ministry for the above purpose. This unit might also have the function assigned to it of selecting "approved persons" for the grant of licences to work patented inventions relating to food and drugs etc.

## VI. GOVERNMENT USE OF INVENTIONS

### English Law as to Crown use

168. There is one other matter which I consider is intimately connected with the topic of compulsory working—the use of inventions by Government for their purposes. In [*Feather* v. *Queen*[26]] it was held by the Court of Queen's Bench that in the ordinary form of Letters Patent the Crown was not precluded from using a patented invention without the assent of or payment of compensation to, the patentee. It was however held that this was confined to the Crown and did not extend to contractors who were entrusted with the task of manufacturing and supplying articles for Crown use [*Dixon* v. *Small Arms Coy.*[27]]. This state of the law was however altered by Section 27 of the Patents etc. Act, 1883. The "officers and authorities administering any department of the service of the Crown, their agents, contractors and others" were empowered to use inventions "for the service of the Crown" on terms to be settled before hand and in default of agreement to be settled by the Treasury. The Patents and Designs Act, 1907 when originally enacted carried the provision in the same terms (*vide* Section 29). This section underwent substantial modification by the Patents Amendment Act, 1919, particularly in two respects: (1) in case of dispute as to the amount of compensation the Court was substituted for the Treasury as the competent forum; (2) agreements entered into by the patentee with third parties for the use of the invention were rendered inoperative in so far as they concerned the use for the purposes of the Crown. The "use" to which the invention could be put was however still confined to that of "service of the Crown". The provision stood

26. 1865 6 B and S 257.
27. 1877 AC 632.

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in this form when the position was examined by the Swan Committee. One of the matters urged before that Committee was that in the context of the widened functions of Government and the responsibilities which a welfare State assumed, the old concept of the use being confined to "service of the Crown" which in modern phraseology would comprehend only the activities which were conducted by the Government through its departments, was too narrow and required to be expanded. The Committee, however, pronounced against this suggestion.

169. In this connection it is interesting to note how strongly the U.K. adheres to the view that Government should not have the power to authorise the use of a patent except for what has come down historically as "Crown use". In 1953 the Government of the U.K. introduced in the House of Lords a Bill entitled "An act to make further provision as to the use for the service of the Crown of patented inventions" and "registered designs". The Bill sought to expand the scope of the provision in Section 46 of the U.K. Patents Act, 1949 (corresponding to Section 53 of the Patents Bill 1953) by making it applicable, *inter alia*, to

> Clause 1 (l) (b): "for the production of drugs, medicines or appliances required—
>
> (i) by the Minister of Health for supply to patients under Part II of the National Health Service Act, 1946, or in the exercise of functions transferred to him by the Transfer of Functions (Ministry of Pensions) Order, 1953, or for supply to the Northern Ireland Hospitals Authority or the Northern Ireland Tuberculosis Authority for the purposes of any of their respective functions; (ii) by the Secretary of State for supply to patients under Part II of the National Health Service (Scotland) Act, 1947, or in the exercise of functions transferred to him under the said order of 1953; or (iii) by the Minister of Pensions and National Insurance for supply to patients in Northern Ireland in the exercise of functions transferred to him by the said order of 1953;
>
> (c) for the production of equipment required by any Government department for supply to any authority or person under the Civil Defence Acts, 1937 to 1948, or the Civil Defence Acts (Northern Ireland), 1938 to 1950;
>
> (d) for the production of communication equipment required by any Government department for supply to fire authorities for the purposes of the functions of those authorities under the Fire Services Act, 1947, or the Fire Services Acts (Northern Ireland), 1947 to 1950."

The explanatory memorandum to the Bill stated:

> "Clause 1 deals with permanent powers of Government to use patented inventions and registered designs 'for the services of the Crown' under section 46 of the Patents Act, 1949 and the corresponding provisions of the Registered Designs Act, 1949. Subsection (1) lists a number of specified purposes which are to be treated as included among the objects for which inventions may be so used.
>
> Paragraphs (b) to (d) of the subsection include among the purposes for which inventions may be used certain functions of the Government in connection with the National Health Services, Civil Defence and the Fire Services in Great Britain and Northern Ireland, which involve the production of goods required for supply to members of the public or to local or police authorities."

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170. The Bill also contained provisions for compelling the disclosure of "know-how" in connection with the use of inventions for these purposes. The measure however met with much opposition in the House and it was withdrawn

171. The matter was thereafter referred to a Commitee under the chairmanship of Sir Harold Howitt and the terms of reference to that Committee were very limited being confined to considering "whether the Crown should have power to use in connection with defence contracts unpatented inventions and .. thereby to override contractual obligations as to such use" and on the recommendation of that Committee the Defence Contracts Act of 1958 was enacted. This enactment, as its name indicates, touches only the use of inventions and technical information in connection with "defence contracts". The provisions in relation to the use of patents by Government for the purposes of the health and fire services were abandoned.

## Recommendation that "Government use" might include use by corporations owned or controlled by Government

172. I shall be discussing this topic in more detail in the notes to Clause 53. In the first place I consider that in considering what should be deemed to be "Government Use" the widened concept of Governmental functions in a welfare State should be given due weight. Besides I do not see any sensible distinction between a State activity conducted by a Government department and one which is entrusted to a state-owned or state-controlled Corporation for this purpose. Largely it is convenience which dictates or determines whether a nationalised industry or activity is conducted directly by a Government department or through a public Corporation specially created for the purpose. The Minister in charge is ultimately responsible to Parliament for the proper conduct of the affairs of such Corporation and the fact that the Government or the Minister does not interfere in the day to day management of the Corporation is in my opinion irrelevant for considering whether or not the Corporation is in truth an organ of the State. This has more than an academic or theoretical value in the context of the present trends of the economy of the nation. Several fields of industrial activity which are essential to secure national well-being or which are considered necessary to achieve self-sufficiency and provide gainful employment, are what might be termed long-range projects. In some cases they might not yield immediate profits so as to attract private capital and in others, the amount of capital outlay required might be beyond private enterprise in this country; while in still others, considerations of public interest or economic policy might be the factors which determine that the undertaking be run by the Government itself. In all these cases in view of the requirement for a specialised management of a commercial pattern, a State-owned or a State-controlled corporation may be set up to carry out the venture. These industrial undertakings might have need to use patented inventions. If the law were as in the United Kingdom, these public corporations would have to apply for compulsory licences or the Central Government for endorsement, and to succeed in this, three years would have to lapse from the grant of the patent and the statutory conditions for the allowance of the application would have to be established. If, as I stated earlier, there is little or no distinction between an undertaking run directly by a Government department and one run by a State Corporation whose vital policies are directed by Government and whose profits, if any, go to augment the State revenues, it stands to reason that an undertaking carried on by such a public Corporation should have the same rights as a Government department. I therefore recommend an expansion of the concept of "Government use" so as to include

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use by Government undertakings, the details of which I have reserved for discussion to my notes to the relevant clauses (Clauses 53 to 55). This expansion would enable these public corporations to use patented inventions on term of payment of reasonable compensation as determined by the statutory procedure (*vide* Clause 55) without having recourse to the procedure by way of application for compulsory licences. I believe that in conjunction with the provisions as to compulsory licensing and revocation for non-working which will specially assist what is termed the private sector and the proposed expansion of the definition of the term "Government use", which will effectively assist "the public sector", patent monopolies will be made to subserve national interests and will cease to be a handicap to industrial progress as they generally are, in an under-developed country.

## Statutory fixation of royalties not feasible

173. The question has been mooted, whether there would not be advantage in the statute laying down the principles which should guide the Controller in fixing the amount of royalty payable under compulsory licences, and in particular, whether the Act should not specify the maximum rate at which these royalties could be settled. In the questionnaire issued by me, I invited opinions on the point and the very large number of those who answered this question expressed themselves against such statutory fixation. Two points were urged against the proposal to fix by statute the maximum rate of royalty: (1) that the reasonable percentage usually accepted for voluntary licensing varied from industry to industry and (2) that it was not feasible to arrive at a rate which would be reasonable for licences in respect of each and every invention. I see considerable force in these objections. There are large variations in the rates of royalty prevailing in different industries that it is not possible to fix a uniform pre-determined maximum rate. Such a pre-determined rate would have to be sufficiently high to cover those cases where owing to the amount of expense incurred in evolving the invention or the amount of profit that is derivable from the exploitation, the normal rates of reasonable royalty are high. But such a high rate would operate unfairly in the case of those industries where royalties are usually lower. It was also impressed upon me that if the statute fixed a maximum rate, there would generally be a tendency for the licensors to demand that figure and for the Controller to fix it at or near that rate and I consider this argument has force. For these reasons I have thought it not desirable to recommend that the statute should fix the maximum rate of royalty that could be allowed by the Controller.

## Matters for consideration in fixing royalty

174. The fixation of reasonable amount of royalty payable for the use of the patented invention has to be arrived at on such a large number of factors, depending on the facts of each case, that it is not practicable nor even desirable that these should be put in a straight jacket. I have therefore contented myself with suggesting three principal matters for inclusion in the enactment in fixing royalty: (1) that the royalty payable to the patentee or other person beneficially entitled to the patent is reasonable, having regard to the nature of the invention, the expenditure incurred by the patentee in making the invention or in developing it and other relevant factors [*vide* clause 42(2) (a) (i)]. This is a slight expansion of the terms of the U.K. provision 39(2) (b), (2) that the royalty must be such as to enable the licensee to work the invention with reasonable profit [*vide* Clause 42B (2) (a) (ii) ], and (3) that the patented

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articles are made available to the public at reasonable prices. The second factor is new only in the sense that it is not to be found in the U.K. Patents Act, 1949 but it appeared in Section 27(4) (a) of the Patents Act, 1907—46 which ran—

> "(4) In settling the terms of any such exclusive licence .... due regard shall be had to the risks undertaken by the licensee in providing the capital and working the invention but subject thereto, the licence shall be so framed as—
>
> (a) to secure to the patentee the maximum001c20(e )-a license [illegible]C' ittkilcu tt25ar26adudi6t25()21(a)-17(n)]TJ[illegible]l-0-1 1 Tfl[illegible]020[illegible]TJ[illegible]l-0-0 1 Tfl[illegible](t)-27(t)-11(k)-18(i)-5(25(w)

[illegible]ert4i-9Iinto59I99r-17(h)-2(a)]TJ[illegible]l-0-1 1 Tfl[illegible]2[illegible]020[illegible]TJ[illegible]l-0-0 1 T99r19((e)16)D[illegible](i)-16(n)edu99r122(t)-16

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3us51ef16s1-(e0)122(t)-16(h)3(22)ba19(i)-9(s)8422hofl[illegible]27[illegible]blici 6(r9(ee)-fl[illegible]et)3[22(-15(6)-17(n)]TJ[illegible]l-0

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International Convention which required that a period of 3 years should elapse from the date of sealing before an application for compulsory licence could be entertained.

## "Approved persons" for licensing to be selected by Government

179. The two basic features of the compulsory licensing provision in regard to patents for articles of food and medicine etc. in the U.K. and under Section 23CC of the Indian Patents and Designs Act, 1911 are: (1) that no time need elapse after the grant of the patent before the application for compulsory licence could be filed; (2) that the applicant is entitled to the grant of the licence without proof of any abuse "unless the Comptroller *sees good reason not to grant* the application". These words excepting which I have italicised are not very clear but have generally been understood to mean, that the applicant is entitled to the grant of the licence unless the Controller considered that the particular applicant should not for proper reasons be entrusted with the privilege of working the invention. The vagueness, however, of the phraseology, the wide discretion of the Controller and the fact that the fitness of the applicant could be challenged in the proceedings before the Controller by the patentee have been stated to be responsible somewhat for the reluctance of persons to make applications for compulsory licences. I see some force in this criticism. The remedy I would suggest for meeting this situation is to vest the power of selection of proper persons for working food and drug patents in the Central Government who under the Industries (Development and Regulation) Act, 1951 control the starting of new manufactories. If the individual or organisation to work some line of the pharmaceutical industry has been selected by the Central Government (and at this stage the matter is decided *ex parte* by the Government,) such an approved person would be entitled to demand a licence from the patentee and if they are unable to agree as to the terms thereof, the Controller decides the dispute and settles the reasonable terms of royalty etc. I consider this procedure an improvement over the present section 23CC and that it avoids the inconvenience and uncertainties that attend the obtaining of a licence under that provision and would recommend its adoption. I have set out the details of my proposals in the notes to and in the redraft of clause 45.

## Revocation for inadequate working

180. One other recommendation I would add in regard to these patents (for food and medicine etc.) is a provision for enabling them to be revoked if they are not adequately worked after a reasonable interval after they are sealed. This is apart from the general provision for revocation on the ground "that the reasonable requirements of the public with respect to the patented invention have not been satisfied" within 2 years after the grant of a compulsory licence or compulsory endorsement (Clause 41B). In the U.K. under the Patents Act, 1949, the ineffectiveness of a licence granted under Section 41 of that Act (corresponding to Section 23CC of the Indian Patents and Designs Act, 1911) to achieve adequate working of the invention does not entail the revocation of the patent. In the circumstances prevailing in India, I can visualise several inventions of prime importance to national health and well-being not being worked in the country and the patentee relying on the patent to secure a monopoly of importation. If the penalty for inadequate working in the country of an invention after an interval from the date of the grant sufficient to enable the patentee to work it himself or instruct licensees sufficiently to work here, were the revocation of the patent, the country

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would have one of two advantages —either an adequate working by the patentee or those claiming under him so as to maintain the patent and derive the economic advantages of the patent protection or the elimination of a patent that serves no purpose except to secure to the patentee a monopoly of importation. The securing of either of these purposes is desirable and that is the justification for my recommendation.

## Summary of discussion and recommendations in regard to compulsory working etc. of patented inventions

181. It will now be convenient to summarise the discussion and my recommendations in regard to the compulsory working of inventions: When under-developed countries adopt the patent system as the method of remunerating inventors and as the means for stimulating industries and technological progress, it is found that a large majority of patents is obtained by foreign nationals, particularly from the more highly industrialised countries of the world, with which they have economic and trade relationships. The patentees work their inventions in their home countries, where the working strengthens that country's economy, or in some other place which affords them the chance of making the most profit, and utilise the patent protection for securing to them a monopoly for the importation of the patented article in the country granting the patent. Sometimes these patents are used as a means of blocking industrial progress of the country granting the patent if that would enhance the profit of the patentee; but even when not so abused, the existence on the register of such unworked patents causes considerable harm to the national economy of the country granting the patent.

182. Two methods have usually been adopted by countries which have been faced with this problem of the patents granted in the country being owned by foreign nationals who have no interest or inclination to work their patents in the country. These are:—

(1) the granting of compulsory licences in favour of those desirous of working the invention on payment of reasonable royalty determined by designated public authorities or courts, and

(2) the revocation of patents which are not adequately worked within the country.

183. Questions have often been mooted as to whether the devices of compulsory licensing and revocation for non-working serve any useful purpose or achieve the object of securing an adequate working of the invention within the country. It is a fact that the number of applications for compulsory licences or for the revocation of patents for non-working are very few compared to the number of patents on the register, and even to the number of patents which are not worked. Four principal reasons have been assigned for this phenomenon:

(1) The mere existence on the statute book of provisions for compelling patentees to grant licences induces them to grant licences voluntarily on reasonable terms.

(2) The obscurity of the statutory language of the conditions on the establishment of which compulsory licences could be obtained and the narrow construction which the courts have been inclined to adopt of these conditions have tended to nullify the intentions of the Legislature in designing these provisions.

(3) In modern times, very few inventions could be worked merely on the basis of the information contained in the patent specifications, without the imparting of further

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technological details of working, comprehensively termed "know-how", which patentees are usually unwilling to impart to licensees who are forced on them.

(4) Patented products are usually marketed under well-known registered trade marks which cannot be used or even referred to by licensees in connection with the sale of the goods made by them unless authorised by the patentee.

184. The last of the above grounds raises really a question as to the proper provision to be made in the law relating to trade marks and I believe that the changes made in Section 29 (1) of the Trade and Merchandise Marks Act, 1958 as compared with Section 21(l) of the Trade Marks Act, 1940 would to a large extent overcome the difficulty pointed out.

185. The real difficulties to be surmounted are in relation to grounds 2 and 3 above. I have endeavoured to solve them by—

(1) enlarging, as compared with the U.K. and other Commonwealth countries, the grounds on which compulsory licences or compulsory endorsement of "licences of right" could be obtained—

(a) by deleting all references to the invention being capable of being commercially worked within the country,

(b) by making it available even in cases where an export market has to be created for the manufactured product,

(2) modifying the language so as to obviate the narrow construction of the existing phraseology in the United Kingdom, and

(3) providing for the revocation of a patent in cases where a patent is not worked adequately to meet the demand for the article from manufacture within the country at any time after two years from the grant of a compulsory licence or two years from the grant of a compulsory endorsement, the latter being a variation from the law in the U.K.

186. In relation to patents for inventions in respect of articles of food and medicine, the Indian Patents and Designs Act, 1911, as amended in 1952 introduced substantially the same provisions as are found in Section 41 of the U.K. Act of 1949. The vagueness of the ground on which the Controller may disallow an application for a compulsory licence under this provision has been said to contribute to the hesitation to make application.

The main changes I suggest to solve the problem regarding these inventions are:

(1) To vest in the Central Government the function of choosing those who might be entrusted with the task of working these inventions, and to enable the persons so chosen to obtain licences from patentees on demand, any dispute as to the terms of the licence to be settled by the Controller.

(2) To provide for the revocation of those patents which are not worked in the country adequately to meet the demand for the product within a period of 4 years from the sealing of the patent.

187. I consider that these provisions would (a) induce patentees voluntarily to grant licences readily and on reasonable terms, (b) induce patentees even in the case of compulsory licences to impart "know-how" to the licensees in order to prevent their patents from revocations and

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(c) enable the elimination of those patents which no one is willing to work in the country but which hurt national economy by serving merely to confer a monopoly of importation on the patentee or otherwise hamper progress or block the working of other inventions.

188. The above deal with the provisions made for facilitating the use of patented inventions by individuals desirous of working them in the country. Besides these, however, the Government might have need to use inventions for their purposes. In regard to this, account had necessarily to be taken of the expansion of the functions of a welfare State in the field of industrial production.

189. If the State or the public corporations through which the State carries on generally its industrial activities, had to resort to the compulsory licensing provisions before it could utilise patented inventions in its several factories, there would be considerable delay besides other inconveniences. This I have sought to overcome by expanding the concept of "the service of the Crown" for which inventions could be used in the U.K. Act, and in the Bill. The result of the expansion would be that the Central Government might if they consider it necessary authorise any Government undertaking to utilise any patented invention without reference to the patentee, the compensation therefor being determined, in the event of dispute, by the High Court on reference.

## VIII. OTHER TYPES OF MONOPOLY ABUSES, RESTRICTIVE TRADE PRACTICES AND MONOPOLISTIC COMBINATIONS

190. A proper patent law and particularly that branch of it dealing with compulsory working, results from the balancing of three factors: (1) the reward to the inventor so as to stimulate and accelerate invention, (2) ensuring of freedom from competition so that venture capital would be forthcoming to exploit the invention and (3) the interest of the community that inventions are worked in the country within as short a time as possible after the grant, and on as full and ample a scale as practicable—and that if they are not so worked, but are utilised to secure a monopoly of importation, they are promptly enabled to be revoked. In the recommendations I have made in relation to the topic of compulsory working, I have constantly borne these factors in mind and I consider that my recommendations if implemented would improve our patent law so as to minimise abuse of monopoly rights and render it a valuable instrument for industrial advance.

191. So far I have been dealing with one type of abuse of patent rights, namely, by non-working in the country to block industrial progress or to secure a monopoly of importation and the measures to counter that abuse. There are two other types of abuse resorted to in using or working the invention within the country and these consist (1) in using patent rights as a lever to obtain a more extended monopoly or one for a longer duration than what the law allows, by the insertion of conditions in sales, leases or licenses in relation to patented articles or processes and (2) in the utilisation of patents or a group of patents as a nucleus for the formation of combinations and cartels aimed at monopoly control of production and distribution.

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## Statutory provision against restrictive practices in the U.K. Act of 1907.

192. Before dealing with these two types of abuses it would be convenient to set out in general terms the nature of the problems. It was held by the Courts in England that subject to the rules evolved by the common law as to restraint of trade, patentees were entitled to impose any condition on the sale or lease of articles manufactured under the patent. Some of the conditions which were imposed on the lessees etc. included the prohibition of the purchases of other unpatented articles from sources other than that specified by the patentee, or the use of any other article which could be utilised for a similar purpose, the use of the inventions of other patentees, stipulations requiring the payment of royalties even after the termination of the patent, and the requirement to purchase solely from the patentee both during the life of the patent and even afterwards unpatented articles needed for the use of the invention.

193. This form of abuse became so pronounced in England that Parliament intervened and enacted Section 38 of the Patents and Designs Act, 1907. Stipulations in contracts relating to the sale or lease of patented articles and in licences under patents, requiring the purchaser, lessee or licensee to purchase unpatented articles from the patentee or his nominee, or restraining him from using other patented inventions were invalidated. Section 38 also contained a provision for enabling the repudiation of stipulations for the continued payment of royalty even after the termination of the patent [*vide* Section 38(2)]. During the passage of the Bill through the House of Lords, two provisos were, however, introduced in the interests of the patentees which greatly reduced the effectiveness of the provision, [*vide* provisos to Section 38 (1) of the Act of 1907]. For instance the first proviso saved from the operation of the main section, those cases where the patentee offered an alternative contract which did not contain the restrictions regarding the purchase or use of unpatented articles. This provided an easy loophole and accordingly patentees offered alternate contracts which required the payment of such exorbitant royalties as to leave no option to the lessees and licensees but to accept the contract containing the restrictive terms regarding the purchase and use of unpatented articles—(see Swan Committee's Second Interim Report page 35).

## British United Shoe Machinery Case

194. The nature of the problem which the U.K. had to tackle and the effectiveness of the provisions enacted are thus described in an article in the "Economist" (January 16, 1943) thus:

> "* * * The present structure of the patent law was built up at a time when free competition between large numbers of firms, many of similar size, was the rule, and when there were virtually no giants. * * * The Act of 1907 did contain clauses designed to prevent some of the abuses which had been common. But the whole of many industries had become so largely dominated by a few concerns, and the policy of industry so dependent upon extracting uncovenanted benefits at the expense of the general community, that nothing less than a radical overhaul of the whole system of encouraging invention and securing the passing on of benefits could have been of any avail.
>
> However this may be, there is no lack of evidence that the existing system acted as a definite encouragement to, and instrument of, monopoly. The case of the British United Shoe Machinery Company was a classic at the time of the Patents Amendment

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Bill, 1918. That is now a quarter of a century ago, but machinery recently introduced is leased under almost identical conditions, while the terms of the United Shoe lease tied those who accepted it for twenty years, and contracts under these leases are believed to be still running. In cases of this type, a concern secures, by patent, the monopoly to make and supply a given machine. This is not sold outright, but leased to the user who has the option of two forms of lease. One leaves him free to do as he will, the other which is much cheaper contains a number of restrictive clauses. Under the latter, the lessee must work the machines for the period of the lease, whether he is, in fact working at a profit or a loss. If he wishes to expand his business he can only do so by taking over new machines from the same lessor, thus extending the period for which he is tied. All subsidiary machines must be taken from the same lessor, and if materials of a special nature are involved in the operation of the machines, they too may have to be purchased from the lessor. If improvements are made in machinery of the type concerned, but these cannot be supplied by the lessor, they must not be incorporated; nor may the lessee make improvements or adjustments of his own. Every fresh lease protracts the period for which the unfortunate lease is tied.

It may be asked why any industrialist ever accepts such terms when there is an alternative, prescribed by law which is free from such restrictions. The answer is that the terms for free use are so much higher that it is virtually impossible to accept them, once a competitor has taken the other. Should no existing unit in the industry be found sufficiently subservient to accept them, the solution is not far to seek. Granted that the lease is, or is the associate of, one of the modern mammoth concerns, money can always be found to set up a new competitor who is the servant of the lessor. It is of course true that this whole argument assumes that the machines leased make it possible to produce goods either better or cheaper than is possible without them. That is true; and their general adoption is in the first place a benefit to society. But it is clear that such a system makes it relatively easy to squeeze out of existence both all smaller competitors in the manufacture of similar machinery, and thereafter all those makes of similar machine products who will not accept the lease… In the absence of effective competition at an important stage in any train of industrial operations it is possible by abuse of the monopoly conferred by the Patents Act to restrain in a thousand ways the activities of those who require the product which is the subject of the patent. Once that product is essential for efficient productions, those who require it can be made to deal entirely with the owner of the patent to obtain supplies; to dispose of products, or to secure services, to any extent which the latter desires. Further, the would-be buyer can be prevented from entering upon any course of action which is displeasing or inconvenient to the patentee. The alternative to accepting his orders is to go without the patented article, which may mean abandoning that particular line of business."

## No provision for avoidance of restrictive practices in the Indian Act

195. The Indian Patents and Designs Act, 1911 which was largely modelled on the U.K. Act of 1907 did not however, contain any provision for countering this type of abuse. The Patents Enquiry Committee did not consider this question and made no recommendation as regards the desirability or otherwise of including a provision on the above lines though the U.K. Patents Act, 1949 (*vide* Sections 57 and 58) re-enacted these with some alterations. The

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Bill however, in clause 99 proposed for adoption a part of the provisions in the U.K. Act, 1949 (Section 57) omitting Section 58 dealing with contracts for payment of royalty etc., after the patent has ceased. I consider that clause 99 is essential for inclusion and in the notes on that clause I have suggested the changes that should be made to make the provision effective. Besides, in the notes on clauses I have recommended the inclusion of a clause on the lines of section 58 of the U.K. Act, 1949 for dealing with those cases where a patentee improperly attempts to extend the term of the patent monopoly. In the notes to the relevant clause (clause 99-A) I have set out the drafting changes needed to obviate unjust result, which flow from Section 58 of the U.K. Act, 1949.

## Cartels and monopolistic combinations

196. The second type of abuse is more insidious and productive of greater harm to the public interest. In the early days of the Patent system, the inventors who were rewarded by this grant of monopoly were those termed as lone inventors, individuals who spent their time, skill, energy and most often their entire means in solving industrial problems in the hope of obtaining some reward. In such a situation two conditions obtained: (1) There was no excessive concentration of economic power by the reward thus obtained, and (2) the reward itself was obtained by the working of the invention which was the only manner by which it could be put to beneficial use. Things, however, became altered since the 19th century particularly the latter half. Though the lone inventor has not altogether disappeared, it is not incorrect to say that the successful inventor of today is one of a group or a team working in the research laboratories of mighty corporations. The grant of a patent monopoly for inventions made by such research organisations or corporations has had a mixed effect. The immense wealth of these corporations has enabled them to set aside large funds for organised research for evolving inventions by means of trial and error. The result of this has been a very intensive research activity, a portion of the profit obtained from the inventions being ploughed back for research because of its paying good dividends. Besides inventions evolved by their research teams, these corporations also acquire by purchase inventions of others in the field of activity in which they are interested. This has also led to an excessive concentration of economic power in the hands of particular individuals or groups, a power not always utilised in the interests of the community.

197. Bennett speaking of the role of International cartels whose interlocking arrangements threatened national security during the war says:

> "Facts disclosed during World War II provide numerous illustrations of the role that patents play in effecting international cartels. Little would be gained by further documenting the tendencies that already have been indicated, but the conflicts of business and national interest that result from international cartels based upon patents have received such wide publicity as to warrant consideration.
>
> The use of patents to obtain nationalistic advantages for war purposes was an issue in the synthetic rubber controversy of 1942, which became a matter of great individual and national concern when the Japanese gained their early military successes in the natural rubber-producing regions of the Western Pacific. The controversy was closely linked with agreements that provided for the interchange of patents relating to

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synthetic rubber between an American organization, the Standard Oil Company (New Jersey) and its subsidiaries, and the I. G. Farbenindustrie of Germany."

(Bennett: "The American Patent System", p. 217).

## Anti-trust Laws in the U.S.A.

198. Though it is possible that there might be cartels and monopolistic combines, which eliminate competition in various degrees, which are not based upon patents, yet there is no doubt that patent pools and cross-licensing have played a vital role in the creation and maintenance of such institutions. It is therefore, not without significance that the first Anti-trust law was enacted in the United States. Under the Sherman Act, 1890 "every contract, combination... or conspiracy in respect of trade or commerce among the several states or with foreign nations" was declared illegal and every person entering into such contract etc. was declared guilty of misdemeanour. The decisions on the Act are voluminous and I do not consider that it is necessary nor possible within the compass of a report dealing with the reform of the Patent Law to deal with the details of the American Anti-trust law or practice. The U.S.A. has also enacted legislation dealing with other peculiar forms of restraints on freedom of trade. The Clayton Act, 1914, sought to counter the evil of discrimination between different purchasers of the same commodity and these provisions were strengthened and several forms of similar monopolistic practices were dealt with by the Robinson-Patman Act, 1936.

## Laws against restrictive monopoly practices in Canada, France, Sweden, the U.K. and other countries

199. There is legislation on similar lines in Canada. Under the Combines Investigation Act, 1923 which strengthened the provisions of the Criminal Code it was made an offence to be a party to an agreement or arrangement designed to have the effect *inter alia* "of fixing a common price or a resale price or of preventing the lessening of competition in or substantially controlling in any area, the production, purchase or sale of any article". While the enactment of 1923 was primarily concerned with collective action and with monopoly practices as such, there was an amendment of this Act effected in 1951 by which resale price maintenance arrangements were prohibited, including the refusal to sell for the purpose of enforcing resale price maintenance. There are similar enactments in France where the basic law contained in Art. 419 of the Code Napolean Penal was amended in 1926 and again in 1953 and 1954. Norway and Sweden have similar laws which have been recently (1953-54) amended to render them more comprehensive. The U.K. was really late in the field, her first statute on the subject being of 1948 [The Monopolies and Restrictive Practices (Inquiry and Control) Act]. This however, has been greatly added to and strengthened by the Restrictive Trade Practices Act, 1956.

## Appointment of Commission to inquire into monopolies and restrictive practices in India suggested.

200. I have set out these facts to emphasise that monopolistic combinations and restrictive trade practices are a universal feature of capitalistic economy and that special legislation is

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needed to protect the public from these practices. The rule enacted in Section 27 of the Indian Contract Act regarding contracts in restraint of trade is much too weak to touch even the fringe of the problem.

201. I am however, not dealing with this matter in any detail for two reasons; first, though patents might sometimes form a convenient nuclei on which monopolistic combinations (and restrictive practices which are the concomitant of combinations and to effectuate which the combination might come into existence) are based, the problem cannot be solved by any amendment of the Patents law but only by dealing with it comprehensively so as to touch the manifold forms which these combinations might assume and in which they could operate. This has been the manner in which legislation in other countries has tackled the problem and with reason. Secondly, any solution that is offered must be related to the precise manifestations of the combination or restraint which obtains in the country at present. There are no materials available on the basis of which this information could be gathered. It does not need any argument to establish, that without an evaluation of the evil, its nature and extent, the remedy to counter it cannot be devised.

202. For these reasons I have not thought it possible to make any recommendations in regard to this matter. I cannot however pass from this topic without stating that I do not believe India to be an exception to the general rule regarding the existence of combinations and restrictive trade practices which are contrary to the public interest. In this connection I will with advantage extract a passage from a recent work on the subject. The authors observe:

> "Restrictive trade practices are as old as trade itself. They represent nothing more than the attempts of intelligent men to interfere, to their own advantage, or that of the industry in which they are engaged, with the free working of supply and demand and with the results of competition. As to practices, the advantages of cornering the market were known to the ancient Egyptians; papyri are in existence which show the existence of private monopolies in wool and cloth, and a schedule of merchandise which dates from about 3000 B. C. is known, which shows an attempt to fix prices as against those prevailing in free competition. In Greek times the astronomer Thales, having ascertained from the stars that the olive crop for the forthcoming season was likely to be particularly copious, arranged some months in advance to hire all available olive presses, thus proving that philosophers, as well as academic economists, can achieve economic independence.....
>
> Moreover, just as the practice of restriction is endemic in commerce, so the State has from the earliest time sought to interfere by legislation with sectional profit making. There are monuments in India, dating from some centuries before Christ, recording regulations to prohibit merchants and producers from making collective agreements to influence the natural market prices of goods by withholding them from trade: boycotts are mentioned amongst other punishable offences as well as any interference with buying and selling of others, and throughout history sovereigns, constitutional or otherwise, have attempted to repress private monopolies with one hand while often granting monopolistic privileges with the other."
>
> (Wilberforce Campbell and Elles "The Law of Restrictive Trade Practices and Monopolies" 1957—pages 2 and 3).

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203. I would therefore recommend the appointment of a commission to enquire into the existence of monopolies in this country in the sense in which the term is understood in this field of the law and the prevalence of restrictive trade practices which are detrimental to the interests of the public generally and to suggest measures to remedy the evil if found to exist. In the context of the large scale industrialisation of the country that is proceeding apace, I consider that such an enquiry would be found to yield fruitful results and constitute an assurance to the general public that the economic advantages resulting from the country's advance are not being diverted to individual aggrandisement.

## IX. OPPOSITION PROCEDURE

### Proposal of the Patents Enquiry Committee to delete provision for opposition

204. There is one matter relating to the procedure for the grant of a patent which is of sufficient importance to be dealt with here and not be relegated to the notes on clauses.

The Patents Enquiry Committee suggested a radical change in the procedure for obtaining a patent by the elimination of opposition proceedings. The reasons underlying their recommendation to drop the provisions relating to opposition proceedings are set out and discussed in paragraphs 146 to 155 of their Report. After explaining that the purpose of these proceedings is to ensure that as far as possible an invalid or defective patent is not sealed, they adduce the following matters as rendering the change desirable:—

(1) The proceeding for opposition before the Controller is not less expensive than the proceeding for revocation before the Court.

(2) The existence of opposition proceedings delays the grant of patents by reason of the necessary extension of time caused by such proceedings. They calculate this as entailing a delay of at least nine months after the acceptance of the application and add:—"If the opponents resort to dilatory tactics, that delay may be longer still. Numerous instances have been brought to our notice where the opposition proceedings have lingered on for three years."

(3) Starting on the premises that opposition proceedings are mostly unsuccessful, they conclude that the delay which ensues thereby causes substantial loss to the patentees by reason of the fact that their time and resources which could be concentrated on the development of the invention are frittered away in meeting the challenge of the opponents.

(4) A further reason adduced is that as the grounds upon which the validity of a patent can be questioned in a revocation proceeding are more extensive than in an opposition proceeding, the latter is unnecessary as being not effective to test the validity of a patent.

(5) They also urged that as the decision of the Controller in an opposition proceeding did not conclusively establish the validity of a patent because the validity of the patent might still be challenged in revocation proceedings, opposition proceedings were of no substantial value.

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(6) Lastly they stated that representations had been made to them that opposition proceedings were being invoked for the purpose of blackmailing the applicant by threatening him with expensive litigation.

205. For these reasons, the Committee recommended that proceedings for opposition should be replaced by a procedure by which after the acceptance of a specification, and its being thrown open to public inspection by advertisement, there should clapse an interval of four months within which any person interested might inform the Controller of any grounds upon which the grant of the patent might be withheld by him, and if after considering the points set out, he came to the conclusion that the objection was well-founded, he could refuse the patent. This recommendation is set out in statutory form in Clause 21 of the present Bill.

## Committee's proposal retrograde

206. Having considered the matter carefully, I have arrived at the conclusion that the proposed step of eliminating opposition proceedings is retrograde and that it is neither in the interests of the patentees themselves nor calculated to further the progress of research or industry in India.

207. Before dealing with the several reasons adduced by the Committee a few figures regarding the number of oppositions entered in relation to the number of applications filed might help to a proper appreciation of the problem. During the eight years 1950 to 1957 the total number of applications for patents in India were 20,222 and the total number of oppositions entered were just 140. I shall discuss the break up of these figures a little later but the figures themselves might be useful to correct any impression that proceedings by way of opposition had lent themselves to a sort of blackmail which was being freely availed of to the great detriment of inventors seeking patent protection.

## Patent systems classified—The Examination system and the Deposit System

208. There are two main systems relating to the grant of patents prevailing in the several countries of the world, the registration system and the examination system. Under the registration system, the Patent Office merely checks the formalities of the applications and receives fees but does not guarantee in any measure the validity of the patent. This is the system which is prevalent in France and Belgium and in certain South American countries. The other is the examination system. Under this system the Patent Office examines not merely whether the application and the specification formally comply with the requirements of the law but also undertakes a scrutiny of the essential characteristics of the invention for which protection is claimed particularly in relation to novelty. Under the pure examination system, the Patent Office should guarantee the validity of the patent, but most countries have adopted a modified examination system under which there is as thorough an examination as possible of the prime requirements of an invention to justify the grant of a patent, but leave it open to any interested person to attack the validity of a patent notwithstanding the grant. It is this type of examination system that was introduced into the German Patent Law by an Imperial Decree of 1877. This system is stated by Dr. Ing as having greatly helped the German industry by assuring the patentees of a certain degree of validity such that they were encouraged to raise resources in starting the industry for working the invention.

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## Patent procedure in the U.K.

209. Great Britain started with almost a pure registration system but adopted the German examination system in her Patents Act of 1883. That enactment introduced an examination of specifications for ambiguity, sufficiency of description, disconformity and a few other matters. Until 1902, the examination by the Patent Office did not extend to the novelty of the invention. The Patents Enquiry Committee presided over by Sir Edward Fry suggested this enlargement of the scope of examination by the Patent Office and in their report they adduced the following reason for their recommendation:

> "We are of opinion that the grant of invalid patents is a serious evil inasmuch as it tends to the restraint of trade and to the embarrassment of honest traders and inventors."

The Patents Act of 1902 provided for this examination and its scope was further enlarged by the Amending Act of 1932. "Obviousness" or "subject-matter" was still outside the scope of examination until the Patents Act of 1949 to which I shall advert presently.

210. Stated broadly an opposition proceeding constitutes an extension of the investigation undertaken by the Examiner. No doubt there are some grounds open in an opposition proceeding which are not the subject of scrutiny by the Examiner, for instance the ground of prior public user but these are matters of mere detail. What I desire to emphasise is that the history of the patent legislation of the U.K. shows that new matters for examination, and necessarily for opposition have been added from time to time and there has never been any change in the reverse direction, of diminishing the scope of examination or opposition. It is in the light of this history that I consider the proposal of the Committee a retrograde one. I might at this stage refer to the extension of the grounds of opposition in the U.K. by the Patents Act of 1949 by which an objection on the score of "obviousness" or "lack of subject-matter" was brought in. This was based on the acceptance of the recommendation of the Swan Committee. In their second interim report the Committee referred to the representations made to them that the scope of the grounds of opposition ought to be enlarged, to comprehend "subject matter". They accepted the force of these representations and expressed themselves thus:—

> "To grant a patent, even though it may be subsequently revoked, for something which quite obviously possesses no inventive merit whatever, is *prima facie* contrary to public policy and contrary to the purpose of the patent law, whose object has always been to encourage genuine inventions without imposing undue restraint upon normal industrial development. Against this, it is urged by those who object to any extension of the Comptroller's powers in this direction, that little or no harm is done by the continuance of such a practice. We are not convinced of the truth of this plea. The evidence we have heard satisfies us of the fact that people are deterred by the risk that legal proceedings for infringement may involve so serious an expense to the defendant as to deter him from challenging the patent. Thus, an obviously invalid patent may act as a formidable deterrent, and discourage a manufacturer from pursuing research, or from adopting improvements in methods of manufacture which involve nothing more than the application of the normal technique and skill of those experienced in the art."
>
> "The Patent Offices of the principal industrial countries, particularly those of the United States, Germany, Sweden and Holland have power to refuse applications for patents, which, in their opinion, are lacking in subject matter....Several witnesses have expressed the view that patents granted by the Patent Offices of countries which in

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addition to making a wide investigation for novelty, take the question of subject-matter into account have a higher validity value and therefore a better chance of commercial exploitation than the patents granted in countries where the question of subject matter is not considered.... Incidentally it may be observed that the investigation for novelty, which today is an accepted and valued feature of our patent system, was when first proposed before the Fry Committee of 1900, strongly opposed by a number of witnesses as likely to be an expensive and dangerous innovation....As a logical corollary to our recommendation that the Comptroller should have power to reject an application on the ground of lack of subject-matter, it follows that he should similarly have power to refuse the grant of a patent on the same ground in opposition proceedings."

## Absence of opposition procedure in the U.S.A. Patent law has led to difficulties

211. The opposition procedure which originated in Germany and formed an adjunct as it were to the examination system is the common feature of the Patent laws of all countries which have adopted the examination system except the U. S. A. and Canada (the latter following in essence the Patent law of the U. S. A.) in both of which a highly complicated "interference" procedure obtains. Speaking about the difficulties caused by the American patent system, which does not make provision for opposition proceedings (the interference procedure for which the American and the Canadian Patent Acts make provision being directed to determine priority of invention and not the patentability, of the invention disclosed in an application), Rossman says in his "Psychology of the Inventor" at page 172:

> "...Claims and patents are allowed which should never issue on account of poor searches by inexperienced examiners. These invalid patents harm not only the inventor but also the public for they may be the basis of expensive litigation costing thousands of dollars."

Dealing with the suggestion for the introduction into America of a system of opposition procedure as obtaining in Great Britain, Professor Fox says: (Monopolies and Patents, page 279-280):

> ". . . . the solution has been suggested as lying in the giving to the Patent Office of the power to entertain proceedings directed to obtaining the cancellation of issued patents comparable to the opposition proceedings in Great Britain ... The United States National Resources Planning Board has suggested this reform in its report: 'The issuance of many unmerited patents might be forestalled by the publication of applications to make possible the challenge of patents on grounds that might otherwise be unknown to the patent office.' This suggestion was made upon the basis of eliminating a great deal of the crushing expense which attaches to patent litigation."

## Opposition proceeding necessary in the public interests

212. Taking the several grounds urged by the Patents Enquiry Committee in favour of their recommendation to delete the provision for opposition proceedings, I feel unable to accept the soundness of any. As regards cost, the experience in other countries where litigation costs are very much larger than in India, points to the fact and there does not appear to be any

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difference of opinion on the point, that the costs before the Controller are very much less than before the Court. I have no reason to think that the position here is any different.

213. In cases where an opposition is entered, the grant of a patent would necessarily be delayed, but the question is one of balancing the benefit which accrues to the public from a successful opposition eliminating a possible invalid patent and the inconvenience or hardship caused to an applicant for a legally patentable invention not being quickly sealed because of an opposition. In considering this it has to be borne in mind that under the law the rights of a patentee start from the publication of the complete specification though a suit for infringement could not be filed till the patent is granted. After setting off the one against the other, patent laws in most of the countries of the World which follow the examination system, have provided for an opposition as conducive to public interests and I am unable to see any condition in India to militate against the application of this rule. I consider that the views of the Committee were greatly coloured by those assumptions none of which I consider well-founded—first, that a very large number of applications were opposed; secondly, that most, if not all, of them were unsuccessful and thirdly, these oppositions were *mala fide,* and that this procedure has been utilised to blackmail *bona fide* applicants, particularly those with slender resources, the assumption being that the parties who raised the opposition were rich corporations who blocked the immediate grant of patents by demanding improper concessions as a ground for withdrawing their opposition. I do not find from any of the memoranda submitted to the Committee any representation regarding *mala fide* use of opposition proceedings.

214. I have subjected the statistics of oppositions filed during the eight years from 1950 to 1957 to a careful scrutiny which discloses the following:

| Year | Total number of applications filed | Total number of oppositions entered | Result of opposition proceeding |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| 1950 | 1851 | 8 | 2* succeeded.<br>1* application for patent abandoned.<br>3 dismissed.<br>1 withdrawn<br>1 time barred |
| 1951 | 2108 | 27 | 16* allowed wholly or in part.<br>1* application for patent abandoned.<br>5 dismissed.<br>4 withdrawn.<br>1 time barred. |
| 1952 | 2272 | 18 | 14 disposed of within the year.<br>7* allowed wholly or in part.<br>3 dismissed<br>4 withdrawn |
| 1953 | 2235 | 12 | 11 disposed of within the year.<br>3* allowed wholly or in part.<br>2* applications for patent abandoned.<br>3 dismissed<br>1 withdrawn |

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| Year | Total number of applications filed | Total number of oppositions entered | Result of opposition proceeding |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| 1954 | 2497 | 23 | 18 disposed of within the year.<br>9* allowed.<br>1 dismissed.<br>8 oppositions to one set of cognate inventions withdrawn. |
| 1955 | 2736 | 12 | 7 disposed of within the year.<br>1* allowed.<br>1* application for patent withdrawn.<br>1 dismissed.<br>4 withdrawn. |
| 1956 | 3067 | 19 | 11 disposed of within the year.<br>3* allowed.<br>3* applications for patents abandoned.<br>1 dismissed.<br>4 withdrawn. |
| 1957 | 3456 | 21 | 6 disposed of within the year.<br>4* applications for patents abandoned.<br>2 withdrawn. |
| Total 1950-57 | 20222 | 140 | 102 (oppositions disposed of).<br>55* (oppositions successful).<br>47 (oppositions unsuccessful). |

* Successful oppositions.

215. These figures do not show that oppositions are entered *mala fide* with a view to blackmail. Compared to the figures of oppositions entered and analysed according to the success or failure, the figures do not indicate that the right to challenge at the opposition stage has been abused. The total number of applications filed for the eight years 1950 to 1957 were 20,222. The total number of oppositions entered were 140. 102 of them were disposed of within the period. Of these 55 oppositions were successful and 47 failed either because they were rejected on the merits or were withdrawn or dismissed because they were filed beyond the time allowed. I have also made an analysis about the identity of the applicants and of the opponents concerned in these proceedings. It however affords no confirmation of the view that opposition proceedings have been resorted to by rich corporations with a view to blackmail poor inventors. I would also addul res thositions ente1ed fisp opo s oenapos s

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opposition and then having a patent on the register which is allowed to continue because of the expenses involved in a petition for revocation or because of the weakness of people in submitting to the exactions of a patentee. It is essential that the public should be guarded against impositions by patentees who, because the unavoidable imperfections of the examination are not remedied by an effective opposition, manage to secure the grant.

217. The fact that the decision of the Controller on an opposition does not conclusively establish the validity of the patent is no ground at all for eliminating that procedure. As for that, even a decision of a court pronouncing a patent valid does not bar the revocation of that patent in other proceedings. The argument therefore based on the decision of the Controller not being final does not lead anywhere. The way to look at it is this: examination for novelty etc., is to see that those applications which deserve to he thrown out are so dealt with Opposition aids and secures a more detailed and informed examination. The benefit to the public of the system is to be gauged therefore by the number of applications which are rejected because of opposition. If patents were held invalid by courts even after they have passed through the test of opposition proceedings before the Controller, it only shows the imperfections of the earlier enquiry and is no argument for eliminating all enquiry. On the other hand, it is to the public interest that the examination should be strengthened by the appointment of a sufficient number of well qualified Patent Examiners and strengthening the examination staff and by inviting the cooperation of those who are interested in the invention by entering an opposition and pointing out to the Controller the deficiencies of the invention which would render it unpatentable. The half-hearted opposition which is envisaged by the Patents Enquiry Committee and which is now found in Clause 21 really serves little purpose. I would prefer to enlarge the scope of the examination before the Controller and also of the grounds of opposition to what they are under the U.K. Patents Act of 1949 instead of curtailing the provision as to opposition which has been prevailing in the country up till now. The details of the provision which would carry out my recommendation I have indicated in the notes to Clause 21 (*infra*).

## X. PATENTS RELEVANT FOR THE PURPOSE OF DEFENCE AND PROVISIONS FOR ENSURING SECRECY OF THESE INVENTIONS

### Present Law in India

218. I shall now take up for consideration the changes I would suggest in relation to the law regarding patents relevant for defence purposes. The present law on the subject in India is contained in section 21A of the Indian Patents and Designs Act, 1911. This section, which is identical in terms with Section 30 of the U.K. Patents and Designs Act, 1907 was introduced into the Indian Patents and Designs Act, 1911 by an amendment effected by Act VII of 1930.

219. Under the Indian Patents and Designs Act, 1911 when an assignment has been made of an invention before a patent had been granted for it, the Central Government might "at any time before the publication of the specification certify to the Controller that in the interests of public service the particulars of the invention and the manner in which it is to be performed should be kept secret" (sub-section 3). If such certificate were issued, the specifications and drawings were to be kept in a packet sealed by Government (sub-section 4). Sub-section (10) enacts:

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" (10) No copy of any specification or other document or drawing by this section required to be placed in a sealed packet, shall in any manner whatever be published or open to the inspection of the public, but, save as otherwise provided in this section, the provisions of this Act shall apply in respect of any such invention and patent as aforesaid."

This is effectuated by the Secret Patent Rules, 1933, which provide that the application would be subjected to the usual examination by the Patent Office but that the acceptance would not be advertised. The specification would not be published and consequently no opposition would lie against such application. On acceptance of the application the patent will be sealed by the Controller but this patent will be entered not in the Register of Patents but in a separate secret Register. The packet containing the specifications and drawings is directed not to be opened except on the orders of Government during the term of the patent (sub-section 5) and on the expiration of the term of the patent, the packet has to be delivered to Government (sub-section 7). Patents covered by the secrecy directions are not subject to revocation (sub-section 9). Government may at any time revoke the secrecy directions in which event the patents will be covered by the rules applicable to other patents.

## Defects in the present law

220. The above provisions suffer from two defects. (1) The provisions as to secrecy are attracted only to the cases of those inventions which are assigned to the Government. In the case of other inventions for which applications for patents are made the provision as to secrecy directions do not apply, even if the inventions be relevant in relation to the matters set out in Section 21A and are therefore of vital importance for defence. (2) While the officials of the Patent office are restrained from disclosing the information contained in the specifications in respect of which secrecy directions are passed to other persons, there is no similar restriction imposed upon those who have assigned the inventions to the Government. Both these defects were rectified by provisions which were in operation for the duration of the war in the shape of rule 42 under the Defence of India Rules 1939. The same defects characterised the U.K. Patents and Designs Act 1907—32 and during war time the provisions of the U.K. Act were supplemented by rule 3 of the Defence (Patents, Trade Marks etc) Regulations 1939—41 framed under the Defence of the Realm Act, 1939. As these war time provisions both in India and England were substantially the same, it is sufficient to refer to Rule 42 of the Defence of India Rules, 1939 which ran:

"42(1) For the purpose of this rule, the expression 'Controller' means the Controller of Patents and Designs appointed under the Indian Patents and Designs Act, 1911.

(2) Where, either before or after the coming into force of the Ordinance, an application has been made to the Controller for the grant of a patent or the registration of a design, the Controller, if he is satisfied that it is expedient for the defence of British India or the efficient prosecution of the war so to do notwithstanding anything contained in the Indian Patents and Designs Act, 1911, omit to do or delay the doing of anything which he would otherwise be required to do in relation to the application, and by order, prohibit or restrict the publication of information with respect to the subject matter of the application, or the communication of such information to particular persons or classes of persons.

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(3) No person shall, except under the authority of a written permit granted by the Controller make an application for the grant of a patent, or the registration of a design in any country or place not included in His Majesty's Dominions and not being an Indian State.

(4) If, in the opinion of the Central Government, it is necessary or expedient for the defence of British India, or of the efficient prosecution of the war so to do, the Central Government may by order require any person to furnish to such authority or person as may be specified in the order, any such information in his possession relating to any invention, design or process as may be specified in the order or demanded of him by the said authority or person.

(5) The right of a person to apply for, or to obtain, a patent in respect of an invention or registration in respect of a design, shall not be prejudiced by reason only of the fact that the invention or design has previously been communicated to an authority or person in compliance with any order given under sub-rule (4), or used by an authority or person in consequence of such communication, and a patent in respect of an invention, or the registration of a design, shall not be held to be invalid by reason only of the fact that the invention or design has been communicated or used as aforesaid.

(6) In connection with the making, use or exercise of any invention or design on behalf of, or for the services of the Crown (whether by virtue of the Indian Patents and Designs Act, 1911 or otherwise), the Central Government may, by order authorise the use of any drawing, model, plan, specification, or other document or information in such manner as appears to the Central Government to be expedient for the defence of British India or the efficient prosecution of the war, notwithstanding anything to the contrary contained in any licence or agreement; and any licence or agreement, if and in so far as it confers on any person, otherwise than for the benefit of the Crown, the right to receive any payment in respect of the use of any document or information in pursuance of such an authorisation, shall be inoperative."

221. When the Defence (Patents, Trade Marks etc.) Regulations 1939—41 lapsed in England they were very soon replaced by Section 18 of the U.K. Patents Act 1949 but there was no similar legislation effected in India when the Defence of India Rules lapsed in 1946.

## Provision in the Patents Bill, 1953

222. Clause 23 of the Patents Bill seeks to introduce into the Indian legislation provisions on similar but not identical lines as in Section 18 of the U.K. Patents Act, 1949.

223. There are two essential features underlying the procedure enunciated by clause 23. (1) The Defence Department notifies from time to time the classes of inventions which are relevant for the purpose of defence and the duty of the Controller is to examine the general scope of the invention and to pick out all those inventions which appear to him to fall within those classes. (2) When the Controller is satisfied that an invention falls within the notified classes, he has to make an order directing the applicant to keep the invention secret and inform the

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Defence Department of the application and of his having passed the secrecy direction, seeking the orders of the Department as to the continuance or revocation of these directions.

### Provision as to notified classes desirable—U.K., Australian and U.S.A. enactments

224. Opinion has been expressed suggesting variations in respect of both the above matters. First as regards the scope of the examination of applications which ought to take place in the office of the Controller. The system of notifying "the classes" which are relevant for defence obtains in the United Kingdom and forms the feature of section 18(1) on which clause 23 is based.

225. The Australian Patents Act, 1952 however departs from the English law and vests the discretion to choose the applications for the imposition of secrecy directions in the Controller without reference to any "notified classes". Section 131 (1) of the Australian Act enacts:

> "The Commisioner may, if it appears to him to be necessary or expedient so to do in the interests of the defence of the Commonwealth by order in writing under his hand prohibit or restrict the publication of information.."

226. The Patent Law of the U.S.A. is on the same lines as in Australia. The relevant words of Section 181 of the U.S.A. Patents Act are:

> "Whenever the publication or disclosure of an invention by the granting of a patent, .... might, in the opinion of the Commissioner, be detrimental to the national security, he shall make the application for patent in which such invention is disclosed available for inspection to the Atomic Energy Commission, the Secretary of Defence, and the Chief Officer of any other department or agency of the Government designated by the President as a defence agency of the United States."

227. It has been stated that the system of having "notified classes" of inventions relevant for defence, is apt to render the work of the Controller nearly mechanical to see if the title of the invention is substantially covered by the specified classes and that under that system the defence department is called on to scrutinise specifications which have little value for defence purposes, notwithstanding that technically the invention is in the "notified class". It is also said that under that system there is a possibility of inventions of real value for defence escaping the Controller merely because the title of the invention does not exactly fit into the nomenclature of the classes notified. A suggestion has therefore been made that instead of having a system of "notified classes" the matter may be left entirely to the discretion of the Controller to select applications which in his opinion are relevant for defence.

228. I am however of the opinion that even for this system to work satisfactorily, the Controller should have for his guidance a specification of classes of inventions, which in the opinion of the Defence department are of relevance for the purpose of defence. Military science and defence needs are undergoing rapid changes and a civilian office like the Patent Office cannot be expected to be up-to-date in respect of information relating to defence purposes, which are usually guarded by a veil of secrecy. I therefore consider it essential that either the Act or the rules should make a provision for classes being notified as relevant for defence which should be available for the guidance of the Controller.

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### Controller to be vested with discretion to include applications outside the "notified classes".

229. The next question is whether the Controller should be restricted to the "notified classes" in the matter of selecting applications for the purpose of passing secrecy directions. On the language of Clause 23 as it stands, it looks as if he would be so restricted. This is not desirable and the Controller should have a discretion to pass secrecy orders even in the case of those inventions which though they do not fall within the "notified classes," are nevertheless in his opinion relevant for the purpose of defence.

230. Closely allied to this is the question whether in the case of inventions falling within the "notified classes" the Controller should be vested with a discretion to select those which appear to him to be *prima facie* relevant for the defence or whether he should mechanically pass secrecy orders in the case of every invention falling within the "notified classes". Taking into account the hard ship which a secrecy order might impose upon an applicant I consider that it would be in public interests if the Controller were vested with a discretion not to pass a secrecy order in those cases where, notwithstanding that the invention is of a class which falls within the "notified classes", it does not, in his opinion, appear to be relevant for the purpose of defence. Further, if this preliminary examination is not done by the Controller in the Patent Office, it would necessarily have to be done in the Defence Department and I consider that it would be better in the public interest to economise the time taken in the Defence Department. This suggestion I am making taking into account another recommendation I am making, namely, that the Defence Department may be vested with a power to direct the Controller to pass secrecy orders in respect of any invention in respect of which he has not already passed any such order.

### Controller to be vested with power to pass secrecy orders

231. The second point is as regards the officer or authority who should be vested with power to pass the secrecy direction. In England, Australia and New Zealand it is the Commissioner or the Controller of Patents who passes the secrecy direction in the first instance, which is either confirmed or countermanded by the Defence Department after a further and fuller examination, whereas in the U.S.A. and in Canada the order is passed only on the directions of the Government.

232. It has been suggested that we should follow the American model and that the power to pass a secrecy direction in the first instance should vest not in the Controller but in the Government. I am however not satisfied that this would be beneficial or would serve any useful purpose. It is very necessary for the secrecy direction to serve its purpose, that it should be passed and communicated to the applicant at as early a date as possible, after the application is filed, for until such direction is communicated, there is nothing to prevent an applicant for a patent from disclosing his invention to other persons. The very object therefore of a secrecy direction might be frustrated if these directions are not passed within a reasonable time after the application is filed. If applications have first to be sorted out by the Patent Office and then forwarded to the Defence Ministry for scrutiny and secrecy orders have to await this scrutiny, it is apparent that such procedure would take more time than if the Controller passed orders on his own initiative. There is also a further reason for vesting the power in the Controller. Clause 23(5) corresponding to Section 18(5) of the U.K. Act makes provision for restraining

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every person resident in this country who is possessed of a patentable invention filing his first application for patent abroad without the written permission of the Controller or where he files his first application for patent in India from making his foreign application within six weeks of the filing of his Indian application. Even if the period of six weeks is enlarged, say to 8 weeks, it might be difficult in the normal course of events for the Controller to select the applications and despatch them to the Defence Department for the purpose of finding out if they are relevant for defence and for the Defence Department to issue directions for secrecy and these being communicated through the Controller to the applicant for patent, all within that period. The time lag would be cut down to a considerable extent if the power to pass secrecy orders is vested in the Controller. After all it has to be remembered that any direction for secrecy passed by the Controller is subject to confirmation or revocation by the Central Government and so long as this supervisory power exists, no great harm will be done by the imposition of a secrecy direction in the first instance by the Controller.

## Government to be empowered to inspect applications which are under secrecy orders.

233. There is one other matter to which reference might be made at this stage. Under Clause 23(2) (a) the Central Government is directed to reconsider the orders passed by the Controller periodically and revoke them if it considers that such a secrecy direction is no longer necessary. This function could not obviously be properly discharged except by a close scrutiny of the complete specifications of the inventions. The Patents Act however forbids the Controller from disclosing the specification filed by the applicant until it is laid open to public inspection. This conflict or anomaly is avoided in the U.K. by the consent of the applicant being taken for the examination of the application and specification by the Government when a secrecy direction is passed by the Controller. The procedure adopted in that country is for the Controller to forward to the applicant along with the notice of the secrecy direction a form for his signature giving consent to the Government's inspection of the application and specification. As in the normal course, the secrecy direction passed by the Controller would not be revoked unless Government were satisfied that there was no ground for it and such an order would not be passed without a complete examinition of the application and specification, it is to the interests of the applicant that the Government should inspect and examine his application and the complete specification as early as possible. In the U.K. therefore applicants invariably signify their consent to the examination of their specifications by the government even during the period when the secrecy orders are in force. I consider that this formality of consent is unnecessary and that Government might be vested by statute with power to inspect these applications and specifications. The suggestion if adopted would be in line with the provisions of the American and the Australian Patents law.

## Government to be empowered to inspect any pending application

234. I do not however consider that "notified classes" however exhaustively drawn up would cover all inventions which are of importance for defence and in regard to which it would be essential to make secrecy directions. Apart from the categories comprised in the "notified classes" not being exhaustive, it is possible that the Controller might not include all inventions outside the "notified classes" which would be relevant for defence. To plug any

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loophole I consider it advisable that the Central Government should be vested with the power to call for any other application outside those in regard to which the Controller has passed secrecy directions which in their opinion might be of importance for military purposes and empowered to give directions to the Controller to issue secrecy directions even in respect of such applications. For these purposes Government should have the same power to obtain and inspect any application and specification even before their acceptance as in the case of those applications for which secrecy directions have been passed by the Controller.

### No hearing or appeal in respect of secrecy orders

235. Taking into account the nature of the power and the purpose for which the provision is intended an applicant for a patent would not be entitled to be heard before a direction for secrecy is passed either by the Controller of his own motion or on the direction of the Central Government and it would also follow that the order would not be subject to any appeal. It would be a wholly administrative proceeding conducted entirely in public interest and therefore not subject to those usual safeguards of hearing or of appeal as in the case of other orders by the Controller.

236. I have discussed matters of detail and the draft of the clause I would suggest for implementing the above in the notes to Clause 23.

## XI. REORGANISATION OF THE PATENT OFFICE

### Amalgamation of the Patent and Trade Marks Offices and jurisdiction of the offices on zonal basis.

237. The recommendation contained in my report on the Trade Marks law revision to amalgamate the Patent Office and the Trade Marks Office under a "Controller-General of Patents, Designs and Trade Marks" has now been implemented by the enactment of Section 4 of the new Trade and Merchandise Marks Act, 1958.

Under the Rules made under that Act, the head office of that registry is to be located at Bombay with three branch offices at Delhi, Calcutta and Madras, each office having territorial jurisdiction on a zonal basis. I recommend a similar set-up and a similar zonal distribution for the Patent Office also. In addition to the present office which will become the head office, there might be branch offices of the Patent Office at all those places where there are offices of the Trade Marks Registry and combined with the existing Trade Marks Offices. The senior among the two officers in charge of the two sections might be entrusted with the general administration and vested with administrative control over the ministerial and other, non-technical staff of the combined office.

238. Applications for patents to be made after the commencement of the new Act should be directed to be made only at "the appropriate office" within whose territorial jurisdiction the applicant has his principal place of business, and all further correspondence in respect of such applications to take place in that office although there would be a single All India Register and the patent granted would have effect throughout the whole of India. All orders in respect of applications for patents will be communicated from the appropriate zonal office where

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the application was filed. The preliminary examination of the application for patents and of any amendments thereto might be made at the zonal office, while search for anticipation and detailed examination could conveniently be carried out at the head office of the Patent Office. In this respect the provisions of the Trade and Merchandise Marks Rules as regards the determination of the appropriate office, the distribution of work between the Head and branch offices and the entries in the Register relevant to the topic of appropriate office might with advantage be adopted *mutatis mutandis* in the case of patents.

## Controller-General and other officers

239. The Controller-General will be the head of the combined organisation of both the Trade Marks Registry and the Patent Office. There will be a Joint Controller of Patents and Designs who will be in charge of the day to day administration of the Patent Office with responsibilities and duties similar to those of the present Joint Registrar of Trade Marks, on the Trade Marks side. The Joint Controller will be assisted by Deputy Controllers, Assistant Controllers, Examiners and other technical staff.

## Increased work and additional responsibilities

240. In determining the staff requirements the following matters have to be borne in mind:—

(1) There has been a steady increase in the number of applications for patents and designs during the last ten years (see table below) and there is no reason to believe that this will not be maintained; on the other hand, with the industrial progress of the country, the number of applications for patents from both Indian and foreign inventors is bound to show a steeper increase; (2) If my proposals for amending the provision in the Patents Act as regards anticipation by publication in India or elsewhere are accepted and implemented, there will be an increase in the work of the Patent Office, and consequently the strength of the Examining staff would need to be increased; (3) The expansion of the grounds of opposition as compared to those under the Indian Patents and Designs Act, recommended by me, if accepted, will result in a further increase of work in the Patent Office: (4) The expanded grounds for the grant of compulsory licences and the provisions for revocation for non-working could also be expected to add to the work; (5) The proposed branch offices of the Patent Office would require additional examining staff; and (6) Besides, I am recommending (see *infra*) that there should be set up a special section, at the head office or preferably in one of the branch offices where more accommodation is available, which would deal with the work of abstracting foreign patent specifications for the purposes of circulating such abridgements and digests to the Universities, Government laboratories and industrialists who may be interested in research bearing on the inventions disclosed in these specifications. In order that that scheme may function properly it is necessary that the abstracting work should be done as efficiently and within as short a period as possible by qualified technical staff.

241. The following table gives the number of applications for grant of patents and registration of designs filed at the Indian Patent Office from 1949—59 and the increase in the volume of general correspondence during this period:—

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| Year | No. of Patent Applns. | No. of Design Applns. | Receipts | Issues |
|---|---|---|---|---|
| 1949 | 1,725 | 920 | 36,406 | 27,761 |
| 1950 | 1,851 | 1,245 | 44,366 | 25,807 |
| 1951 | 2,108 | 904 | 43,613 | 27,293 |
| 1952 | 2,272 | 1,299 | 44,209 | 28,938 |
| 1953 | 2,235 | 2,513 | 49,395 | 31,091 |
| 1954 | 2,497 | 3,303 | 59,465 | 35,105 |
| 1955 | 2,736 | 3,835 | 68,273 | 41,590 |
| 1956 | 3,067 | 4,376 | 71,664 | 48,642 |
| 1957 | 3,456 | 4,303 | 73,743 | 45,585 |
| 1958 | 3,572 | 4,158 | 83,100 | 48,713 |
| *1959 | 3,900 (estimated) | | | |

*. 1st January to 30th June 1959—six months, 1959 received.

It may be mentioned that the average number of applications for patents at the Indian Patent Office during the period 1930—1943 was only about 1,000 per year whereas in 1949 the number of applications rose to about 1,725.

242. Thus, the number of patent applications has more than doubled in 1958 as compared with the figure in 1949 and this increase has been maintained during the present year. A similar large increase in the number of designs applications has also been noticed. Whereas there were only 920 applications for registration of designs in 1949, over 4,000 applications for Designs have been filed every year during 1956—58. There is also a two-fold increase in the volume of general correspondence as shown by the number of receipts and issues. There has been no doubt some increase in the staff during the period to deal with the additional work, but the increase, however has not been adequate, with the result that the working of the Patent Office has been adversely affected, and the office is unable to discharge its functions properly.

243. At present though the law does not impose any obligation to conduct a search, I understand that the practice is to make a search usually in respect of the applications of Indian origin. However, as the Patents Enquiry Committee have pointed out. "There is no fixed standard for the examination of patent applications. Investigation for determining the novelty of inventions are made or omitted altogether, at the discretion of the Examiners and Assistant Examiners". In view of my recommendation for compulsory search for anticipation in respect of every application for patent, both of Indian and foreign origin, the Examiner will necessarily have to make search in respect of all applications. At present, however, the Patent Office does not have for search purposes any foreign specifications (due merely to want of space in the library) and therefore search has had to be confined among Indian specifications, published since 1912, and to such abridgements of the foreign specifications, journals and text-books as are available at the Patent Office. In the circumstances the search material is not as large as in some foreign countries and the average time taken for search must he correspondingly less. Even when foreign specifications become available at the Patent Office Library, I think that on an average an Examiner should be able to deal with about 100 applications per year. In this connection, I would suggest the equipment of the Patent Office with modern facilities in the shape of mechanical aids to search, which will considerably save the

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time of the Examiner and will thus enable a comparatively smaller staff to cope with the increasing work. Such mechanical aids are provided in the Patent Offices of many foreign countries, such as Australia, U.S.A., and U.K. and their cost is not prohibitive either.

244. The present technical staff of the Patent Office consist of—

| | | |
|---|---|---|
| **Class I** | | |
| Joint Controller of Patents and Designs | 1 | |
| Deputy Controller of Patents and Designs | 2 | (1 Temporary) |
| Assistant Controller of Patents and Designs | 1 | (Temporary) |
| **Class II (Gazetted)** | | |
| Examiner of Patents-in-charge | 1 | |
| Examiner of Patents | 15 | (8 Temporary) |
| Examiner of Designs | 1 | (Temporary) |
| **Class II (Non-gazetted)** | | |
| Assistant Examiner of Patents | 16 | (5 Temporary) |

## Staff proposals

245. I am satisfied that the above staff of the Patent Office is wholly inadequate and should he considerably strengthened. My recommendations for the strength of the technical staff having regard to my proposals and the volume of work at the Patent Office are briefly as follows:—

246. (i) **Examiners.**—On the basis that about 100 applications for patents may be examined per year by an Examiner and that about 3,500 to 4,000 applications for patents will be received at the Patent Office every year, the office will require about 35 to 40 Examiners of Patents. In addition some Examiners will be required for the new branch offices and for the section dealing with abstracting of foreign specifications. There will also be an Examiner for the Designs Section.

247. I need hardly emphasise the necessity to recruit persons with very high technical and scientific or engineering qualifications for the post of Examiners. If the Indian Patent Office is to discharge its functions properly and render adequate service to the public, the standard of examination of the applications for patents should be high and should approximate to the standard attained in some of the advanced foreign countries. I would suggest that the appointments should be made by the U.P.S.C. preferably on the basis of a competitive examination as in the case of other All India combined services Class I. In the alternative, in the case of Examiners requiring scientific qualifications, the selection may be made from among candidates who have taken a Doctorate degree in Physics or Chemistry or other branch of technology (after taking first or second Class M.Sc. by examination) and having at least three years of research experience. In the case of engineering graduates, selection may be made from among those who have taken a high rank in the All India Engineering Services Examination, In the case of Examiners requiring special knowledge of any particular branch of technology the qualifications may be suitably varied. The Examiners recruited on this basis should all

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be classified as Gazetted Class I service and may constitute a separate All India Service to be named The Indian Patents Service (Class I) just as in the case of other All India Services.

248. I recommend that these posts should have the same scale of pay and status as in the case of other similar All India Services and in exceptional cases a higher minimum pay in the prescribed scale may be offered to the selected candidate. It may be mentioned in this connection that qualified technical officers are nowadays in great demand and are able to secure posts with better pay and prospects outside the Patent Office. I understand that several posts of Examiners have been lying vacant in the Patent Office, all the candidates who have been offered the posts on the recommendation of the U.P.S.C. having successively declined the offers and that many of the senior experienced Examiners have left the Patent Office for better prospects. The staff position of the Patent Office is thus extremely unsatisfactory and there is urgent necessity to strengthen the staff of Examiners in Class I gazetted posts who will constitute the Indian Patents Service. These officers might be on probation for 2 years and may be required to pass a departmental examination conducted by Government in Patents law and Practice before they are confirmed. All future recruitment of Examiners may be only to Class I cadre.

249. It appears that at present there are two cadres of Assistant Examiners and Examiners in the Patent Office; the scale of pay of the Assistant Examiner being Rs. 200-10-300-15-450/2-25-500 and of Examiner Rs. 275-25-300-EB-30-650-EB-30-710. I am informed that it has been recently proposed that the post of Assistant Examiners should be merged with that of Examiners and that there should be a combined scale of pay of Rs. 250-25-300-EB-30-710. These posts have been classified as Class II Gazetted. Many of these officers were recruited as Assistant Examiners and Examiners on a scale of pay which could not have attracted persons having sufficiently high technical qualifications as are proposed by me for the post of Class I Examiners.

250. The next question is as regards the future of the present Class II Examiners. As I have said earlier, I would recommend that in the future set-up, all recruitment of Examiners should be to Class I service to be recruited on the basis of the qualifications and scale of pay already indicated. I consider that it would be a hardship if the present Examiners who hold Class II gazetted posts are given merely the chance of competing for the post of Examiners Class I gazetted. I would suggest that in the case of the present Examiners those who qualify by passing a Departmental examination held by Government in the field of science or technology in which the Examiner has specialised, and in Patents Law and practice, might be promoted to Class I Examiners. Each of the present Examiners might be given 3 chances in three consecutive years to thus qualify for promotion. Those who do not pass these examinations should, however, be content to continue as at present in the Class II scales of pay.

251. I have proposed infra the appointment of some senior Scientific Assistants for the Abstracting Section. I would recommend that Senior Scientific Assistants who have passed similar departmental examinations as suggested in the case of Examiners Class II and who have worked as Senior Scientific Assistants for 5 years or more may be treated as qualified along with the present Class II Examiners and subject to the same conditions for promotion for the post of Class I Examiners.

252. (ii) **Examiner of Patents-in-charge.**—There is at present one post of Examiner of Patents-in-charge which has the same status and scale of pay as Examiner of Patents, but with

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a special additional pay of Rs. 100 per month. Only Examiners of Patents, with 5 years of service are eligible for promotion as Examiner of Patents-in-Charge. The duties of this Examiner appear to be to supervise the work of the Examiners and to edit abridgements of specifications made by the Examiners. The duties are generally similar to those of the Assistant Controller. Furthermore, an anomalous situation may arise when the person appointed as Examiner of Patents-in-charge, although junior to the Assistant Controller, draws a higher salary than the Assistant Controller, because of the special pay of Rs. 100 attached to his post. I recommend that the post of Examiner-of-Patents-in-charge be abolished and an additional post of Assistant Controller be created instead.

253. (iii) **Assistant Controller.**—There should be a sufficient number of Assistant Controllers to direct and supervise the work of the Examiners and assist the Deputy Controller and the Joint Controller in the administration of the Act. On the examination side there may be three Assistant Controllers, one having high engineering qualifications, another a specialist in Organic Chemistry particularly in the chemistry of drugs and a third in Physics, particularly electronics. In addition there should be an Assistant Controller in charge of the section for abstracting foreign specifications. There should also be an Assistant Controller who should be in charge of legal and policy matters. It is desirable that the last post is filled up by a person having five years judicial experience and about ten years of practice at the Bar and having basic scientific qualifications. In all, therefore, there will be 5 Assistant Controllers.

254. I would suggest that 50% of the posts of Assistant Controllers may be filled up by promotion by selection from among the Examiners of Patents, Class I Gazetted, having atleast five years experience as Examiner at the Patent Office and who have passed the departmental examinations and 50% by direct recruitment, in both cases on the recommendation of the U.P.S.C. The post may carry the scales of pay of Rs. 600-1150 (Gazetted Class I) as in the case of the Assistant Registrar of Trade Marks. Persons who are directly recruited for the post of Assistant Controller should be required to pass a departmental examination in Patents law and practice before they are confirmed. In this connection, the practice of the Australian Patent Office is of interest. In order to enable Examiners of Patents (Grade I) to receive accelerated advance to 860 pounds a year and to qualify for salary advancement beyond 860 pounds per annum and for promotion to the office of Examiners of Patents (Grade II), a candidate has to pass a departmental examination consisting of six papers on Patents law and practice. The requirement of departmental examination on the above lines would be an inducement to the Examiners and Assistant Controllers to keep themselves abreast of Patents law and practice and will conduce to the efficient working of the department.

255. (iv) **Deputy Controllers.**—There should be three Deputy Controllers, one a specialist in Organic Chemistry, particularly in drugs, another in Physics particularly Electronics, and the third with engineering qualifications. These officers will supervise the work of the Assistant Controllers and Examiners, pass orders on their reports and will also take hearings. As in the case of Assistant Controllers, 50% of the posts of Deputy Controllers, may be filled up by direct recruitment and 50% by selection from among the Assistant Controllers of Patents who have worked for atleast 3 years as Assistant Controllers and have passed the departmental examination and from Examiners of Patents, Class I, who have worked for 10 years or more as Examiners and who have passed the departmental examinations. In the case of direct recruitment only persons with exceptional engineering qualifications or with a doctorate degree and good academic and research record should be selected for appointment.

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This will enable the office to bring in fresh experts in Chemistry, Physics and Engineering and other branches of technology from time to time and tend to eliminate the tendency in some of the existing officers getting fossilised. The post of Deputy Controller may carry the same status and scale of pay, namely, Rs. 800-1300, as that of the Deputy Registrar of Trade Marks.

256. (v) **Joint Controller.**—The Joint Controller of Patents and Designs will be in charge of the day-to-day administration of the office. The status and scale of pay for this post may be the same as that of the Joint Registrar of Trade Marks, namely, Rs. 1,300—1,800. The post of Joint Controller should be treated as a selection post and may be filled up on the recommendation of the U.P.S.C. preferably by direct recruitment or by promotion by selection from among the Deputy Controllers, who have worked for at least five years as Deputy Controller.

257. **Library.**—It is of the utmost importance that the technical library of the Patent Office should be maitained up-to-date and all important books on different branches of technology should be obtained and made available to the Examiners and the public. The maintenance of the Patent Office Library in every industrially advanced country constitutes a very important part of the public service rendered by the Patent Office and their example might be followed in India. In the U.K., for instance, the Patent Office Library is one of the principal scientific and technical reference libraries in that country and contains the patent specifications of all countries, abridgements of specifications and the latest technical books and periodicals in every branch of technology.

258. **Abstracting Section.**—This will be a convenient point at which I might formulate a suggestion which in my opinion would greatly enhance the utility of the Patent Office, by rendering it a potent instrument for the diffusion of scientific and technological knowledge, greatly minimise duplication of work among those engaged in research, and thus accelerate the rate of invention.

259. India is in a position to obtain free on an exchange basis— the published patent specifications from several countries. For instance at the recent Commonwealth Conference at Canberra in November 1955 the following resolution was passed:—

> "This Conference recommends to Commonwealth countries the mutual exchange without charge, of their patent publications, namely, specifications, journals, gazettes, annual reports, laws and regulations and like publications".

260. This resolution has not been ratified, but as this was unanimously passed, there can be no difficulty if a move were made, to make the resolution effective. Again, the American, Russian, West German, and other Patent Offices have offered their specifications on an exchange basis, but lack of space to house these has been the reason for our not availing ourselves of the facilities offered. I consider it a matter of regret that an opportunity for acquiring such a valuable collection of technological information, and making it available to the public should have been neglected—merely for the reason that there is lack of storage facilities.

261. I would recommend that in the first instance at least the specifications in the English language be obtained for the use of the patent Office. Now that branches of the Patent Office are going to be established, those specifications may be stored in such office where the problem of space is not so acute as in the Office at Calcutta, and be put to the use to which I shall advert.

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262. The disclosure contained in patent specifications are the results of scientific investigations at the highest level, and the specifications therefore represent a vast accumulation of technical knowledge. Though the number of applications for patents filed in India are comparatively few, about 3,000 a year, the number of such applications in the U.K., is over 30,000 a year and in the U.S.A. nearly 1,00,000. Several of the inventions for which patents are granted in the U.K. and in the U.S.A. represent the record of great scientific and technological achievement.

263. The tempo of a country's advance in industrial and technological development is intimately related to the rate of invention evolved in the country. Though occasionally invention is the result of a 'flash of genius', most of the inventions are the end product of patient, organised and sustained research by high level scientists and technicians. Even in countries more industrially and technically advanced than India, complaints are frequently made of the scarcity of scientific and technical personnel of real class gifted with the necessary qualities for research. In India this problem is necessarily more acute, though the opening of more institutions for postgraduate training and of the several national laboratories might help to lessen the gap between the number needed and that available. One must hasten to add that there is never any question of a surfeit of this type of talent, because by its fruitful activity it would itself create conditions stepping up the demand.

264. The point, however, I was endeavouring to make was, that it was essential that the talent on hand available for useful research work should be utilised in the most economical manner, so as to maximise the results of its labours.

265. One of the principal factors that operate to the uneconomical utilisation of research manpower is duplication of effort. Competent observers have expressed the view that the phenomenal advance of Russian scientists in the recent past has been in large measure due to the elimination of duplication of effort. Says Gunther in his recent work "Inside Russia",—

> "One scientific field in which the Russians are particularly strong is abstracting. Their service in this regard is admitted to be incomparably the best in the world, even by people who hate to admit it. Years ago in the United States Students of chemistry were obliged to learn German, in order to read scientific papers and keep up with German chemical literature, which was without peer. Similarly today a great many students in the free world, particularly of physics, biology, and mechanics wish that they knew Russian, even if they are not obliged to learn it. Russian abstracting is so copious and skilful that a point has been reached where American scientists have found out about new developments in their fields by fellow Americans in Russian scientific Journals..... The Russian abstracting service was set up in 1953, after Stalin. The aim is to make *everything* of any interest or value on a scientific or medical subject published in the world available in Russian within a few months of its first appearance—abstracted, translated, and published. This goes far beyond anything ever attempted by any other Government or private institution in the world".

266. Duplication may assume several forms and of these I will refer to two main types. The first is where, several research workers are engaged independently in solving an identical or an allied problem and when the results achieved or solution reached by one worker or a group of workers is not immediately made available to the others engaged on the work. The methods of eliminating duplication of this type are obviously beyond the scope of this enquiry and so

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I will say no more about it. There is another type of duplication, in the minimising, if not avoiding of which the Patent Office can lend a helping hand. The duplication I am referring to is that involved in research in this country being carried on without those engaged in it being kept immediately informed of the advances made in other countries of inventions for which patents have been granted there.

267. One of the branches of the Patent Office might be entrusted with the task of examining the patent specifications received from U.S.A., U.K., Australia and Canada. I am mentioning these countries primarily because the specifications would be in English and would not need the services of translators. The patent specifications dealing with those branches of science or technology that might be of use in the country might be collected, abstracted and classified, the classification being based upon the industry in which it might be utilised and the branch of science to which it is related. The abstracts may then be arranged, printed or typed and duplicated separately for each class and be made available for sale to the public. Government research institutions and technological institutions and colleges run by Government may be supplied free with abstracts of patent specifications in the particular class in which they are engaged or interested. If on examination of the abstract, any person desires to have the entire text of the specification, this may be copied and supplied on payment of a fee.

268. I realise that the above proposal would involve the employment of additional staff. I assume that of the specifications examined about 15% of them would be of sufficient interest or importance to justify abstracting. Taking into account, the total number of specifications which would be received by the Indian Patent Office, I consider that a staff consisting of two officers of the grade of Examiners, and one Assistant Controller to guide them and coordinate their activities would be found sufficient. In addition, each of the Examiners would need the services of a sufficient number of scientific assistants of the grade of Senior Scientific Assistant in the National Laboratories—besides clerical staff for typing etc. I am not unmindful of the fact that the amount realised by the sale of the abstracts would hardly meet even a small portion of the cost. But as the object of the provision is to raise the level of scientific and technical education among research workers and those engaged in industry, the return from the scheme should be looked for only in the attainment of technical advance and increased tempo of research.

269. There is one other matter to which I desire to refer. There is a possibility that some of the inventions covered by the specifications received from foreign countries are the subject of patents granted or of applications for patents which are pending in India. In such a case, the circulation of the foreign specification for the same invention might conceivably lead to the unauthorised use and infringement of the inventions patented in India. This possibility is avoided by the Patent Office excluding from the abstracts the specifications for which patents have been applied for and are pending or have been granted in India. This may not be difficult as I am recommending that every applicant for a patent should disclose in his application the details of the corresponding applications if any made abroad by him for the same or substantially the same invention (*vide* clause 7A). In addition, I would suggest that Government might add a note of warning in these publications that before any step is taken towards the commercial working of the invention published, the concerned parties might assure themselves that there is no patent pending or granted in India.

270. I consider that if the results achieved by scientists and research workers in other parts of the world were brought to the notice of scientific students and workers in India, it would

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besides greatly widening their horizon of knowledge, avoid duplication of effort and would induce them to concentrate on attempts to improve the technique already disclosed in those specifications.

271. **Staff requirements of the Abstracting Section.**—As already stated the new section for preparing abstracts of foreign specifications may be placed under an Assistant Controller with two Examiners. There should be a sufficient number of well qualified Senior Scientific Assistants, First or Second class M.Sc. (or B.E., First Class or Second Class) with a scale of pay and status corresponding to the posts of Senior Scientific Assistants in National Laboratories under the C.S.I.R. They may appear for the Departmental Examination on Patents Law and Practice prescribed for the Examiner, provided they had served atleast for five years as Senior Scientific Assistants and if they pass the Departmental examination they might be considered by the U.P.S.C. for promotion to the posts of Examiners Class I (gazetted) as in the case of Examiners Class II (gazetted). On an average about 100 to 125 patent specifications may be abstracted every month by a Senior Scientific Assistant and on the basis that about 15,000 specifications may have to be abstracted every year, 10 to 15 Senior Scientific Assistants will be required.

272. **Office Accommodation.**—I should like to draw the attention of Government to the fact that the present office accommodation of the Patent Office is totally inadequate and to the urgent necessity for providing enough space for the library and to house the foreign specifications. I would suggest that, as in other industrially advanced countries, the combined Patents and Trade Marks Office should be housed in a separate building having sufficient accommodation for the office staff and for the library.

## Patent office a public utility department and to be maintained from general revenue

273. I have not evaluated the financial implications of the recommendations made by me in regard to the strength of the staff and their emoluments nor have I evaluated the implications of the increases I am recommending, as to the fees to be charged. But I would draw attention to three factors which might be taken into account in this connection: (1) I understand that the Patent Office is at present not only self supporting but leaves a surplus of the order of about Rs. 3 lakhs per year and the changes in the scale of fees I have suggested might bring in more revenue; (2) the effective operation of the patent system itself is dependent on the efficiency and adequacy of the Patent Office; (3) The maintenance of a Patent Office should be considered a service rendered to the public, and this is how it is looked upon in the U.K. & U.S.A. and other advanced countries and therefore if an increase in the cost should result in an increase in r to the0014>]TJ /f-0-0y15(i)]TJ /f-0-1 1 Tf [<>4<0015>]TJ /f-0-0 1 Tf [()-9eb<002f>yrovic

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proceedings by way of revocation of patents should lie. (3) The Court which would have competance to determine the matters relating to compensation for Government use of patented inventions under Clause 55 of the Bill.

## Appeals from the Controller's decisions

275. The general scheme of the Patents and Designs Act, 1911 is to vest appellate powers over the orders of the Controller in most cases in the Central Government and to constitute the High Court as the forum for entertaining petitions for revocation. There are however a few exceptions to this rule. Thus in the case of orders of the Controller relating to the grant or refusal of compulsory licences under section 22 etc. the appeal will lie to the High Court of Calcutta (*vide* section 23F). Again, original applications for the extension of a term of a patent have to be made to the Central Government, (*vide* section 15) but the Central Government is vested with power to refer these applications in appropriate cases to a High Court [section 15(3)].

276. The orders of the Controller which are now subject to appeal to the Central Government are all matters of judicial determination and it is but appropriate that appeals in these matters should lie to the Courts and not to an executive authority like the Central Government. This can be said of every order of the Controller now subject to appeal without exception [*vide* sections 5(2), 9(3), 10(1A), 16(5) and 17(6)]. In this respect the change made by the Bill is welcome and the assignment of the appellate jurisdiction to the High Court is in line with the provisions in that regard in other countries like the U.K., the U.S.A., Canada, Australia and New Zealand.

## Present: uncertainty as to High Courts having jurisdiction

277. It has however to be mentioned that the Bill is defective in that it does not take account of the fact that there are a plurality of High Courts in India and specify the particular High Court which would have competence to entertain these appeals. And this problem raised by the existence of a plurality of High Courts is not confined to appeals against the orders of Controller.

278. Section 26 of the Indian Patents and Designs Act, 1911 enacts:

> "26. (1) Revocation of a patent in whole or in part may be obtained on petition to or on a counter claim in a suit for infringement before a High Court."

The High Court is defined in section 2(7) of the Act so as to include all the High Courts in India. It would therefore be apparent that the Act does not particularise any one High Court as having jurisdiction in the matter in relation to any particular patent and that it leaves it open to every High Court in India to entertain these proceedings. The result of this state of affairs can best be summarised by quoting a passage from the judgment of Lort-Williams, J., in *Hiralal Banjara, In re*[29].

> "The position created by the present Act seems to be very inconvenient and likely to raise difficulties such as the one with which I have to deal, because a number of High

29. ILR (1937) 2 Cal 230.

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> Courts of equal jurisdiction have jurisdiction to deal with the same patent, that is to say, any patent issued under the provisions of the Indian Patents and Designs Act. The result is that unless some further provision is made by the Legislature it is very likely that there will be conflicting decisions with regard to the same patent by different High Courts."

I would only add that if there has been so far only one reported case in which this sort of difficulty has cropped up it is wholly due to the paucity of litigation in regard to patents in India.

279. It is therefore very essential that the law should specify with certainty the High Court which would have jurisdiction (a) to entertain appeals against the orders of the Controller, (b) to entertain petitions for revocation of patents, (c) to entertain proceedings under Clause 55 of the Bill, the other proceedings in relation to patents being merely subsidiary or ancillary. If these three matters are determined with precision, the others would adjust themselves and present no difficulty.

## Parallel provisions in the Trade and Merchandise Marks Act, 1958.

280. In my report on the revision of the law relating to Trade Marks I made three recommendations which are relevant to the present context.

1. The coordination of the activities of the Patent and Trade Marks offices by having a single official designated "Controller-General of Patents, Designs and Trade Marks" to be in overall control of both these forms of Industrial Property Law.

2. The division of the country into zones and the establishment of branch offices of the Trade Marks Office to serve the needs of these areas and determine the marks which shall be registered or shall be deemed to be registered in each of such offices.

3. Linking up the High Courts having territorial jurisdiction over the places where the offices of the Registry are located with all proceedings in relation to marks which are on the register of that particular office in regard to which applications have to be made to a particular office of the Registry.

281. These recommendations have been accepted by Government and have been implemented by the Trade and Merchandise Marks Act, 1958. Any solution therefore of the problem in relation to Patents has to take account of the above facts and should be consistent with the provisions of the other enactment.

## Territorial jurisdiction of the offices of the Patent Office and of the High Courts

282. Bearing these in mind I would recommend the following:—

(1) There should be a combined Trade Marks and Patent Office in Bombay, Calcutta, Delhi and Madras where the Trade Marks Offices are now located and the territorial jurisdiction of each of these offices should be the same for the purposes of both these enactments. At each of these offices there would be an officer to deal with Trade Marks and another to deal with patents.

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(2) The patents now in force might continue to be on the Calcutta Register for the purpose of all legal proceedings with however an option to the patentee to elect to have his patent transferred to any other zonal office the option however to be exercised within one year or such further period as may be extended by the Controller, from the coming into force of the Act.

(3) Applications for patents by persons residing in or carrying on business in a place in any of these zones would have to be made only to the office in that zone.

Following the analogy of the Trade and Merchandise Marks Act, 1958, in the case of persons who neither reside nor carry on business in India, the address for service set out in the application should determine the zonal office of the Patent Office in which the application would have to be filed. If there is opposition to the grant of a patent, the notice of opposition should be filed in the same office in which the application for patent has been filed, whatever might be the place of business or of residence of the opponent. In order to ensure that the examination of the applications is efficient and to secure uniformity, this should take place at the head office of the Patent Office. The orders passed should however be communicated to the applicant through the zonal office so as to avoid inconvenience to the applicant. If hearings have to take place they should normally be at the zonal office where the application has been filed unless the Controller considers the hearing at some other place more convenient for any special reason. Orders issued in relation to any application should be issued or deemed to be issued only from the zonal office so as to serve as the foundation for the jurisdiction of the High Court to hear appeals from such orders.

(4) The High Court competent to hear appeals from the orders of the Controller would be that High Court which has territorial jurisdiction over the zonal office in which the application for patent has been made or in the case of orders of the Controller in respect of patents already granted in that office in which the patent is registered.

(5) Similarly original petitions for the revocation of patents should be entertainable only by that High Court which has territorial jurisdiction over the place where the zonal office in which the patent is registered is situated.

(6) The proceedings under Clause 55 should be exclusively with in the competence of the High Court having territorial jurisdiction over the patent, as defined above. This is necessary because there is provision in that Clause for petitions for revocation being heard as a defence to the claim for compensation.

283. I have dealt with the above matter in Part II of the Report and have suggested the insertion of a new chapter 1A containing the necessary provisions.

## Procedure where validity of claims is attacked in infringement suits.

284. The proceedings in relation to patents yet to be considered are: (1) Suits for infringement (clause 58 of the Bill). (2) Suits for a declaration as to non-infringement (clause 57). (3) Suits complaining of groundless threats of infringement proceedings (clause 66).

285. Section 29 of the Indian Patents & Designs Act, 1911, enables a patentee to institute a suit in a District Court having jurisdiction to try the suit against any person who has infringed his right with a proviso that where the defendant counter-claims for revocation the

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suit along with the counter-claim should stand transferred to the High Court for decision. Clause 58 of the Bill reproduces in substance the above provisions in section 29 of the Act.

286. Section 29 (2) of the Indian Patents and Designs Act, 1911 in common with the law that prevails in several other countries of the world, the U.S.A., the U.K. and the Commonwealth countries, France and Belgium, to mention only a few, enables the defendant to plead the invalidity of the patent as a defence to a suit for infringement. That sub-section runs:

> "(2) Every ground on which a patent may be revoked under section 26 shall be available by way of defence to a suit for infringement."

and this provision has been repeated in clause 58 (4) of the Bill. I agree that this provision is necessary and in the notes on clauses I have suggested its retention in the clause relating to revocation.

287. The existence of this defence raises questions as to the manner in which possible differences between different Courts as to the validity or invalidity of the claims of a patent should be resolved. To make my meaning clear I would add this. A patent might be infringed by more persons than one and if these infringers reside in or carry on business or commit the act of infringement in different areas of the country, the several suits for infringement would have to be filed in District Courts in different States. The defence regarding the invalidity of the patent might be raised in more than one Court and these Courts might decide differently the point about the validity of the patent. In the United Kingdom this problem of conflicting decisions does not arise because all suits for infringement have to be filed in the High Court.

288. In the case of Trade Marks where conflicts of decisions of this type also arise, I recommended the procedure of having the suits for infringement in which the validity of the registration of the mark was raised, stayed and requiring the person raising the point of invalidity of the registration to move the competent High Court for the rectification of the Register. I do not think it is necessary to adopt such a procedure in the case of suits for infringement of patents. The number of such suits would be so few that such a complicated procedure is not called for.

289. In its place I would recommend the following. A suit for infringement may be filed in any court not inferior to a District Court which has territorial jurisdiction under the Civil Procedure Code to entertain it. All defences including those based on the invalidity of the patent would be gone into by that Court and by the appellate Courts if appeals were filed. But any finding by the Court that the patent or any claim therein was invalid would not have any effect on the patent as such and would not lead to the revocation of the patent. In other words, the decision in the suit would be merely one inter-partes operating between them by way of *res judicata* and not one in technical phraseology "in rem" affecting the patent itself.

## Revocation proceedings only before High Court having jurisdiction

290. If any person interested were desirous of obtaining an adjudication which would, if successful, have an effect on the patent itself and beyond the immediate parties to that proceeding, he should file a petition for revocation of the patent, and the forum for this proceeding would be exclusively the High Court having territorial jurisdiction over the office where the patent is registered. If the petition succeeds, and the patent is held invalid, then subject to the result of any appeal preferred against such a decision, the patent would be revoked and an

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entry to that effect would be made in the Register of Patente in the RR5 5 d

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where the alleged infringement took place or where the alleged infringer resided or carried on business. It does not need argument to show that having regard to the distances in our country, this would be a very inconvenient state of affairs and would necessitate the issue of commissions for examination of witnesses, a rather unsatisfactory procedure.

294. For these reasons, I would suggest the deletion of this sub- clause. Where a defendant in a suit for infringement desires, in addition to raising a plea regarding the invalidity of the patent alleged to be infringed, to obtain the revocation of the patent, he should file an independent petition to the competent High Court for the latter relief. If the suit for infringement were pending in the same High Court then it may be expected that the two proceedings would be heard and disposed of together even without any specific statutory provision therefor. In other cases, a stay of the infringement suit pending the disposal of the petition for revocation, would be in the discretion of the Court trying that suit, and in regard to this matter also, there is no need for any provision in the Patents Act, the powers contained in the Civil Procedure Code being sufficient to obviate conflicts of decisions.

## Provisions for forum regarding appeals and revocation similar to that in Australia

295. The scheme I have formulated of a single High Court being vested with an exclusive jurisdiction to entertain and dispose of (1) appeals from the Controller's orders, and (2) petitions for revocation, while other Courts have jurisdiction to hear and determine suits for infringement and decide defences based on the invalidity of the claims alleged to be infringed, is very similar to that which prevails under the Australian Patents Act, 1952 subject to two exceptions to which I shall advert later.

296. In Australia, as in India, there are a plurality of Courts which have jurisdiction to entertain suits for infringement. The Australian Patents Act, 1952 is a Commonwealth statute, the rights conferred on a patentee by a patent extending over the entire Commonwealth including all the States. The Courts of each of the States of the Commonwealth have jurisdiction to entertain suits for infringement, and the defendants in such suits are, as under Section 29(2) of the Indian Patents and Designs Act, 1911, entitled to raise by way of defence the invalidity of the claims of the patent alleged to be infringed (*vide* Section 105 of the Australian Act, 1952). The problem of avoiding conflicts in decisions regarding the validity of patent claims is nearly the same as in India—I say nearly, because the number of the State Courts are infinitesimally smaller than the number of District Courts in India in which such suits might be filed.

297. The solution adopted in Australia is this:

(1) Appeals from the orders of the Commissioner of Patents lie to the "Appeal Tribunal" and Section 146 of the Act of 1952 designates the High Court of Australia as the "Appeal Tribunal" for the purposes of the Act.

(2) In regard to petitions for revocation, Part XI of the Act constitutes the High Court of Australia as the exclusive forum for entertaining petitions for revocation of patents.

(3) In regard to actions for infringement, Section 113 of the Act enacts: "Jurisdiction is, by this section, conferred on the High Court to hear and determine an action or proceeding for the infringement of a patent, but this section does not deprive another court of jurisdiction which it possesses to hear and determine such an action or proceeding". The reference here is

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to the common law jurisdiction of the State court and the effect of the section is to continue the jurisdiction of the State Courts to entertain suits for infringement.

298. I referred to two matters in regard to which my proposals constituted a departure from the scheme of the Australian legislation. The first of them is in relation to the provision for a counter-claim in a suit for infringement. Section 116 of the Australian Patents Act, 1952 enacts that when a counter-claim for revocation is made in any suit for infringement pending in a State court, the entire proceedings are automatically transferred to the High Court of Australia for trial and disposal. It would be seen that this is similar to the provision in Section 29 of the Indian Patents and Designs Act, 1911 and Clause 58(5) of the Patents Bill but there is this difference that in Australia, there is only one High Court to which the proceeding would stand transferred while in India, there would be a multiplicity of such courts dependent upon the location of the District Court in which the suit for infringement was instituted. It is in view of this difference that I have suggested the elimination of the provision for a counter-claim—leaving proceedings for revocation to be initiated in the competent High Court by an independent petition.

299. The second matter on which my proposals constitute a variation from the law in Australia is the provision for a supplemental record for entering the findings of courts regarding the invalidity of claims in infringement action, I consider this an improvement which would serve the purposes, I have already mentioned.

## Suits for declaration of non-infringement and to restrain groundless threats

300. There remain for consideration two other classes of suits in relation to patents, for which the enactment makes provision (1) suits for declaration as to non-infringement under clause 57 and (2) suits to restrain groundless threat of legal proceedings (Clause 66).

301. Under the Bill, both these kinds of suits are entertainable in any court not inferior to a District Court having territorial jurisdiction to try the suit and I agree that this is proper. The first type of suit poses no problem of conflict of decision as regards the validity of patents, since the validity of a patent cannot be raised in such a suit. In suits under Clause 66, the validity of a patent might be brought in issue and following the analogy of suits for infringement, I would suggest a similar rule. Any decision by the Court as regards validity would have effect only *inter-partes* and the result would be entered in the supplemental record.

302. I would only add that in Australia the State Courts have concurrent jurisdiction with the High Court of Australia, to entertain and decide suits to restrain groundless threats of legal proceedings [*vide* Section 121 (4) of the Act of 1952].

303. In the notes on clauses, I have indicated in the relevant clauses the changes to be made to implement the above recommendations. I have, however, not drafted new clauses where these were necessary.

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## XIII. THE INTERNATIONAL CONVENTION

### Patents Enquiry Committee's recommendation

304. The Patents Enquiry Committee recommended in para. 269 of their report the desirability of India joining the International Convention for the Protection of Industrial Property. The reason adduced by the Committee in favour of this suggestion may be set out in their own words:—

> "One of the objects of the Convention is to confer 'priorities' by virtue of which any person who first applies for a patent in any one of the member States on a particular date, would, if his application for a patent in any of the other member states is filed within one year thereafter, be entitled to claim that his patent in the said other States should be dated as of the date of the application made in the State of origin.
>
> Indian inventors who seek to obtain patents in foreign countries are at present handicapped for want of this 'priority'.
>
> Certain other privileges extended to members of the Convention are also denied to Indian applicants for foreign patents. It has, therefore, been suggested that India should join the Convention.
>
> As against this view, there is a feeling in some quarters that India will not gain much by joining the Convention as experience has shown that by joining other International Organisations, she has suffered rather than gained any advantage.
>
> It is quite evident from the Articles of the Convention that Indian inventors, whose number is increasing, will gain substantial advantages, particularly with regard to obtaining 'priorities' for the patents taken out by them in foreign countries. It may be that, for some time to come, the number of Indian Inventors who would derive such advantages in respect of their foreign patents will not be as many as foreign inventors who would secure corresponding advantages in respect of Indian patents granted to them. Even so, we do not consider that this circumstance alone should be decisive as to whether India should join the International Convention."

### Membership of the Convention against the interests of underdeveloped countries

305. Having considered the matter independently, I feel unable to endorse this suggestion. In this connection, I might usefully refer to an article in a recent issue of "La Propriete Industrielle" under the title "The International Protection of Industrial Property and the different stages of Economic Development of the States" where the writer expresses the opinion that the differences between economic end industrial conditions of the member nations of the International Union and those of the backward territories have become so great that the continued existence of the Convention, instead of aiding the development of the backward territories, will retard it. He adds that the changes to which the convention has given rise have tended to make it an instrument in the hands of the economically most powerful countries which formed a sort of closed group determined to defend its monopolies.

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306. Though the Articles of the Convention leave a considerable latitude for the operation of municipal laws, they appear to me in so far as the Articles relate to patents for inventions, suited more to the industrially advanced than to the under-developed countries. In making this last observation, I have in mind the recommendations I made regarding the desirability of India joining the International Convention in my report on the Reform of Trade Marks Law (*vide* paras 86 & 87). When I made that recommendation, my attention was confined to the position as regards the law relating to Trade Marks and to unfair trade competition and I did not have the opportunity to consider the question from the point of patents which I have now had.

307. Apart from any theoretical or ideological preference for or against the Convention, I would point out two matters which have a vital bearing on any decision on this matter. The first is that some of the recommendations which I have made and which I consider essential to achieve the adequate working of inventions in the country are not in accordance with the Convention. For instance, I have recommended that patents which are not adequately worked within two years after they are compulsorily endorsed with the words "licences of right" might be revoked on application to the Controller. Again, I have recommended that patents for articles of food, medicine etc.; might be revoked on application to the Controller if within four years from the date of their grant, they are not worked within the country adequately to satisfy the demand for the products within the country. These two provisions might contravene Article 5A (3) of the Convention which runs:

> "(3) Revocation of the patent shall not be provided for except in cases where the granting of compulsory licences would not have been sufficient to prevent such abuses. No proceeding for the cancellation or revocation of a patent may be instituted before the expiration of two years from the granting of the first compulsory licence."

## Joining the Convention not recommended: Multi-lateral treaties for reciprocal arrangements preferred

308. The second matter I would like to refer is this. Under Section 78A of the Indian Patents and Designs Act, 1911 India can enter into conventions and arrangements only with the United Kingdom and its Dominions so that at present without any amendment of the law, we are unable to offer priority to applicants of other countries and naturally that is an impediment in the way of other countries offering priority rights to our nationals. In the redraft of this provision in the Patents Bill which I have accepted, convention arrangement might be entered into with any country and on the ratification of such arrangement, priority is conferred by the Act on the applicant of that convention country. The patent laws of almost every country in the world enable it to enter into treaty arrangements with other countries so as to confer on applicants from such country priority rights. Already some foreign countries have expressed their desire to enter into arrangements with India for the grant of priority rights in respect of patents on a reciprocal basis. In passing it may be observed that remembering that nearly 90 per cent of the patents on the Indian register belong to foreigners, it is the other countries that would be keenly desirous of securing priority rights in India. If, therefore, the securing of priority rights for Indian inventors were the sole object to be gained by joining the convention, the same may be achieved by entering into treaty arrangements on reciprocal

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grant of priorities and this would not entail the need for altering our laws so as to secure conformity to the requirements of the Articles of the Convention.

309. For those reasons, I would recommend that for the present India need not join the International Convention.

## XIV. PATENT AGENTS

### No provisions for registration of Patent Agents under the present Indian Act.

310. The Indian Patents and Designs Act, 1911 does not contain any special provisions for controlling the profession of Patent Agents. It is open to any person to advertise himself as a Patent Agent and to offer to draft patent specifications and undertake other work in connection with the obtaining of the patent even though such person has no technical qualification. There are no doubt a few Patent Agents who are persons of skill and quality. But as every person is at liberty to act as a Patent Agent, the consequence has been that grossly incompetent and even fraudulent persons have often acted as Patent Agents with great loss and injury to unwary inventors who employed them. I have heard of complaints with regard to the unscrupulous dealings by self-styled Patent Agents who have encouraged persons to apply for patents for worthless claims or who in drafting specifications of the claims had made serious mistakes. It is, therefore, desirable that as in other countries Patent Agents should be properly qualified to do their work, a work which involves great skill and responsibility and that such persons should have their names entered in a roll.

### Herschell Committee's report (1888) in the U.K.

311. The situation in India described above appears to me to approximate to that which prevailed in the United Kingdom before provisions as regards Patent Agents were for the first time introduced into the Patents, Designs and Trade Marks Act, 1883 by an amendment effected by an Act of 1888. A Committee presided over by Lord Herschell, the Lord Chanc

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not see our way to distinguish in an enactment between cases of this nature and those requiring technical knowledge, even if we thought it desirable to create a monopoly in favour of agents on the roll.

We think, however, that it would be of public advantage to provide a means of securing a roll of patent agents consisting of duly qualified persons, the admission to which should be possible and easy for all persons so qualified. With this object we would suggest that steps should be taken with a view to fixing a standard of qualification for the title of patent agent. And it might perhaps be well to enact that any person should be subject to a penalty who without being on the roll assumed the title of patent agent either by advertisement or by description on his place of business or on any documents issued by him" (page vii of the Report).

## Statutory provision for registration of Patent Agents recommended

312. The situation in India being the same I consider that the remedy and the form suggested by the Herschell Committee may with advantage be adopted and I accordingly recommend the same subject to a few modifications in detail to which I shall advert presently.

313. The right to use the appellation of Patent Agent and right to hold oneself out as a Patent Agent and practise the profession as such should be confined to those whose names appear on the Register of Patent Agents and the use of such name, the holding out or practising as such without being on the roll should be penalised.

## History of the U.K. statutory provisions as to Patent Agents

314. In England the custody of the Patent Register and the conduct of the qualifying examination for eligibility to be registered in the Register were entrusted to the Institute of Patent Agents, which in 1891, became the Chartered Institute of Patent Agents. Under the U.K. Act 1907 the Comptroller was given power to refuse recognition not only to agents whose names had been struck off the roll for any professional misconduct but also to those persons who had not been duly registered. Under the 1919 Act, the practice of Patent Agency was closed to unregistered firms or companies, but a provision was made whereby any British subject who proved to the satisfaction of the Board of Trade that prior to 1st August 1919, he had been *bona fide* practising as Patent Agent either on his own account, or as a member of a firm, or as a Manager or Director of an incorporated company, could be entitled to be registered, if he made application for that purpose within a period fixed by the Board of Trade, unless the Board of Trade were satisfied that he had while so practising been guilty of misconduct.

## Controller to be in charge of the Register of Patent Agents: Who may be registered as Patent Agents.

315. In India there is no recognised organisation or Institute of Patent Agents corresponding to the Chartered Institute of Patent Agents in the U.K. I would accordingly suggest that the custody of the proposed Register of Patent Agents and the conduct of the qualifying examination should be entrusted for the present to the Controller of Patents and Designs. The

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enactment may provide for the registration of the following classes of persons as Registered Patent Agents if they apply for registration to the Controller in the prescribed manner.

(1) Any Advocate, Solicitor or Attorney on the rolls of any High Court who holds a degree of a recognised University in Physical Science or Engineering or equivalent scientific or technical qualification to the satisfaction of the Controller.

(2) Any person who is a graduate in Science or Engineering of a recognised University or who possesses equivalent scientific or technical qualification to the satisfaction of the Controller and who has passed the qualifying examination prescribed for registering as a Patent Agent under the Rules. As regards the qualifying examination, the rules may prescribe the syllabus for this examination, which might be conducted by the Central Government. The candidate should be examined in Patent Law and practice in addition to technical subjects somewhat in line—but having regard to the conditions in India not of such high standard—with the qualifying examination conducted by the Chartered Institute of Patent Agents in London. Graduates in law, science or engineering might be permitted to sit for the qualifying examination. If the above system is followed, we will have a set of registered Patent Agents who as a body might be expected to be fairly competent for the purpose of drafting specifications and conducting proceedings under the Act before the Controller.

(3) Any person who has a degree in science or engineering of a recognised university or who possesses equivalent scientific and technical qualification to the satisfaction of the Controller and who had worked as Examiner of Patents at the Patent Office for a minimum period of five years provided that no officer of the Patent Office who has held a post involving duties as a hearing officer for more than twelve months shall be qualified to be registered or to practise as a patent agent, and

(4) Any person who has been describing himself and *bona fide* practising as a Patent Agent for at least 5 years before the 1st of January 1960*, provided that he satisfies the Controller that he had drafted and filed at the Indian Patent Office at least 30 complete specifications during the five years preceding the commencement of the Act and at least five complete specifications during every year in that period, and provided he made an application for registration as patent agent within a year from the date of coming into force of the new Act.

## Aliens not to be registered as Patent Agents

316. The statute should provide in express terms that only a person who is the citizen of India shall be eligible for registration as a Patent Agent. It may be mentioned in this connection that in the U.K., Canada, Australia and most other countries, an alien is not allowed to practise as a Patent Agent—see Section 88(6) of the U.K. Patents Act, 1949 and Rule 10 (3) of the U.K. Register of Patents Agents Rule, 1950. Such a provision is necessary particularly as Government might pass secrecy directions for security reasons in respect of some of the applications for patents and such applications should not be allowed to be handled by alien Patent Agents. In any event, competent technically and scientifically qualified Indian citizens are available for the work and they should be encouraged to take up this profession which is quite remunerative. As a few foreign nationals have already set up lucrative practice in this country, the rules may provide that those persons who have been practising continuously for five years

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before the 1st January 1960[30] in the manner stated earlier, may be exempted from the rule as to nationality but this would be no ground to permit new aliens into this profession.

## Registration of Companies and firms as Patent Agents

317. Section 88 of the U.K. Act, 1949 provides for incorporated companies being registered as Patent Agents subject to certain conditions. I do not consider a similar provision necessary or useful in this country. The right to be registered as a Patent Agent should be confined to individuals. A firm of registered Patent Agents may, however, be permitted to practise under a firm name, provided however, every one of the partners of the firm is registered as a Patent Agent in the prescribed manner; unless this requirement is complied with, the firm as such should not be allowed to practise as Patent Agents.

## Rights of Registered Patent Agents: formation of closed profession not recommended.

318. I shall now deal with the rights of Patent Agents and the degree of monopoly, they should enjoy. In considering this matter, it is necessary to keep in mind the nature or types of professional work in connection with patent applications and patents generally. The work in relation to applications for patents and the further procedure relating thereto may be classified under three heads: (1) drafting of the patent specification and (2) other matters which involve acting and appearance before the Controller including appearance at hearings in respect of applications for patents, opposition proceedings, application for compulsory licences etc. and (3) proceedings before the Court.

319. For work falling within the first category those engaged in the task should necessarily possess sufficient technical and scientific qualifications. For the second type of work, *viz*. appearance in proceedings before the Controller, though the possession of technical or scientific knowledge would be a great advantage, forensic ability is necessary, so that I do not see any harm in permitting, besides those who are permitted to do work of the first type, legal practitioners, *i.e*. those entitled to act or to plead before the High Courts. This class would include Advocates, Solicitors and Attorneys, on the roll of any High Court in India. Regarding proceedings before Courts, these would be before the High Courts having jurisdiction over the appropriate office of the Registry. These proceedings might be of three classes—(a) appeals against the orders of the Controller; (b) petitions for revocation under Clause 37; and (c) applications for determination of compensation under Clause 55.

## Persons entitled to draft specifications

320. Taking up each of these types of work in that order, I would recommend that as regards the drafting of specifications, this should be a monopoly of Registered Patent Agents, subject only to one exception, *viz*. that the inventor might draft it himself or get it done by any person duly authorised by him. Taking into account the fact that there are just a few qualified Patent Agents in India, I would recommend that there should be no closed shop and that though the holding out by a person as a Patent Agent when he is not a Registered Patent

30. It is expected that this Report will be published by 1-1-1960 and hence this date.

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Agent should be penalised, there should be no bar on an inventor seeking the assistance of a friend to draft his specification. I might point out that in the corresponding provision of the Trade and Merchandise Marks Act, 1958, persons in the sole and regular employment of the applicant for registration are among those permitted to act and appear before the Registrar for their principals. In the case of inventions for which applications for patents are made by an individual, firm or corporation, it is possible that their technical staff might be much better acquainted with the technicalities involved in the invention and might be able to appreciate and put forward the salient points of the invention better than even a Patent Agent. The Act should not prohibit the inventor himself or an applicant for the patent from drafting his specification, There should be no objection, either, to allow an individual, firm or corporation to permit his or their technical expert, even though not a registered Patent Agent, to draft his or their specification and act on his or their behalf. There is no need in such cases to compel the individual, firm or corporation to resort to Patent Agents for filing their applications. But such technical experts who may be employed by an individual, firm or corporation to draft his or their specifications will not be allowed to practise or describe themselves or hold themselves out as Patent Agents in India or elsewhere unless registered in the prescribed manner.

### Requirement as to scientific qualification for membership based on the Australian statute

321. In making the recommendation that a mere legal practitioner, Advocate, Solicitor or Attorney of any High Court should not be permitted to draft and file specifications as a part of his professional work, I am following the precedent in Australia, where such an exclusion of a legal practitioner as such occurs.

322. Section 137 of the Australian Patents Act, 1952 enacts:

> "137. *Legal Practitioners not to prepare specifications etc.*—A legal practitioner shall not prepare a specification or a document relating to an amendment of a specification other than a document relating to an amendment directed under section eightysix of this Act—
>
> (a) unless, within one year after the commencement of this Act, he has satisfied the Commissioner that, at any time before the first day of January, One thousand nine hundred and fifty two, he had practised as a patent attorney; or
>
> (b) unless he is acting under the instructions of a patent attorney or of a legal practitioner who has satisfied the Commissioner as provided by the last preceding paragraph.
>
> Penalty: One hundred pounds."

### Appearance before Controller and the doing of other acts besides drafting specification.

323. Appearances before the Controller and the doing of any act in the Patent Office other than drafting specifications, may be open to all legal practitioners, i.e. Advocates, Solicitors, Attorneys on the rolls of any High Court, and of course to all registered Patent Agents.

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## Acting and appearance before courts

324. No specific provisions are necessary in the Act as regards the right to act and plead in respect of proceedings under the Patents Act before the High Court. The matter would be governed by the law regulating the right of legal practitioners before such courts. It is only necessary to add that a registered Patent Agent might not be entitled to act or appear in any Civil Court, merely by virtue of his name being on the roll of registered Patent Agents.

## Removal from the register

325. The rules should provide for the suspension or removal of the names of the Patent Agents from the register of Patent Agents on the ground of professional misconduct. The Controller before whom the Patent Agent appears might be empowered to bring to the notice of the Central Government any misconduct on the part of the Agent and the Central Government might be vested with power to pass appropriate orders in case of proved misconduct after giving the Agent an opportunity to be heard.

I have up to now set out in broad outline my recommendations for the improvements of the Patent system and I shall proceed to discuss the several clauses of the Patents Bill of 1953 and the details of the changes I would recommend as regards these provisions.

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# Part II

# NOTES ON CLAUSES

PART II

# Notes on Clauses

## NOTES ON THE CLAUSES OF THE PATENTS BILL, 1953

### Clause 2—Definitions.

326. I would suggest a few changes in the expressions defined in Clause 2 both by way of omission as well as addition.

(a) "Advocate-General"—I have suggested the omission of the reference to Advocate-General in Clause 38—the only clause where it occurs in the Bill—and if this recommendation is adopted, the definition might be deleted. Even otherwise, it appears to be unnecessary.

(c) Section 4(1) of the Trade and Merchandise Marks Act, 1958 enacts that "the Central Government may by notification in the Official Gazette appoint a person to be known as the Controller-General of Patents, Designs and Trade Marks, who shall be the Registrar for the purposes of this Act and the Controller of Patents and Designs for the purposes of the Indian Patents and Designs Act, 1911." The Government have already appointed an officer with the designation of the Controller-General of Patents, Designs and Trade Marks under Section 4(1). In view of this, there could not be a further appointment to the same office under Section 5 of the Patents Act. The proper method of co-ordinating the provisions of the Trade and Merchandise Marks Act, 1958 and those in this Act would be to define the expression "Controller" as follows:—

"Controller" means the "Controller-General of Patents, Designs and Trade Marks".

(d) and (e) may stand.

(ee) After clause (e) I would suggest the addition of a definition of the expression "Government undertaking" which I have used in my redraft of clauses 37, 41 and 53 to 55— This might run:—

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"'Government und

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and (2) a provision, in relation to the Controller, on the lines of section 2(2) (d) of the Trade and Merchandise Marks Act, 1958, which runs—

"In this Act, unless the context otherwise requires, any reference to the Registrar shall be construed as including a reference to any officer when discharging the functions of the Registrar in pursuance of subsection (2) of section 4".

(s) In the definition, "true and first inventor" is defined as including the first importer of the invention and the first communicatee from abroad. I have already discussed (vide paragraphs 116—123 *ante*) the reasons why the definition should exclude these two categories of persons. If the expression "true and first inventor" were used for the first time in the Indian statutes the omission of the extended definition would be sufficient to achieve the purpose. In view, however, of the meaning which that expression has borne in the Indian Patents & Designs Act, 1911, I consider that it would be preferable to have a specific definition excluding these two categories of "inventors". The definition might then read:

"(s) 'true and first inventor' does not include either the first importer of an invention into India or to whom an invention is first communicated from outside India."

## Clause 3—What is not patentable

327. I would suggest a revision of the terms of clause 3 first, by an exhaustive enumeration of claims which are not patentable and secondly, by making a change in the matter contained in sub clause (d), in relation to "substances produced by chemical processes or intended for food or medicine".

328. I would redraft the clause as follows:—

"**3.** *What is not patentable.*—The following shall not be patentable under this Act and shall be deemed always not to have been patentable:—

(1)(a) An invention which is frivolous or claims anything obviously contrary to well established natural laws.

(b) An invention the use of which would be contrary to law or morality or injurious to public health.

(c) The mere discovery of a scientific principle or the formulation of an abstract theory.

(d) Methods of agriculture or horticulture.

(e) Processes for medicinal, surgical, curative, prophylactic and other treatment of man and processes for similar treatment of animals or plants to render them free of disease or to increase their economic value or that of their products.

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(f) A claim to a substance obtained by a mere admixture resulting only in the aggregation of the properties of the components thereof or a process for producing such substance.

(g) A mere discovery of any new property or new use for a known substance, or of the mere new use of a known process, machine or apparatus.

(h) A mere arrangement or rearrangement or duplication of known devices each working in an old or well-known way.

(2) No patent shall after the commencement of this Act be granted in respect of inventions claiming—(a) substances intended for or are capable of being used as food or beverage or as medicine (for men or animals) including sera, vaccines, antibiotics and biological preparations, insecticide, germicide or fungicide, and (b) substances produced by chemical processes including alloys but excluding glass.

(3) Notwithstanding anything in sub-section (2) inventions of chemical processes for the manufacture or production of the substances mentioned in that subsection shall be patentable."

329. I have rearranged and redrafted the matter contained in paragraphs (a), (b) and (c) of the Bill. In addition I have included the several types of inventions or alleged inventions which are universally or almost universally not patentable. I consider that if a statute proceeds to define what is not patentable, it is much more satisfactory that it should be as exhaustive as possible in respect of that matter rather than that some portion of it should be left to be dealt with on the basis of the case law on the subject, particularly in view of the non-availability in India of reports of cases dealing with this branch of law. The form I have adopted would leave not much room for doubt or ambiguity and would make the administration of the Act easier.

330. Most of the categories of inventions set out in sub-clause (1) are almost universally not patentable and I would include in this class those in paragraphs (a), (b), (c), (g) and (h) of sub-clause (1).

331. **Para (d).**—Patents for inventions in the field of plant propagation by asexual methods [which would fall under para. (d)] are specifically permitted by the Patents Acts of the U.S.A. and of South Africa, but not in any other country. They have never been granted in India and the enactment of para (d) will remove any doubt that might exist as regards the patentability of such inventions.

332. As regards para (e) inventions of medicinal or surgical treatment of man are universally not patentable. Similarly curative processes for the treatment of plants or animals have been held not to be "a manner of new manufacture" and therefore not patentable in the U.K. (*vide* Rau's application, 52 RPC 362—production of lupin seeds of high oil content); in the matter of American Chemical Paint Coy's Application,[1] (treatment of cotton plants). In the matter of an application by the Canterbury Agricultural College[2] (treatment of sheep for increasing the wool yield). It appears therefore that this type of invention is unpatentable in India also under the Indian Patents and Designs Act, 1911 when the statute uses the same words "manner of

1. 1958 RPC 47.
2. 1958 RPC 85.

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new manufacture". To avoid doubt and clarify the law, I have included the inventions specified in paragraphs (d) and (e) in the first sub-clause—which has retrospective effect.

333. A provision on the lines of paragraph (f) is to be found in the patent laws of several countries. The substance of it was enacted in the U.K. in 1932 in the U.K. Patents and Designs Amendment Act of that year [*vide* proviso to Section 38A (1)]. There however it was confined to inventions relating to substances "intended for food or medicine" and the provision was continued in a slightly extended form by section 10(1) (c) of the U.K. Patents Act of 1949 under which it applied to substances "*capable of being used* as food or medicine". I have however removed the restriction in the scope of the prohibition to substances "capable of being used for food or medicine" because logically no differentiation can be maintained between them and other substances produced by admixture merely The language of section 10(1)(c) of the U.K. Act of 1949 has been the subject of severe criticism by Blanco White (*vide* "Patents for Inventions" page 153) and I have tried to adopt a phraseology which might avoid these comments. The result of the unpatentability of process claims for effecting admixtures would in effect mean that only processes involving chemical reactions would be patentable taking the provisions of this paragraph in conjunction with sub-clause (3).

334. So far as sub-clause (2) is concerned I have in paragraphs 54 to 102 *ante* discussed the question involved in this recommendation in full and I have recommended that the adoption of a provision on the lines of section 38-A of the U.K. Act, 1907 to 1946 would not be in the interests of the country. I have there suggested that in regard to inventions relating to substances produced by chemical processes and also articles which are used as food or medicine etc., no patent should be granted for the product as such but the patent grant should be restricted to claims for the processes by which the product is produced. Sub-clause (2) of my draft gives effect to this recommendation. In passing I might make reference to two matters:

(1) In substance this provision is in line with the provision of the Swiss Patents Act of 1954 and I have already referred to the several other countries in which similar restrictions on patents are to be found.

(2) The second point is that I have included "alloys" as chemical products to which the restricted rule as to patentability should apply while excluding glass from that rule. I have already discussed the reasons for this provision and it is unnecessary to repeat them.

## New Chapter-IA

335. A new chapter numbered "1A" might be inserted after clause 3 which may contain the necessary provisions for (1) the determination of the appropriate zonal office, and (2) the competent High Court.

336. The territorial jurisdiction of the zonal offices to entertain applications for the grant of patents would have to be defined. In the Trade and Merchandise Marks Act, 1958 and the rules, elaborate provisions have been made for the determination of the appropriate office of the Trade Marks Registry in regard to existing marks. I do not think that this elaboration is needed in the case of patents. In regard to existing patents, they might be all treated as having been registered in the office at Calcutta where they are now registered with an option, however, given to the patentees to have their patents transferred to any other office of the

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Patent office. This option might be permitted to be exercised within a reasonable time after the coming into force of this Act, say, within one year or within such extended period as the Controller may allow. Until the option is exercised, the appropriate office might be Calcutta but thereafter it would be the office chosen by the patentee for the time being.

337. Pending applications might be dealt with on the same basis as applications filed after the commencement of the Act. In the case of non-resident foreigners, the address for service in India set out in the applications might determine the appropriate office where the application for the patent could be entertained and proceeded with. In regard to applications from persons resident in India, their places of residence might determine the appropriate office of the Patent Office for the above purpose.

338. As in the Trade and Merchandise Marks Act, 1958 there will have to be a definition of 'High Court' so as to link up the appropriate office of the Patent Office with the particular High Court which would have jurisdiction in respect of patents registered or deemed to be registered in that office.

339. As has already been stated, the exclusive jurisdiction of the High Courts as defined would be confined to

(a) deciding appeals from the orders, decisions and directions of the Controller,

(b) entertaining petitions for the revocation of patents, or

(c) proceedings for the rectification of the register,

(d) determination of compensation etc. under clause 55.

Other legal proceedings concerning patents such as suits for infringement (Clause 58), for declaration of non-infringement (Clause 57) or to restrain groundless threats under Clause 66 might all be disposed of by courts not inferior to a District Court having territorial jurisdiction to entertain them under the provisions of the Code of Civil Procedure.

## Clauses 4 and 5—Patent Office and its branches and Controller and other officers

340. In dealing with the definition of "Controller" in clause 2 (c), I have pointed out the necessity for linking up the provisions of the Trade and Merchandise Marks Act with those of the Patents and Designs Act. As the law relating to patents and that relating to Designs would be covered by different pieces of legislation, it would be necessary to alter the last two lines of section 4 (1) of the Trade and Merchandise Marks Act, 1958 to read—

> "** and the Controller of Patents for the purposes of the Patents Act, 19 , and the Registrar of Designs for the purposes of the Designs Act, 19 ."

341. In view of the provisions already made in Section 4 (1) of the Trade and Merchandise Marks Act for the vesting in the Central Government power to appoint a person as the Controller-General of Patents, Designs and Trade Marks, it is not necessary to have the provision empowering the appointment of this officer duplicated in Clause 5. I would further suggest a rearrangement of the provisions in Clauses 4 and 5 of the Bill so as to secure uniformity with the corresponding sections of the Trade and Merchandise Marks Act, 1958. The following will achieve this purpose. The clauses might run thus:—

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"4. *Controller and other officers.*— (1) The Controller-General of Patents, Designs and Trade Marks appointed under Section 4 (1) of the Trade and Merchandise Marks Act, 1958 (Act 43 of 1958) shall, for the purposes of this Act, be the Controller of Patents.

(2) The Central Government may appoint so many examiners and other officers with such designations as it thinks fit for the purpose of discharging under the superintendence and direction of the Controller such functions of the Controller under this Act as it may from time to time authorise them to discharge."

"5. *Patent Office and its branches.*—(1) For the purpose of this Act there shall be established an office which shall be known as the Patent Office.

(2) The Head Office of the Patent Office shall be at such place as the Central Government may specify and for purposes of facilitating the registration of patents, there may be established at such other places as the Central Government may think fit, branch offices of the Patent Office.

(3) The Central Government may, by notification in the Official Gazette, define the territorial limits within which such Head Office or branch office of the Patent Office may exercise its functions.

(4) There shall be a seal of the Patent Office."

## Clause 6—Persons entitled to apply for a patent

342. The language of the three sub-clauses is taken from section 1(1) (a) and (b) and section 1(3) of the U.K. Act of 1949. The U.K. section embodies the recommendation of the Swan Committee who suggested that an assignee might be rendered eligible to apply for a patent and prosecute a patent application. Clause 6 is comprehensive covering every case of assignment and devolution and might therefore stand.

343. I need hardly add that in view of the altered definition of the expression, "true and first inventor" in Clause 2 (8), a person who is the first importer or a communicatee of the invention in India, would not be entitled to apply as a "true and first inventor" under Clause 6(a).

## Clause 7—Form of Application

344. **Sub-Clause (1).**—In view of the provisions relating to the territorial jurisdiction of the head office and branch offices of the Patent Office and to co-ordinate this with the provision as to the 'High Courts' it would be necessary to make appropriate changes in Clause 7 (1).

345. Section 35 of the Australian Statute, corresponding to Clause 7, requires that every application shall be for one invention only.

There is no doubt that this is also the intention of the Bill which is sought to be achieved by the provision in Clause 9 (4) which prescribes the contents of a claim of a complete specification. I, however, consider it desirable to restate in Clause 7 itself that an application for a patent shall be for one invention only. If these changes are effected sub-clause (1) might run:—

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"7. *Form of Application.*—(1) Every application for a patent shall be for one invention only. It shall be made in the prescribed form and shall be filed at the appropriate office of the Patent Office."

346. **Sub-clause (2).**—This corresponds in general to Section 2(2) of the U.K. Act of 1949 except that Clause 7 (2) (b) enables the original deed of assignment to be filed as an alternate to the filing of the consent of "the true and first inventor". The object of requiring the consent of the true and first inventor is to safeguard his interests and ensure that no application is made in fraud of his rights. On the other hand the purpose of calling on the applicant to file the original deed under which he claims his right to apply is that evidence might be available to the Controller for deciding the right of the applicant to file the application. As the objects of these two requirements are different, there is incongruity in making them alternative conditions as has been done by this sub-clause.

347. Further, the filing of the original deed under which the assignee claims might not furnish all the information necessary to enable the Controller to accept the title of every assignee-applicant. In the first place, the definition of "assignee" is comprehensive to include the legal representative of a deceased person, and hence probate or letter of administration might be needed in some cases (*vide* Rule 10 of the U.K. Patent Rules, 1949). Secondly, the title of the applicant from the inventor might be traceable to more than one deed, and the sub-clause as drafted is defective in that it requires the applicant to file only the last deed under which his title vests.

348. The applicant would no doubt have to establish his title to make the application and for this purpose it is sufficient to require him to file an affidavit setting out how he traces his title to the invention. The rules might make provision for the particular evidence which he must produce to prove his case.

349. I would suggest that clause 7 (2) might run:—

"Where the application is made by virtue of an assignment of the right to apply for a patent for the invention, there shall be furnished with the application or within such period as may be prescribed after the filing of the application—

(a) an affidavit by the person claiming to be the true and first inventor or his legal representative, stating that he assents to the making of the application; and

(b) an affidavit signed by the applicant setting out the facts relied on to support the application."

The statutory 'declaration' under the U.K. Act is analogous to an affidavit under Indian law (*vide* Rule 141 of U.K. Patent Rules, 1949), and hence I have substituted the word 'affidavit' for 'declaration' which occurs in the Bill.

The reference to the payment of the prescribed fee in Clause 7(4) (b) might be omitted in view of the definition of the expression "prescribed manner".

## Clause 7A—Information and undertakings regarding foreign applications

350. In addition to the documents set out in Clause 7 (2) it would be useful to require the applicant to furnish the following further information. The majority of the applicants

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for patents in India are foreign nationals and in several cases the application in India is for the same or substantially the same invention as that for which an application for patent has already been made by them in other countries. It would be of advantage therefore if the applicant is required to state whether he has made any application for a patent for the same or substantially the same invention as in India in any foreign country or countries, the objections, if any, raised by the Patent Offices of such countries on the ground of want of novelty or unpatentability or otherwise and the amendments directed to be made or actually made to the specification or claims in the foreign country or countries upto the date of acceptance of the application. This matter acquires added importance by reason of the change which I have suggested in the content of the publications which should constitute anticipation to deprive an invention of novelty. As publication abroad before the relevant date would also constitute anticipation, this information would be of great use for a proper examination of the application.

351. I would further suggest a provision for ensuring that the applicant keeps the Controller informed of any further foreign applications made and of the orders made on such applications after the date of the Indian application. Naturally this would have to be in the form of an undertaking to be filed by the applicant.

352. A provision of this sort is not at all unusual. Somewhat similar obligations are laid on applicants for patents in Canada by Rule 39 of the Canadian Patent Rules. Besides, at the recent Commonwealth Conference on Patents and Trade Marks at Canberra the following resolution was passed unanimously:—

> "This Conference recommends to those countries of the Commonwealth which undertake novelty search under statutory provision that they should provide in their legislation measures whereby applicants may be required to furnish the result of searches in other Patent Offices."

353. Clause 7-A might run:—

> "7-A. *Information and Undertakings regarding foreign applications.*—Every applicant for a patent shall along with his application file—
>
> (1) (a) a statement setting out the name of the country, the serial number and date of filing of all applications for a patent for the same or substantially the same invention as disclosed by the provisional or complete specification as the case may be, filed under this Act, made in any country outside India, by either the applicant or to his knowledge by some person through whom he claims or by some person deriving title from him;
>
> (b) an undertaking that he would up to the date of the acceptance of his complete specification, filed in India, communicate to the Controller similar details of every foreign application and subsequent to those if any set out in the statement in the previous sub-clause within 8 weeks of his being apprised thereof;
>
> (2) (a) a statement setting out the details of all objections taken and orders passed on the ground of the invention lacking novelty or patentability and any amendments effected to the specifications and claims in such foreign countries in regard to the applications set out in (a) and (b) of sub-section (1);

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(b) an undertaking that he would up to the date of the acceptance of the complete specification, communicate to the Controller details of all objections taken, orders passed on the ground of the invention lacking novelty or patentability and the amendments effected to the specifications or claims and made subsequent to that statement specified in sub-section (1) within 8 weeks of his being apprised thereof."

354. In my draft of Clause 7-A, I have referred to the applications made abroad "by the applicant and by those from whom he claims and by those claiming under him". I am conscious that often enough applications are made not singly but by two or more individuals and that the Indian applicant might not be the sole but a joint applicant in the foreign country. I have not, however, thought it necessary to make specific provision for this contingency in the text of the clause, because I feel that an application abroad is none the less one by the applicant here, notwithstanding that it is by him jointly with another. In this view I am supported by the interpretation which was placed on a similar provision in regard to convention application in Switzer's Patent[3].

355. To secure compliance with this provision as to the disclosure of information regarding foreign applications for the same invention, I am adding to Clauses 21 and 37 words to include failure to communicate information in possession of an applicant, as constituting a ground of opposition and revocation respectively.

## Clause 8—Provisional and Complete Specifications

356. **Sub-Clause (1).**—Under Section 4A (1) of the Patents and Designs Act of 1911, a complete specification has to be filed within nine months from the date of the application and the accompanying provisional specification, with a permissible extension by one month on request made by the applicant to the Controller for proper cause. The Patents Enquiry Committee, while recommending no change in the initial period of nine months prescribed under section 4A (1) of the present Act, suggested that the period of one month allowed for extension may be enhanced to three months. Clause 8 (1) of the Bill adopts this recommendation.

357. Under the corresponding provisions of the U.K. Act of 1949 [Sections 3 (2) to 3 (5)] and under the Australian Patents Act, 1952—1955 [Section 41(1) and 41(2)] the time for filing a complete specification, where a provisional specification has accompanied the application, is twelve months with a permissible extension by another 3 months for proper cause, making the maximum interval between the filing of the provisional and complete specification 15 months.

358. Under the earlier U.K. Patents & Designs Act of 1907, the initial period was fixed at 9 months with a possible extension by another three months but as the total time of 12 months was found to be inconveniently short, it was extended to 12 and 15 months respectively by the Amendment Act of 1932. The Swan Committee suggested no alteration in the state of the law.

359. The question as to the precise limit of time to be permitted for the filing of a complete specification has to be determined by the balancing of two considerations: (1) It is not in the public interest to have too long a period of secrecy for an invention; (2) Inventors, however, do require a period of time for developing their inventions. The object of the system

3. 1958 RPC 415.

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of provisional specification is to give time to the inventors to develop their inventions after the basic discovery has been made, so that they are in a position to specify in the complete specification the best mode of performing the invention. In this connection it is to be noted that a vast majority of applicants for patents in India are foreign nationals. Where the applications are from the Commonwealth countries with whom we have reciprocal arrangements for priority dates for patents, the majority of them are filed under the reciprocal arrangements which require that the application should be accompanied by a complete specification [*vide* section 78A(3), proviso (a) of the Indian Patents & Designs Act, 1911 and Clause 82(1) (a) of the Bill]. In the case of other foreign applicants also, a complete specification is more often filed with the application, as in several of their home countries, (e.g. America or Germany) there is no system of filing of provisional specifications and the Indian application is made subsequent to the filing of the application in the home country. The result is that the majority of the provisional specifications filed at the Indian Patent Office are from Indian applicants. During the period 1950— 57 out of 20,222 applications for patents, (out of which 3,573 were by Indians), 2860 applications were accompanied by provisional specifications and of these 2091 originated in India and only 769 from abroad. In view of these facts, an extension of the period for filing the complete specification after the date of filing the provisional specifications would benefit mostly Indian nationals to get their complete specifications in proper order for being filed.

360. I accordingly recommend that Clause 8(l)may be amended so as to allow a period of 12 months with a possible extension by another 3 months on the lines of section 3 of the U.K. Act which has been followed in Australia and New Zealand.

361. **Sub-Clause (2).**—The corresponding provision in the U.K. Act, 1949 is section 3 (3) which, however, does not specifically mention that the two or more applications accompanied by provisional specifications referred to in the clause should be in the name of the same applicant in order to attract the provisions of that section though this is implicit from the other provisions of the U.K. Act with reference to anticipation etc. The language of the sub-clause which specifically provides for the applications being in the name of the same applicant puts the matter beyond doubt and might therefore be retained.

362. It should, however, be pointed out that the Australian Patents Act has in addition a provision for applications for inventions which are cognate being made by different applicants and for these several applicants being granted a patent jointly [*vide* Section 50(4)]. Under the British system, this type of joint grants would not be possible. I do not consider it necessary to adopt the additional Australian provision and would retain Clause 8(2) in its present form.

363. Sub-Clauses 8 (3) and 8 (4) may remain as they are. They are substantially reproductions of Sections 3 (4) and 3 (5) of the U.K. Act.

## Clause 9—Contents of Specification

364. **Sub-Clause (1).**—This is substantially taken from Section 4 (1) of the U.K. Act, 1949 and might remain.

365. **Sub-Clause (2).**—Reproduces in substance Section 4 (4) of the Indian Patents and Designs Act, 1911 but does not include Sub-Section (5) of that Section. That sub-section runs—

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> "If in any particular case the Controller considers that an application should be further supplemented by a model or sample of anything illustrating the invention or alleged to constitute an invention, such model or sample as he may require shall be furnished before the acceptance of the application, but such model or sample shall not be deemed to form part of the specification".

366. A provision on these lines was first introduced in the U.K. Patents Act in 1907. The rationale of this requirement of sample was thus explained by the Comptroller in his Annual Report of the U.K. Patent Office for 1907—

> "With the object of checking applications for speculative patents for alleged inventions based only on chemical theories, and not submitted to the test of experiment, Section 2 (5) has provided that where the invention in respect of which an application for a patent is made is a chemical invention, such typical samples and specimens as may be prescribed shall, if in any particular case the Comptroller considers it desirable, be furnished before the acceptance of the complete specification".

Frost in his Treatise on Patents (Fourth Edition, Vol. II, 1912, page 15) explains the object of conferring the power on the Comptroller to require samples thus—

> "The object of giving the Comptroller the above power is to prevent the granting of mere blocking patents. It is to enable the Comptroller, on behalf of the public, to be satisfied that the alleged invention will really produce the results stated. If a claim be allowed which is in terms sufficiently vague to apparently include the production of a chemical body which, as a matter of fact, the applicant cannot produce by the alleged invention the patent may be used to harass a subsequent meritorious inventor, who, by a different invention, is able to produce such chemical body. When the Comptroller considers it desirable to call for samples and specimens and the applicant is unable to produce them, or satisfy the Comptroller that they can be produced, the Comptroller can, upon the report of the Examiner, either refuse the application or require amendment on the ground that the specification does not fairly describe the nature of the invention. This power may enable the Comptroller to prevent the dog-in-the-manger tactics which previously were, in some cases, practised by patentees whose claims were purposely drafted in language sufficiently vague to appear to claim chemical bodies which could not be produced by the alleged invention."

I consider this therefore a useful provision which deserves to be retained (*vide* also section 40 of the Canadian Patents Act).

367. **Sub-Clause (3).**—This deals with the contents of a complete specification and follows the provision contained in the corresponding section 4 (3) of the U.K. Act which is substantially similar to Section 40 (1) of the Australian, enactment. The provision in Canada (Section 36), however, is more detailed and brings out the effect of the decisions on what a complete specification should contain. I consider that the form adopted in Canada might with advantage be adopted here with suitable changes. In place of this sub-clause I would suggest the following:

> "9 (3) (a) Every complete specification shall correctly and fully describe the invention and its operation or use, as contemplated by the inventor, including the best method of performing the invention which is known to the applicant so as to

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distinguish the invention from the prior art and shall set forth clearly the various steps in a process, or the method of constructing, making, compounding or using a machine, manufacture or composition of matter, in such full, clear, concise and exact terms as to enable any person skilled in the art or science to which it appertains, or with ' which it is most closely connected to make, construct, compound or use it; in the case of a machine, it shall explain the principle thereof, and the best method in which the application of that principle is contemplated; in the case of a process the necessary sequence, if any, of the various steps shall be explained.

(b) The specification shall end with a claim or claims defining the scope of the invention and stating distinctly and in explicit terms the things, combinations or processes that the applicant regards as new and to which he claims to be entitled to protection."

368. Section 36 (3) of the Canadian Act enables additional fee being charged where the number of claims contained in a complete specification exceed 20 following in this respect the provision in the Patents Law of the United States. I would recommend a similar provision for adoption. This would have the effect of eliminating unnecessary claims and the cutting out of a multiplicity of claims which scarcely differ from one another, which is a common feature of the several of the foreign systems of drafting claims. There is, however, no necessity to insert any provision in the Act itself and it is sufficient if the Rules, which prescribe the fee for the filing of a complete specification, make a provision that where the claims of a complete specification exceed a reasonable number (say ten or fifteen) set out in the rules, a prescribed fee shall be paid on each 5 or 10 claims in excess of that figure.

## Clause 10—Priority date of claims of complete specifications

369. The separation of the priority date for claims for the purpose of determining novelty from the date from which the patent should be effective was made in the U.K. in 1949 as a result of the recommendation of the Swan Committee (para 35 to 43 of their Final Report). The Patents Enquiry Committee recommended the adoption of this system in India and this is incorporated in Clause 10 of the Bill. I agree there is advantage in this system.

370. Coming to the details of the provision, it has to be noticed that the language of Clause 10 is substantially derived from the corresponding section 5 of the U.K. Act 1949. When this matter of priority dates was considered by the Dean Committee in Australia, they suggested one main change from the U.K. system. This point of difference is thus expressed in paragraph 59 of their Report:—

"Under the British Act and practice, claims are not allotted priority dates, unless and until the matter becomes an issue; but, on the whole, we consider that there are advantages in specifying priority dates in the specification and permitting them to be challenged in opposition, revocation and infringement proceedings."

Section 44 of the Australian Act which implements the above recommendation enacts: —

"44. (1) There shall be a priority date for each claim of a complete specification.

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(2) A claim of a complete specification shall indicate the date which the applicant considers to be the priority date of that claim."

The requirement of this provision is carried out in Australia by the statutory rules framed under the Patents Act. Under Regulation 6 read with paragraph (11) of Part II of the 3rd Schedule, the priority date of each claim in the specification is required to be inserted by the applicant at the end of each claim. I consider the Australian provision to be an improvement over the British practice and I would recommend its adoption in India.

371. I would further suggest the addition of three new provisions which are not to be found either in Clause 10 of the Bill or in Section 5 of the U.K. Act, 1949.

372. The first one is based on Section 45 (3) of the Australian Act and is applicable in cases where a further or a fresh application has been filed under Clause 16 (1) of the Bill which deals with the division of applications, whose ratio I shall explain in my notes to that Clause

373. The other two are not found in specific terms either in the U.K. or in the Australian *Acts*. The first relates to the effect of post-dating of applications with reference to priorities. As to the effect of post-dating, Terrell says:—

> "The applicant gets more time for filing a complete specification for putting his application in order but at the risk of having his patent wholly or partially invalidated by some disclosure or application made meanwhile" (Terrell 'Law of Patents' page 39).

I have given effect to the principle behind this last observation in the redrafted sub-clause (8).

374. The other is a provision for determining the priority date where a complete specification is preceded by more than one provisional specification and a claim is based on matter fairly disclosed partly in one and partly in another of these provisional specifications. The Australian Act does not make provision for such a case, and in the absence of a specific provision, the priority date would be the date of the filing of the complete specification which is not proper.

375. The following redraft of Clause 10 would implement the above suggestion:—

"10. *Priority dates of claims of a complete specification.*—(1) There shall be a priority date for each claim of a complete specification.

(2) Each claim of a complete specification shall indicate the date which the applicant considers to be the priority date of that claim.

(3) Where a complete specification is filed in pursuance of a single application accompanied by—

(a) a provisional specification, or;

(b) by a specification which is treated by virtue of a direction under sub-section (3) of section 8 as a provisional specification;

and the claim is fairly based on the matter disclosed in the specification referred to in (a) or (b) above, the priority date of that claim shall be the date of the filing of the relevant specification.

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(4) Where the complete specification is filed or proceeded with, in pursuance of two or more applications accompanied by such specifications as are mentioned in the preceding sub-section and the claim is fairly based on the matter disclosed

(a) in one of those specifications, the priority date of that claim shall be the date of filing of the application accompanied by that specification,

(b) partly in one and partly in another the priority date of that claim shall be the date of the filing of the application accompanied by the specification of the later date.

(5) Where the complete specification has been filed in pursuance of a further application made by virtue of Section 16 (1) of this Act and the claim is fairly based on matter disclosed in any of the earlier specifications, provisional or complete, as the case may be, the priority date of that claim shall be the date of the filing of that specification in which the matter was first disclosed.

(6) Where, under the foregoing provisions of this section, any claim of a complete specification would, but for the provisions of this sub-section, have two or more priority dates, the priority date of that claim shall be the earlier or earliest of those dates.

(7) In any case to which sub-sections (3) to (6) do not apply, the priority date of a claim shall, subject to the provisions of section 83, be the date of filing of the complete specification.

(8) The reference to the date of the filing of the application or of the complete specification in this section shall in cases where there has been a post-dating under sub-sections (2) or (3) of Section 16 of this Act, be a reference to the date as so post-dated.

(9) A claim in a complete specification of a patent shall not be invalid by reason only of—

(a) the publication or use of the invention so far as claimed in that claim on or after the priority date of that claim; or

(b) the grant of another patent which claims the invention, so far as claimed in the first mentioned claim, in a claim of the same or a later priority date."

## Clause 11—Examination of Application

376. This clause is certainly an improvement on the present section 5 of the Indian Patents and Designs Act, 1911 in that it specifies particularly the functions of the Examiner and the contents of his report. In substance, this clause follows the provision of the U.K. Act, 1949 [Section 6(1)]. There is, however, certain amount of redundancy in it, sub-clauses (a) and (b) somewhat overlapping, and besides, the clause fails to make provision for the consideration of objections based on Clause 3.

377. There is one other matter which logically follows from the amendment which I have suggested to Clause 10 of the Bill regarding the inclusion of provision on the lines of Section 44 of the Australian Patents Act, which requires every complete specification to specify a priority date for each of the claims. If this is accepted, there would have to be a provision for the

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examination of this matter on the lines of Section 47 (2) of the Australian Act. The following redraft will implement the above suggestions:—

> "**11.** *Examination of Application.*—(1) When the complete specification has been filed in respect of an application for a patent, the application and the specification or specifications relating thereto shall be referred by the Controller to an Examiner for making a report to him in respect of the following matters, namely—
>
> (a) whether the application and the specification or specifications relating thereto are in accordance with the requirements of this Act or of any rules made thereunder,
>
> (b) whether there is any lawful ground of objection to the grant of the patent under this enactment, in pursuance of the application,
>
> (c) the result of investigations made under Section 12,
>
> (d) whether the priority date of each claim as indicated by the applicant is the priority date of that claim as determined by this Act, and
>
> (e) any other matter which may be prescribed."

## Clause 12—Search for anticipation by previous publication and by prior claim

378. I have already set out in paragraphs 111 to 115 *ante* my views as to what should constitute anticipation by publication. I have there explained that the U.K. system, which has been followed in India under Section 9 of the Patents and Designs Act, 1911, of anticipatory publications being confined to publication in India and which is continued in the Bill is not in the interests of the country and that national economy would be better served if the continental or the American system, whereunder publication of the invention before the priority date in any part of the world constitutes anticipation, were adopted.

379. It may be noticed that though the marginal note to Clause 12 refers to a search for *anticipation by previous publication etc.*, the body of the clause does not use the expression "anticipation". This may be remedied.

380. A provision on the lines of Section 11 (2) of the U.K. Act, 1949 is useful and may be added. Section 44 of the Patents Law of 1957 of Czechoslavakia contains a provision for a Commission of Experts as the advisory organ of the President of the Patent Office, with assignments to be fixed by the latter. A similar provision for a panel of experts to advise the Controller, if he desires at any time to consult them on questions involving novelty or subject matter might be usefully adopted here. The references should be made confidentially and if the report of the expert is adverse to the applicant, the Controller might be directed not to act upon the report without making the report available for the applicant and giving him an opportunity to be heard.

The Clause may be redrafted thus:

> "**12.** *Search for anticipation by previous publication and by prior claim.*—(1) The Examiner to whom an application for a patent is referred under section 11 shall make investigation for the purpose of ascertaining whether the invention so far as claimed in any claim of the complete specification—

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(a) has been anticipated by publication before the date of filing of the applicant's complete specification in any specification filed in pursuance of an application for a patent made in India and dated on or after 1-1-1912;

(b) is claimed in any claim or any other complete specification published on or after the date of filing of the applicant's complete specification, being a specification filed in pursuance of an application for a patent made in India and dated before or claiming the priority date earlier than that date.

(2) The Examiner shall, in addition, make such investigation as the Controller may direct for the purpose of ascertaining whether the invention, so far as claimed in any claim of the complete specification, has been anticipated by publication in India or elsewhere in any other document before the date of filing of the applicant's complete specification.

(3) Where a complete specification is amended under the provisions of this Act before it has been accepted, the amended specification shall be examined and investigated in like manner as the original specification.

(4) The investigations made under this Section shall not be held in any way to guarantee the validity of any patent, and no liability shall be incurred by the Central Government or any officer thereof by reason of, or in connection with, any such investigation or any proceeding consequent thereon."

## Clause 13—Consideration by the Controller of the report by the Examiner

381. The practice in Australia is to forward to the applicant the report of the Examiner on the complete specification, and section 53 (1) of the Australian Act provides for the computation of the time for acceptance from the date on which the report was sent to the applicant. In the U.K. as well as under the Indian Patents and Designs Act, 1911, the practice that prevails is for the applicant being informed merely of the objections of the Controller, the report of the Examiner as such not being forwarded to the applicant. The present practice may continue.

382. The next question is as regards the procedure to be followed by the Controller in disposing of the application in the light of the examiner's report. No doubt Clause 73 makes provision for the Controller affording an opportunity to an applicant before any discretionary power vested in him is exercised adversely to the applicant. But in order to avoid any argument that Clause 73 might not be attracted to cases where the statute directs the Controller to pass orders rejecting an application, it would be preferable to put matters beyond controversy.

383. I would accordingly suggest that the clause might be redrafted thus:—

"**13.** *Consideration by the Controller of the report by the Examiner.*—Where in respect of an application for a patent the Controller has received the report of the Examiner, he shall if the same were adverse to the applicant or required any amendment of the application or of the specification to ensure compliance with the provisions of this Act or the rules made thereunder, notify the applicant of the objections to his application, and require the latter to show cause why the objections should not be upheld. The Controller shall after hearing the applicant, if the latter so desires, dispose of the application in accordance with the provisions hereinafter appearing."

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## Clauses 14 and 15.—Order of refusal or amendment of application in certain cases

384. These clauses which deal with substantially the same matter broadly correspond to Sections 10 (1) and 6 (2) respectively of the U.K. Patents Act, 1949. It would be convenient to combine the provisions of these two clauses.

385. There is no provision corresponding to section 10 (2) of the U.K. Act, 1949 dealing with cases where the primary or the intended use of an invention is lawful, but there is the possibility of the invention being put to a use which is either contrary to law or to morality. In such cases, the U.K. Act vests the Controller with a discretion to accept the application, provided the applicant disclaims the unlawful use of the invention. Cases where advantage has been taken of this provision have been few but notwithstanding this, there is no doubt that this is a useful provision and might be added.

386. The following redraft seeks to implement this recommendation:—

> "**14.** *Refusal of application in certain cases.*— (1) Where the Controller is satisfied that the application or any specification filed in pursuance thereof does not comply with the requirements of this Act or of any rules made thereunder, the Controller may either
>
> (a) refuse to proceed with the application; or
>
> (b) require the application, specification or drawings to be amended to his satisfaction before he proceeds with the application.
>
> (2) If it appears to the Controller that
>
> (a) the application claiming to be a convention application was filed in contravention of the provisions of Chapter XVII, or
>
> (b) the invention claimed in the specification is
>
> (i) not an invention within section 2 (h), or
>
> (ii) not patentable under section 3,
>
> he shall refuse the application.
>
> (3) If it appears to the Controller that any invention in respect of which an application for a patent is made might be used in any manner contrary to law, he may refuse the application, unless the specification is amended by the insertion of such disclaimer in respect of that use of the invention or such other reference to the illegality thereof as the Controller thinks fit.

## Clause 16—Other orders of the Controller

387. Clause 16 (1) deals with the division of an application. This provision is necessitated by the rule that an application for a patent should be confined to and each patent would cover only a single invention. Where the complete specification filed in respect of an application and the claims based thereon, relate to more than one invention the Controller is bound to raise an objection requiring the applicant to amend his complete specification by confining it to a

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single invention. But even apart from such objection raised by the Controller, the applicant for a patent might himself realise the defect in his application and seek to amend his complete specification to conform to the Act. In either of these cases the applicant would naturally be desirous of covering his invention which is disclosed in the specification already filed but which is excluded from the earlier complete specification, by filing a further application and obtain a patent therefor. It is to this situation that Clause 16 (1) is directed.

388. The language of the draft clause, however, which appears in part to be based upon the provisions of Section 6 (5) of the U.K. Patents Act, 1949, is defective in more respects than one.

First, the sub-clause by implication appears to suggest that if an earlier complete specification filed in pursuance of a single application disclosed more than one invention, the Controller had the option either to proceed with the application or to call on the applicant to require the applicant to restrict his claims to one invention. This of course is not what was intended. The phraseology of the sub-section should be altered to make it clear that the Controller has no such option once he finds that the claims of a complete specification relate to more than one invention.

Secondly, it is not clear whether the specification to accompany the further application might be a provisional or should be a complete specification, though I believe the intention was to permit only a complete specification. The Australian Act [Section 51(2)] in terms requires that the fresh application should be accompanied by a complete specification. I would recommend this being made clear.

Lastly, the sub-clause provides for the ante-dating of the fresh application to the date of the original application or such later date as the Controller may fix, in which event the further application is to be deemed to have been made on the date which it bears in accordance with such directions.

389. The provision empowering the Controller to ante-date the further application and the specification filed with it, to an earlier date reproduces in effect the provisions contained in Section 6 (5) of the U.K. Act. In regard to this, however, I would suggest a change, which, while being logical and consistent with the principle of differentiation between the priority date and the date of the patent, produces a just result.

390. The ante-dating of an application and specification has significance for two purposes:

(1) for fixing the priority date for determining anticipation. The basic principle underlying this is that subject to any provision as to post-dating the priority date should be the date on which the invention was first disclosed. In my redraft of Clause 10 (5) I have made provision for the priority date in respect of the further application filed after division, being determined with reference to this principle.

(2) for fixing the date of the patent which under the Bill is the date of the filing of the complete specification [*vide* Clause 25 (1)]. If the further application is treated as having been filed on the date it was actually filed, there would be difficulty in reconciling it with the statutory requirement as to the maximum time which might lapse between the filing of a provisional and a complete specification. Under Clause 8 of the Bill, this maximum interval was 12 months and I have suggested this being

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increased to 15 months. In the normal course of events, the defect which necessitated the division of an application would be noticed only when the complete specification is examined and by this date in very many cases the 15 month-period would have lapsed. There is therefore necessity to make a provision for ante-dating the date of the filing of the complete specification to avoid this result. I however consider that it would be just and also logical to ante-date the further application and the complete specification filed therewith to the date of the filing of the earlier complete specification as the further specification became necessary merely on account of extra matter contained in the specification. In this situation it would be necessary to ensure that the specification filed with the further application does not contain any matter not already disclosed in the earlier complete specification contained. If the applicant desires to include fresh matter not already in the complete specification already filed, he must file a fresh application which would have other priority and filing dates.

391. Including these points the clause should with clarity specify that:—

(1) A further application may be made for an invention disclosed either in a provisional or a complete specification already filed [vide sections 6 (5) of the U.K. and 51 of the Australian Acts].

(2) Such an application may be filed by an applicant who, either apprehends that his application might be held defective on the ground that more than one invention has been claimed in a complete specification, or in order to remedy a defect of this nature pointed out by the Controller (*ibid*).

(3) The fresh application to be filed before the acceptance of the complete specification [Section 51 (1) of the Australian Act].

(4) The fresh application to be accompanied by a complete specification [51 (2) of the Australian Act].

(5) The Controller to be empowered to require amendments to be made in the complete specification first filed as well as in the complete specification filed with the fresh application to ensure that the same matter is not included in both the complete specifications [U.K. Rule 13 (2)].

(6) The deletion of the later part of clause 16(1) which empowers the Controller to ante-date the fresh complete specification.

392. **Sub-clause (2).**—This sub-clause, as also the sub-clause that follows, confer power upon the Controller to post-date an application. Sub-clause (2) deals with a case where the post-dating is in consequence of a request made by the applicant. Provision on these lines was first introduced in the U.K. in 1932 by an amendment introduced by the Patents Act of that year. A slight change in the language of this provision was made by the U.K. Act of 1949 by the introduction of the opening words *"At any time after an application has been filed"*. Before the introduction of these words, it was held in *Seligman's Application for a Patent*[4] that where an application had not been accepted within 18 months from the date of the filing and had therefore become void [Clause 18 (2) of the Bill] no application for post-dating could

4. 56 RPC 267.

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be entertained. The insertion of the words italicized above is stated in Terrell on the Law of Patents as overruling this decision in these terms:

> "Under the present Act it seems plain, by reason of the use of the words 'at any time' that where an application is post-dated it is treated for all purposes as having been made on the later date."

[Terrell on Law of Patents: 9th Edition Page 39],

I do not agree with this comment and in this I am supported by the decision of the Divisional Court in *A.H. Freeman*[5], which has been affirmed by the Court of Appeal[6]. It is not however proper to leave the matter in this state of ambiguity and I would resolve it on the lines of the U.K. decision.

393. **Sub-clause (3).**—This sub-clause has to be drafted so as to conform to the draft of Clause 14(1).

394. **Sub-clause (4).**—This corresponds to Section 7 (3) of the U.K. Act. I would suggest two changes in the sub-clause. The first is in regard to the reference to sub-section (1) of Section 12: this should be to sub-section 1(a), the matter referred to in sub-clause (b) being that dealt with by Clause 16 (5). The second is that sub-clause 4 (a) in making a reference to the country of publication of the documents, uses the words "in India". In view of the change I have recommended in the rule as regards what shall constitute an anticipatory publication by documents, it is necessary that the words "in India" should be deleted. I would further suggest the substitution of the words "acceptance of the complete specification" for "acceptance of the application". I have discussed this last matter in the notes to Clause 18.

395. **Sub-clauses 5 and 6.**—These correspond to sections 8(2) and 8(3) of the U.K. Act, 1949 and make provision for references being entered in the specifications. There is one other ground, besides those provided for in Sections 8(2) and 8(3) of the U.K. Act [corresponding to Clauses 16 (5) and 16 (6)] upon which a specific reference may be inserted by the Controller. That is the subject matter of Section 9 of the U.K. Act. This Section 9 is based on the recommendation of the Swan Committee who in paragraph 180 of their Final Report said:

> "We also consider that provisions should be made in the Acts to the effect that where, in the Comptroller's opinion, the invention claimed cannot be performed without risk of infringement of some claim of an earlier patent which is in force and *prima facie* valid, he may, unless the applicant himself agrees to insert a specific reference to such earlier patent, insert a reference to it after the claims by way of notice to the public."

396. Broadly stated this recommendation was in effect to put into precise and statutory form the previously existing practice of the Patents Office. Luxmoore, J., referred to the practice in this regard in *Daniel Adamson & Company's* application[7]:

> "A specific reference is inserted in order to warn the public and to call attention to a relationship existing between the invention described and claimed in the specification in which such reference appears and the invention described and claimed in the Letters Patent the subject of such specific reference."

5. 1958 RPC 263.
6. 1959 RPC 25.
7. 50 RPC 171 at p. 174.

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There were also other cases in which according to the practice of the Patent Office specific reference used to be made but it is unnecessary to go into the details of that practice. I understand that the practice in India is on the same lines as in the U.K. Under the existing practice though the Controller normally requires an applicant to insert a reference and declines to proceed with the application in proper cases unless the reference were inserted, he is not under any statutory obligation to do so. It was this option or discretionary power of the Controller that was made obligatory and statutory under Section 9 of the U.K. Patents Act. The omission of a provision on the lines of Section 9 does not therefore make much difference because the existing practice will continue. But on the other hand, the codification of the law and a statutory definition of the conditions in which a reference should be inserted would put the matter beyond doubt. For these reasons I consider that it would be useful to have a provision on the lines of Section 9 of the U.K. Patents Act, 1949 to be inserted as one of the sub-clauses of Clause 16.

397. **Sub-clause (7).**—This sub-clause reproduces the provision contained in Section 8 (4) of the U.K. Patents Act. The power of the Controller to insert a reference after the grant of the patent is in the U.K. put in to cover cases of belated opposition under Section 33 of the U.K. Act. As the Bill does not make any provision for such belated opposition, references to the power of the Controller subsequent to the grant of a patent must be omitted.

398. A redraft on the following lines will carry out the above suggestions:—

"16. *Other Orders of the Controller.*—(1) (a) At any time before the acceptance of the complete specification a person who has made an application for a patent under this Act may, if he so desires, or with a view to remedy the objection raised by the Controller on the ground that the claims of the complete specification relate to more than one invention, file a further application in respect of an invention disclosed in the specification provisional or complete already filed in respect of the first mentioned application.

(b) (i) The further application under the last preceding sub-section shall be accompanied by a complete specification, and the application and the complete specification shall be deemed to be filed on the date of filing of the complete specification in pursuance of the first mentioned application.

(ii) The complete specification filed with the further application shall not include any matter not in substance disclosed in the complete specification filed in pursuance of the first mentioned application.

(iii) The Controller may require such amendment of the complete specification filed in pursuance of either the original or the further application as may be necessary to ensure that neither of the said complete specifications includes a claim for matter claimed in the other.

(c) The further application shall, subject to the determination of the priority date under Section 10 (5) of this Act, be proceeded with as a substantive application.

(2) Subject to the provisions of Section 8 at any time after an application has been filed under this Act and before acceptance of the complete specification, the Controller may, at the request of the applicant made in the prescribed manner, direct that the

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application shall be post-dated to such date as may be specified in the request, and proceed with the application accordingly:

Provided however that no application shall be post-dated under this sub-section to a date later than six months from the date on which it was actually made or would, but for the provisions of this sub-section, be deemed to have been made.

(3) Where an application or specification (including drawings) is amended in pursuance of the directions of the Controller under Section 14 (1) the application or specification shall, if the Controller so directs, be deemed to have been made on the date on which the requirement is complied with or where the application or specification is returned to the applicant, the date on which it is re-filed after complying with the requirement.

(4) Where it appears to the Controller that the invention so far as claimed in any claim of the complete specification has been anticipated in the manner referred to in sub-section 1(a) or sub-section (2) of Section 12 he may refuse to accept the complete specification unless the applicant either

(a) shows to the satisfaction of the Controller that the priority date of the claim of his complete specification is not later than the date on which the relevant document was published; or

(b) amends his complete specification to the satisfaction of the Controller.

(5) If it appears to the Controller that the invention is claimed in a claim of any other complete specification referred to in clause (b) of sub-section (1) of Section 12, he may, subject to the provisions hereinafter contained, direct that a reference to that other specification shall be inserted by way of notice to the public in the applicant's complete specification unless within such time as may be prescribed either:

(a) the applicant shows to the satisfaction of the Controller that the priority date of his claim is not later than the priority date of the claim of the said other specification; or

(b) the complete specification is amended to the satisfaction of the Controller.

(6) If it appears to the Controller as a result of an investigation under Section 12 or otherwise—

(a) that the invention so far as claimed in any claim of the applicant's complete specification has been claimed in any other complete specification referred to in clause (a) of sub-section (1) of Section 12; and

(b) that such other complete specification was published on or after the priority date of the applicant's claim;

then, unless it has been shown to the satisfaction of the Controller that the priority date of the applicant's claim is not later than the priority date of the claim of that specification, the provisions of sub-section (5) shall apply in the same manner as they apply to a specification published on or after the date of filing of the applicant's complete specification.

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(7) Any order of the Controller under sub-section (5) or (6) of this section directing the insertion of a reference to another complete specification shall be of no effect unless and until the other patent is granted.

(8) (i) If, in consequence of the investigations required by the foregoing provisions of this Act or of proceedings under Section 21 of this Act, it appears to the Controller that an invention in respect of which application for a patent has been made cannot be performed without substantial risk of infringement of a claim of any other patent, he may direct that a reference to that other patent shall be inserted in the applicant's complete specification by way of notice to the public unless within such time as may be prescribed either—

(a) the applicant shows to the satisfaction of the Controller that there are reasonable grounds for contesting the validity of the said claim of the other patent; or

(b) the complete specification is amended to the satisfaction of the Controller.

(ii) Where, after a reference to another patent has been inserted in a complete specification in pursuance of a direction under the foregoing sub-section—

(a) that other patent is revoked or otherwise ceases to be in force; or

(b) the specification of that other patent is amended by the deletion of the relevant claim; or

(c) it is found, in proceedings before the court or the Controller; that the relevant claim of that other patent is invalid or is not infringed by any working of the applicant's invention, the Controller may, on the application of the applicant, delete the reference to that other patent."

## Clause 17—Substitution of applications etc.

399. This clause reproduces Section 17 of the U.K. Act, the present provision in relation to this matter being contained in Section 10 (1A) of the Indian Patents and Designs Act, 1911.

The marginal note may be amended to read "*Substitution of applicants etc.*" as in the U.K.

400. **Sub-clause (1).**—Sub-clause (3) indicates that the assignment or agreement dealt with in sub-clause (1) is in writing. This might be made explicit by the addition of the words "in writing" after the word "agreement" in line 3.

401. **Sub-clause (2).**—This sub-clause refers to an assignment or agreement made by one of two joint applicants for a patent. In the context it is obvious that what is meant is "by one of two or more joint applicants". The words "or more" occur in the corresponding U.K. Section 17(2) and they might be inserted in sub-clause (2).

402. **Sub-clause (3).**—Paragraph (c) of sub-clause (3) departs from the U.K. provision—Section 17(3) (c)—by omitting reference to the right being established in a court. I do not consider the omission justified. Further the reference to "the rights of the claimant in respect of the invention" being "finally established under the provisions of this Act" is an inaccurate description of the scope and function of the Controller under sub-clause (5) to which

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it obviously refers. Under sub-clause (5) the Controller does not determine the rights of the claimant to the invention, but is only concerned to give directions "for enabling the application to proceed in the name of one or more of the parties alone or for regulating the manner in which it should be proceeded with". In view of this, the provisions of sub-clause (3)(c) may be redrafted thus:

> "(c) the rights of the claimant in respect of the invention have been finally established by the decision of a court; or
>
> (d) the Controller gives directions for enabling the application to proceed or for regulating the manner in which it should be proceeded with under the provisions of sub-section (5) of this section."

403. **Sub-clause (4).**—The U.K. expression "personal representative" has to be replaced by the words "legal representative" its Indian equivalent in line 27.

## Clause 18—Acceptance of complete Specification

404. This clause corresponds broadly to Sections 12 and 13 (1) of the U.K. Patents Act, 1949 though the language employed is not identical. I would suggest that this clause might be broken up into two parts as in the U.K., the first dealing with the time within which an applicant should put his application and specification in order, and the other with the acceptance of the specification by the Controller including the prescription of the time within which he should do so. The logicality of such an arrangement is too obvious to require argument in support.

405. There are two other matters to which I would draw attention: (1) The Bill speaks of "the acceptance of the application" whereas the U.K. Patents Act refers to "the acceptance of the complete specification". I would prefer the U.K. form because the main subject matter under examination is the specification and it is when that is in order that an acceptance takes place. (2) Section 13 (1) of the U.K. Act carries in addition a proviso which is designed to prevent premature publications of specifications so as not to prejudice applications made abroad. A provision on these lines would benefit Indian inventors who make the basic application in this country. The provision is designed to obviate the difficulties arising from the fact that in certain countries, the publication of a specification in any other country constitutes an anticipation so as to deprive an invention of novelty for the purpose of making application for patents. I would suggest the adoption of a similar provision in the Bill.

406. Under sub-clause (2) the maximum period within which an application for a patent could be accepted is 12 months from the making of the application. In the U.K. Patents Act of 1949, however, the starting point for the computation of this maximum time is from the date of the filing of the complete specification.

407. The U.K. Patents and Designs Act of 1907 as originally enacted did not fix any period of time within which alone an application should be accepted. In order however to secure that the requisitions of the Controller shall be expeditiously complied with and to prevent undue delay by the applicants the Patents and Designs Amendment Act, 1932 enacted Section 8-A which fixed a maximum period of eighteen months from the date of the application, for its acceptance. The starting point was however, altered in 1939 to run from the date of the filing of the complete specification and this has been continued by the Patents Act of 1949. [It may

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be mentioned in passing that Section 12(1) of the U.K. Patents Act, 1949 has been the subject of further amendments under which the maximum period allowable now stands enlarged to four years *vide*, the U.K. Patents Act of 1957 (section 1).

408. To make the date of filing of an application for a patent, the starting point for computing the maximum period allowable for the acceptance of a complete specification does not seem to have much reason behind it, while on the other hand, there is more logic in making it commence from the filing of the complete specification. It is the complete specification which is examined by the Patent Office and the interval provided by the clause is for the purpose of allowing for—

(a) the time required for the examination of the application and the specification by the Patent Office and;

(b) the time required by the applicant to comply with the requirements of the office.

Besides, to compute the time from the filing of an application operates to the prejudice of applicants who file provisional specifications along with their applications and as I have already pointed out, most of them are Indian applicants. The provision in the Bill must therefore, be altered.

409. The mode of computation adopted in the U.K., however, suffers from the defect that the time taken by the Patent Office for examination, for which the Act could not and does not prescribe any maximum period, is included in the total period of time within which the acceptance of the specification ought to take place. In other words, any delay caused by the office in completing the examination is in effect attributed to the applicant and he is prejudicially affected if the examination takes more time than might be usual. This anomaly is avoided in Australia, by prescribing that the time within which the complete specification could be accepted should start from the date on which the report of the Examiner is sent to the applicant.

Section 53(1) of the Australian Patents Act enacts:

"The time within which an application and a complete specification may be accepted is fifteen months from the date on which the first report of the Examiner on the complete specification was sent to the applicant."

The provision in Canada (Section 32) is similar and the applicant being given "six months after any Examiner appointed has taken action thereon, of which notice has been given to the applicant". I consider this method of fixing the time, making it start from the date on which the first statement of objections by the Controller is sent to the applicant to be just and not open to the objection that an applicant ought not to suffer for the delay caused in the examination by the Patent Office.

410. The next question is the fixation of the precise time limit within which an applicant should be obliged to comply with the requisitions of the office and bring the application and the specification in order. From the quotations which I have made in the previous paragraph, it would be seen that this period is fifteen months in Australia and six months in Canada. I am of opinion that taking into account the conditions in India a period of twelve months might be adopted with a provision for the extension of that period by the Controller by further three months. This would mean that specifications ought to be put in order within a

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maximum period of fifteen months from the date when the objections of the Controller are communicated to the applicant.

411. Section 32 of the Canadian Act specifies two alternative time limits for an applicant putting his specification in order. One to which I have already adverted provides for six months from the date when the report of the Examiner is communicated to the applicant and the other an absolute period of twelve months from the date of the filing of the complete specification (the system of provisional specification does not obtain in Canada), the applicant having the benefit of the longer of the two periods. Having regard to the fact that I have suggested the raising of the period from six to practically 15 months I do not think it necessary to recommend the adoption of any similar provision here.

412. There is one matter to which it is necessary to advert, on the language of Clause 18(2). This sub-clause uses the expression "deemed to have been refused" in referring to an application which has been allowed to lapse. This does not appear to be quite accurate. These words were obviously taken from Section 5(4), of the existing Indian Patents and Designs Act, 1911. In the case now under discussion the Controller exercises no violation and passes no order as a result of which the application comes to an end but it is rather the case of a failure to act on the part of the applicant himself. I would prefer the use of the words "be deemed to have been abandoned" as connoting with precision the real situation.

413. Clause 18(2), is further defective in that it does not contain any positive provision setting out the rules applicable in cases where an appeal is filed against the Controller's orders, though cases where appeals are filed are excluded from the operation of the rule as to the limit of time within which an application could be accepted. On the clause as it stands it would appear that if an appeal were filed there would be no limit of time within which a complete specification should be put in order. In the U.K. Patents Act the positive provision is contained in Section 12 (3) and it is necessary to incorporate this in Clause 18.

414. The following redraft of clause 18 as Clauses 18 and 18-A, implements these recommendations:—

> "18. *Time for acceptance of complete specification.*—(1) An application for a patent shall be deemed to have been abandoned unless within 12 months from the date of the forwarding of the first statement of objections to the application or complete specification by the Controller to the applicant or within such longer period as may be allowed by the following provisions of this section, the applicant has complied with all the requirements imposed on him by or under this Act. Where the application or any specification has been returned to the applicant by the Controller in the course of examination proceedings the applicant shall not be deemed to have complied with such requirements unless and until he has refiled it.
>
> (2) The period allowed by sub-section (1) of this section shall be extended by the Controller to such period not exceeding 15 months from the date of the forwarding of the statement of objections referred to in the foregoing sub-section (1), on application made in the prescribed manner by the applicant before the expiration of the period so specified.
>
> (3) If at the expiration of the period allowed under the foregoing provisions of this section, an appeal to the High Court is pending in respect of the application (or,

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in the case of an application for a patent of addition, either in respect of that application or in respect of the application for the patent for the main invention) or the prescribed time within which such an appeal could be filed in the High Court (apart from any extension of time granted by the court for filing the appeal) has hot expired, then—

(a) where such appeal is pending, or is brought within the aforesaid time of twelve or fifteen months as the case may be or before the expiration of any extension of that time granted by the High court (in the case of a first extension) on an application made within that time or (in the case of a subsequent extension) on an application made before the expiration of the last previous extension, the said period of twelve or fifteen months as the case may be for complying with the requirements of the Controller shall be extended until such date as the High Court may determine;

(b) where no such appeal is pending or is so brought, the said period of twelve or fifteen months as the case may be for complying with the requirements of the Controller shall continue until the end of the time aforesaid or if any extension of that time is granted by the High Court as aforesaid, until the expiration of the extension or last extension so granted."

"18A. *Acceptance of the complete specification.*—Subject to the provisions of the last foregoing section, the complete specification filed in pursuance of an application for a patent may be accepted by the Controller at any time after the applicant has complied with the requirements mentioned in sub-section (1) of that section and if not so accepted within the period allowed under that section for compliance with those requirements shall be "accepted as soon as may be thereafter:

Provided that the applicant may make an application to the Controller in the prescribed manner requesting him to postpone acceptance until such date not being later than 15 months from the date of the forwarding of the statement of objections referred to in sub-section (2) of the foregoing section as may be specified in the application and if such application is made the Controller may postpone acceptance accordingly."

## Clause 19—Advertisement of acceptance of a complete specification

415. This clause reproduces the terms of Section 9 of the U.K. Act of 1907 which was adopted in Section 6 of the Indian Patents and Designs Act of 1911. The corresponding section of the U.K. Act of 1949 [Section 13 (4)] made a variation in that the advertisement is to specify the date on which the application and the specification would be open to public inspection, whereas under the clause only the acceptance is notified and thereupon the specification becomes automatically open to public inspection. The change from the provisions of section 9 of the U.K. Act of 1907 was made as a result of the recommendations of the Swan Committee. In para. 184 of their Final Report, they said:

"This section provides that, on the acceptance of the complete specification, the Comptroller shall advertise the acceptance, and that the application and specification shall thereupon be open to public inspection. It has been pointed out to us that this practice has some inconvenience. There is often delay in obtaining such inspection,

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> owing to the fact that the documents in question have been sent to the printer for the printing of the specification. It was also pointed out that in some foreign countries a patent is invalidated if the invention has been published anywhere in the world prior to the date of the foreign application. After full consideration of the matter and consultation with the officials of the Patent Office, we have come to the conclusion that it is desirable to print a date on the specification as the date when the printed copy of the specification is available for purchase, and to treat this date as the first date when the specification may be inspected and can be deemed to be published, and as the date from which the rights of the patentee for recovering damages for infringement accrue and as the date from which the period for giving notice of opposition to the grant is reckoned. We are informed that under normal conditions the date when the printed copy of the specification would be available is from two to three weeks after the date of acceptance."

416. The provision in Australia is slightly different from that in the U.K. Under section 43(1), of the Australian Patents Act, 1952 on the expiration of six months after the lodging of the complete specification, a notification is to be published that the specification is open to public inspection. This throwing open of the specification to public inspection is unrelated to its acceptance and the latter is separately advertised under Section 52(2). In Australia, therefore, a complete specification might become open to public inspection even before the acceptance of the application by the Controller.

417. The following history of the provisions in Australia might be found useful in considering the proposal made by the Patents Enquiry Committee in para 143 recommending the publication of complete specifications immediately they were filed. Before 1946 the Australian Patent Act followed the U.K. model of specifications becoming open to public inspection only after the acceptance of the application. Section 38A of the Act introduced in that year directed publication of specifications immediately after their lodgment. This however was in force but for a short time, and was replaced by the present provisions as a result of the recommendations of the Dean Committee. In paragraph 53 of their report they said:

> "By an amendment of the existing Act made in 1946, Section 38A was inserted providing for the publication of a complete specification after its lodgment. Having regard to the existing state of the examination work in the Patent Office, we accept the principle that a complete specification should not have to await acceptance before it becomes open to public inspection. There are, however, disadvantages in too early publication and we have accordingly provided in Clause 43 that publication shall not take place until six months after lodgment of the complete specification."

418. The Patents Enquiry Committee suggested in para 143 that the provision as to publication of complete specification in India might be modelled on Section 38-A, of the Australian Amendment introduced in 1946. The Bill does not accept this recommendation— and, in my opinion, this rejection is correct. I am not convinced of any advantage in the publication of a complete specification before acceptance, but, though I entirely agree that in order to ensure that inventions are not kept secret for too long, examination of the specification should be speeded up and such of them as are accepted should be laid open to public inspection at as early a date as possible, on principle I am against the publication of a specification which is not accepted.

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419. As between the provisions in the Bill and that in the U.K. Act, I would prefer the latter and would recommend that the clause be redrafted on the lines of Section 13 (2) of the U.K. Act.

420. I understand that at present on the average there is a time lag of about 14 months between an advertisement of the acceptance of a specification and the publication of the printed complete specification which is said to be due to the delay in having the printing done in the Government Press [*vide* Appendix A—Table (10)]. This delay causes hardship to the public. This should be reduced and in no case should it exceed four weeks. To achieve this expedition, the Patent Office might either have a printing press of its own, or be equipped with equipment for rapid duplication like Multigraph etc. so as to enable it to make sufficient copies of specifications for being sold to persons seeking them for the purpose of filing opposition or at least be permitted to utilize a private printing press.

421. In this connection, I might suggest that the present scale of fees payable for application for patents may be modified by reducing by Rs. 10 the fee for the filing of a complete specification and by requiring the payment of Rs. 5 per page of the specification including drawings, subject to a maximum of Rs.100 for the costs of publishing them and which might be made payable within 30 days of the applicant being notified of the acceptance with power in the Controller to extend this period, say, by another month. If the applicant failed to pay the fee within the time fixed or extended for cause, the acceptance might be revoked and the application refused. This would be more equitable than the present system, under which all applicants for patents pay the same sum whatever be the cost the Government incurs in the matter of having their specifications printed and published. My suggestion, if accepted, might be implemented by appropriate rules.

422. If this clause follows, as I suggested, the phraseology of Section 13 (2) of the U.K. Act, 1949, there would have to be a provision on the lines of Section 13 (3), of the U.K. Act in order to correlate the expressions used in Clause 19 with those in Clause 20. I would therefore suggest that Clause 19 might have a second paragraph carrying the words of Section 13 (3) of the U.K. Act.

423. The following redraft would carry out these suggestions:

> "19. *Advertisement of acceptance of a complete specification.*—
>
> (1) On the acceptance of a complete specification the Controller shall give notice to the applicant, and shall advertise in the Gazette the fact that the specification has been accepted and the date on which the application and specification or specifications filed in pursuance thereof will be open to public inspection.
>
> (2) Any reference in this Act to the date of publication of a "complete specification shall be construed as a reference to the date advertised as aforesaid."

## Clause 20—Effect of acceptance of complete specification

424. This clause corresponds in general to section 13 (4), of the U.K. Act differing however in two minor matters.

425. The first is that the clause refers to the date of the acceptance of the application as compared to the date "of the publication of the complete specification" referred to in the

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U.K. Act. I would prefer the U.K. form as being more logical since it is the publication which discloses the invention to the public and not the acceptance of the application and complete specification, which is the matter relevant in this context. I may add that this is also in accordance with the provision in Australia (Section 57).

426. Next the clause includes the words "or the expiration of the time for sealing" which do not occur in the U.K. Act, 1949. These words have had a hoary ancestry in England having come right down at least from the Patents Act of 1883 (Section 15) and continued to be in the U.K. enactments until the Act of 1949. The precise effect, however, of these words is not apparent; nor is it clear whether the relevant date mentioned is the later or the earlier of the two dates—the date of sealing or the expiration of the time. As the proviso requires that the patent shall be sealed before any rights could be enforced, the significance of the words is rather obscure and I presume they were deleted for this reason. There are no reported decisions on the provision. It may be mentioned that these words do not appear in the corresponding section in Australia. I would therefore suggest the deletion of these words. The following redraft would carry out these suggestions.

> "20. *Effect of acceptance of complete specification.*—After the date of the publication of the complete specification and until the date of sealing a patent in respect thereof, the applicant shall have the like privileges and rights as if a patent for the invention had been sealed on the date of the publication of the complete specification:
>
> Provided that the applicant shall not be entitled to institute any proceedings for infringement until the patent has been sealed."

## Clause 21—Opposition to grant of patent

427. I have already discussed the desirability of retaining opposition proceedings as it obtains in the Indian Patents and Designs Act, 1911 and have suggested that clause 21 might be redrafted on the lines of Section 14 of the U.K. Act. The accompanying draft seeks to give effect particularly to the alterations I have recommended in relation to what should constitute anticipation by publication in documents, and the provision in Clause 7-A requiring information from applicants regarding the fate of their foreign applications for the same invention for which a patent is sought here.

> 21. *Opposition to grant of Patent.*—(1) At any time within three months from the date of the publication of a complete specification under this Act, (or within such further period not exceeding one month in the aggregate as the Controller on application made to him in the prescribed manner allows) any person interested may give notice to the Controller of opposition to the grant of the patent on any of the following grounds:—
>
> (a) That the applicant for the patent or the person under or through whom he claims, wrongfully obtained the invention or any part thereof from him or from a person of whom he is the legal representative;
>
> (b) that the invention so far as claimed in any claim of the complete specification has been published before the priority date claimed

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(i) in any specification filed in pursuance of an application for a patent made in India after 1-1-1912, or

(ii) in India or elsewhere, in any other document, not being a document of the class described in sub-sections (2) or (3) of Section 48 of this Act.

(c) that the invention, so far as claimed in any claim of the complete specification is published on or after the priority date of the applicant's claim and filed in pursuance of an application for a patent in India, being a claim of which the priority date is earlier than that of the applicant's claim[8]:

(d) that the invention so far as claimed in any claim of the complete specification was used in India before the priority date of that claim;

(e) that the invention so far as claimed in any claim of the complete specification is obvious and so does not involve any inventive step, having regard to the matter published as mentioned in paragraph (b) of this sub-section; or having regard to what was used in India before the priority date of the applicant's claim;

(f) that the subject of any claim of the complete specification is not an invention within the meaning of this Act or is not patentable under Section 3.

(g) that the complete specification does not sufficiently and clearly describe the invention or the method by which it is to be performed;

(h) that the applicant failed to disclose to the Controller the information required by Section 7A or furnished information which in any material particular was false to his knowledge.

but on no other ground.

(2) Where any such notice is given, the Controller shall give notice of the opposition to the applicant and shall give to the applicant and the opponent an opportunity to be heard before he decides on the case.

(3) The grant of a patent shall not be refused on the grounds stated in paragraph (c) of sub-section (1) of this section if no patent has been granted in pursuance of the application mentioned in that paragraph; and for the purpose of enquiry under clauses (d) and (e) of the said sub-section (1), no account shall be taken of any secret use."

## Clause 21-A—Refusal of patent without opposition

428. The U.K. Act contains a provision—Section 15—under which anticipatory publications might be brought to the notice of the Comptroller without the informant filing a formal and regular opposition to the grant of the patent, a provision which appears to me would be extremely useful. In the first place, it is confined to one specific ground upon which an application could be rejected—a ground which is capable of immediate verification and acceptance if the facts stated were correct. The provision would only mean that the informant assists the Patent Office to effect a more complete examination by bringing to its notice matters which might have been missed. Secondly, the informant might either be a person not having a *locus*

8. For the orders which the Comptroller might pass in opposition proceedings when a prior claiming is proved see per Lloyd Jacob J. in 1959 RPC 103.

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*standi* to file opposition for the reason that he is not technically "a person interested" or one who is not in a position to undertake the expense of filing a regular opposition but might have in his possession information regarding anticipatory publications, which would make the examination more complicated and this would certainly be in the public interest.

429. I have drafted a clause which would carry out this suggestion.

> "**21-A.** *Refusal of patents without opposition.*—If at any time after the acceptance of the complete specification filed in pursuance of an application for a patent and before the grant of a patent thereon it comes to the notice of the Controller, otherwise than in consequence of proceedings in opposition to the grant under the last foregoing section, that the invention, so far as claimed in any claim of the complete specification, has been published before the priority date of the claim;
>
> (a) in any specification filed in pursuance of an application for a patent made in India and dated after 1-1-1912;
>
> (b) in any other document [not being a document of any class described in Section 48 (2) or (3) of this Act], the Controller may refuse to grant the patent unless, within such time as may be prescribed, the complete specification is amended to his satisfaction."

## Clause 22—Mention of inventor as such in patent

430. This clause substantially reproduces Section 16 of the U.K. Patents Act, 1949 except that it omits sub-section (6) of the latter enactment. There is no provision corresponding to Clause 22 in Australia but the New Zealand Act has a provision (section 23) in the same terms as Section 16 of the U.K. Act.

431. The provision owes its origin to the terms of Art. IV (ter) of the International Convention as amended at London in 1934. The Article runs:—

> "The inventor shall have the right to be mentioned as such in the patent".

The U.K. Patents Act of 1907 was amended in 1938 by the introduction of a new Section 11A carrying this provision into that Act. The present provision in the United Kingdom Act of 1949 substantially reproduces Section 11A of the Act of 1907.

432. Though India is not a party to the International Convention and there is therefore no legal necessity for such a provision, the justification for it rests on the moral ground upon which the Article of the International Convention itself is based. The principle is that whether or not the actual deviser has proprietory right to the invention (he would not have, for instance, in those cases where he is an employee and the invention has been made in the course of his employment), he has a moral right to be named as the inventor. Such a mention besides affording him mental satisfaction gives him a prestige and increases his economic worth, advantages to which he is legitimately entitled though by contract he might have parted with proprietory interest in the particular patent granted.

433. **Sub-clause (2).**—In view of my recommendation to eliminate "communicatees" and "importers" of invention from the category of "first and true inventors", sub-clause (2) is unnecessary and may be deleted.

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434. **Sub-clause** (5).—This sub-clause makes a slight departure from the corresponding U.K. provision contained in Section 16 (5). The latter prescribes a time-limit both for a request as well as for claim. It is not very clear why the time-limit for the claim was omitted in sub-clause (5). This might be rectified by the inclusion in it of the words "or claim" after the words "A request".

435. In view of the change which I have suggested to Clauses 18 and 19, the provision contained in sub-clause (5) here might be brought into line with the provisions in the U.K. enactment, wherein the starting point for the computation of the time limit of two months runs from the date of the publication of the complete specification and not the date of advertisement of the acceptance of the application. The sub-clause might read: —

> "(5) A request or claim under the foregoing provisions of this section shall be made not later than two months after the date of publication of the complete specification or within such further period (not exceeding one month) as the Controller may, on an application made to him in that behalf before the expiration of the said period of two months and subject to the payment of the prescribed fee, allow."

**Suggested new sub-clause 5A**.—Sub-section (6) of the U.K. Act runs in these terms:

> "No request or claim under the foregoing provisions of this section shall be entertained if it appears to the Comptroller that the request or claim is based upon facts which, if proved in the case of an opposition under the provisions of paragraph (a) of sub-section (1) of section fourteen of this Act by the person in respect of or by whom the request or claim is made, would have entitled him to relief under that section."

436. The reason why the Bill does not carry this provision might possibly be on account of the omission of the procedure for opposition. In view, however, of my recommendation to introduce opposition proceedings, a provision on the lines of sub-clause (6) of Section 16 of the U.K. Act, 1949 would have to be included in Clause 22.

437. Section 16 (6) of the U.K. Act is based on sound principle. Where a claimant alleges and proves that the invention had been obtained from him, the fact would uproot the title of the applicant and would therefore be a ground for refusing the application. For this reason, the sub-section provides that the proper remedy for a person coming forward with such an allegation should be to invalidate the grant of the patent and not merely obtain mention of his name as an inventor. The provision is in public interest and I would suggest its adoption. As regards the language of the sub-clause there is one point that deserves mention. Sub-section (6) of the U.K. Act refers both to a request as well as a claim. The provision is quite in order so far as "claims" are concerned. It is, however, not clear how "a request" could be based on an allegation of "obtaining". A request is made when an applicant or all the applicants together with the actual deviser, if he is not the applicant, present an application to the Controller. In such cases as the alleged actual deviser is a consenting party, no allegation of "obtaining" is possible. I therefore consider that the reference to "request" might be omitted from the new sub-clause. If effect were given to these suggestions, a new sub-clause 5A might be added reading:

> " (5A). No claim under the foregoing provisions of this section shall be entertained if it appears to the Controller that the claim is based upon facts which, if proved in the case of an opposition under the provisions of Section 21 of this Act by the person in

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respect of or by whom the claim is made, would have entitled him to relief under that section."

## Clause 23—Provision for secrecy for certain inventions etc.

438. I have discussed the broad outlines of the scheme for the preservation of secrecy in regard to applications for patents for inventions relevant for defence in paras 218-236 *ante*.

439. It will therefore be sufficient if I confine myself to the details of the drafting changes which are needed. First in relation to sub-clause (1), its last portion enables the Controller to proceed with an application in regard to which a secrecy direction has been passed up to the stage of acceptance. From this, it would follow that the orders of the Controller passed in regard to the application or the specification filed in pursuance thereof, would all be subject to rights of appeal. It would, however, defeat the very purpose of the secrecy directions if the hearing of these appeals should take place in open court, in which event the invention which it is designed to keep secret by reason of the directions passed under Clause 23 (1) would become disclosed to the public. This result could be obviated by one of two courses:

(1) an elaborate provision for hearing appeals in the several stages in camera;

(2) by eliminating appeals so long as secrecy directions are in force.

I consider the latter preferable primarily on administrative grounds. To guard against prejudice to applicants, the Controller might be deprived of the power to refuse an application so long as the directions are in force. In the appended redraft I have sought to make provision on these lines.

440. While on this topic I might advert to the fact that sub-clause (3) of the Bill makes provision for the inventor agitating the adequacy of the compensation granted to him by Government in court. In such a proceeding there is a possibility of the invention becoming disclosed to the public. This may be remedied by appropriate provisions in Clause 55 and I have expanded sub-clause (4) of clause 55 to meet this need.

441. **Sub-clause 3(b).**—I suggest the substitution of the word "solatium" for "compensation" used in sub-clause 3 (b) of the Bill. This would emphasise the aspect that the payment is not exigible as a matter of legal right.

442. In view of the recommendation I have made regarding the grant of patents to inventions in the field of Atomic Energy I suggest the omission of all reference to the Atomic Energy Act in this clause (sub-clauses 3, 4 and 5).

443. **Sub-clause (5).**—This sub-clause reproduces the provision of Section 18 (5) of the U.K. Act which was itself based upon the relevant war time regulation on the topic. If the suggestion I have made empowering the Central Government on its initiative to direct the Controller to pass secrecy directions were accepted it would be necessary to effect a change in the text of sub-clause (5) of Clause 23 making it incumbent on the Controller to obtain the consent of the Government before authorising an applicant for a patent in India to make an application abroad. In the absence of such provision, normally when the Controller decides in respect of an application that it is not necessary to pass any secrecy direction in relation to it, he would give permission to the applicant to file an application for a patent abroad. In view, however, of the Government having a right to examine applications in regard to which the Controller

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has not thought it necessary to pass orders under Section 23 (1) it is necessary to clothe the Government with control over the applicant filing applications for patents outside India.

444. I consider the period of 6 weeks provided by sub-clause 5 (a) inadequate for the Government to make up their mind whether it is necessary to issue orders to the Controller and would recommend its being made 8 weeks.

445. The U. S. A. Patents Act which contains a similar provision as to secrecy directions as in Clause 23 (1) enacts that any contravention of the directions by the applicant shall be visited not only with punishment as a criminal offence as is done by Clause 84 of the Bill but also with other disabilities on the applicant by way of his losing the right to proceed with the application for patent. I consider such a provision proper because it is somewhat odd that a patent should be granted or remain in force for an invention in regard to which the applicant has been guilty of a criminal offence.

446. The following redraft gives effect to the above suggestions:—

"**23.** *Provision for secrecy for certain inventions etc.*—(1) Where either before or after the commencement of this Act, an application for a patent has been made in respect of an invention and it appears to the Controller that the invention is one of a class notified to him by the Central Government as relevant for defence purposes or where otherwise the invention appears to him to be so relevant, he may give directions for prohibiting or restricting the publication of information with respect to the invention, or the communication of such information to any person or class of persons specified in the directions.

(2) Where the Controller gives any such directions as are specified in sub-section (1), he shall give notice of the application and of the directions to the Central Government and the Central Government shall, upon receipt of such notice, consider whether the publication of the invention would be prejudicial to the defence of India, and if upon such consideration, it appears to it that the publication of the invention would not so prejudice give notice to the Controller to that effect, who shall thereupon revoke the directions and notify the applicant accordingly.

(3) If the Central Government considers that any application for a patent in regard to which the Controller has not given the directions set out in sub-section (1) of this section, is relevant for the purpose of defence, it may at any time before the acceptance of the complete specification notify the Controller to that effect and upon receipt of such notice, the Controller shall give to the applicant the directions set out in sub-section (1) of this section and intimate the same to the Central Government.

(4) The Central Government shall reconsider the question whether the publication of the invention continues to be prejudicial to the defence of India within nine months from the date of the filing of the application for the patent, and once at least during every subsequent year and if on such reconsideration it appears to it that the publication of the invention would no longer be prejudicial to the defence of India it shall forthwith give notice to the Controller who shall thereupon revoke the previous direction.

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(5) So long as any directions under sub-section (1) are in force in respect of an application—

(a) the Controller shall not pass an order refusing to accept the same, and

(b) notwithstanding anything in Chapter XVIII, no appeal shall lie from any order of the Controller passed in respect thereof:

Provided that the application may, subject to the directions, proceed upto the stage of the acceptance of the complete specification, but the acceptance shall not be advertised nor the specification published, and no patent shall be granted in pursuance of the application.

(6) When any direction under sub-section (1) is revoked by the Controller, he may, (notwithstanding any provision of this Act, specifying the time within which any step should be taken or any act done in connection with an application for the patent), as he thinks fit, extend the time for doing anything required or authorised to be done by or under this Act in connection with the application whether or not that time has previously expired.

(7) Nothing in this Act shall be held to prevent the disclosure by the Controller of information concerning an application for a patent or a specification filed in pursuance thereof to the Central Government or any department thereof, for the purpose of the application or specification being examined for considering whether an order under this section should be made, varied or revoked.

(8) Where a complete specification filed in pursuance of an application for a patent for an invention in respect of which directions have been given under this section is accepted during the continuance in force of the directions, then

(a) if any use of the invention is made during the continuance in force of the directions by or on behalf of or to the order of the Government, the provisions of sections 53, 54 and 55 shall apply in relation to that use as if the patent had been granted for the invention; and

(b) if it appears to the Central Government that the applicant for the patent has suffered hardship by reason of the continuance in force of the directions, the Central Government may make to him such payment (if any) by way of solatium as appears to be reasonable having regard to the novelty and utility of the invention and the purpose for which it is designed, and to any other relevant circumstances.

(9) Where a patent is granted in pursuance of an application in respect of which directions have been given under this section, no renewal fee shall be payable in respect of any period during which those directions were in force.

(10) No person resident in India shall, except under the authority of a written permit granted by or on behalf of the Controller, make or cause to be made any application outside India for the grant of a patent for an invention unless—

(a) an application for a patent for the same invention has been made in India, not less than eight weeks before the application outside India, and

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(b) either no directions have been given under sub-section (1) of this section in relation to the application in India, or all such directions have been revoked:

Provided that

(1) the Controller shall not grant written permission to make any application outside India without the prior consent of the Central Government;

(2) this sub-section shall not apply in relation to an invention for which an application for protection has first been filed in a country outside India by a person resident outside India.

(11) Without prejudice to the provisions of Chapter XIX, if in respect of an application for a patent any person contravenes any direction as to secrecy given by the Controller under this section or makes or causes to be made an application for the grant of a patent outside India in contravention of sub-section (10) the application for patent under this Act shall be deemed to have been abandoned and the patent if any granted shall be liable to be revoked under section 37.

(12) All orders of the Controller giving directions as to secrecy as well as all orders of the Central Government under this section shall be final and shall not be called in question in any court on any ground whatsoever."

## Clause 24—Grant and sealing of patent

447. **Sub-clause (1).**—In dealing with clause 21 I have suggested that in place of the provision for objections contained in the present clause there should be a provision for a regular opposition on grounds, which I have discussed in dealing with the earlier clause. If the recommendation be accepted the language of Clause 24 (1) would have to be modified.

448. Besides I am unable to comprehend the significance of the words "subject to such conditions if any as the Central Government thinks expedient" which occur in this sub-clause. No doubt these words are found in Section 10 of the Indian Patents and Designs Act, 1911 but I am not able to figure out precisely the sort of condition subject to which a patent may be granted. I am not aware of this power having been utilised during the nearly half a century of its existence so as to afford any guidance regarding the nature of the power. There is no similar provision in the Patents Acts of U.K., Australia or other countries. I suggest the omission of these words in the sub-clause.

449. **Sub-clause (2).**—Following Section 10 (2) of the Indian Patents and Designs Act, 1911 this sub-clause enacts an overall maximum period computed from the date of the application, within which a patent shall be sealed, the period prescribed by the sub-clause *viz.*, 24 months being the same as that in the existing Act.

450. There is no similar maximum period prescribed by the U.K. Patents Act. On the other hand, it would he found that under that Act even in cases where there is no opposition to the grant of a patent and there were no appeals from the order of the Controller during the examination stage, nearly 35 months might elapse between the filing of an application and the sealing of a patent as might be seen from the following table:—

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| | Months | Months | |
|---|---|---|---|
| 1. Where a provisional specification is filed with application. Time for filing complete specification . | 12 + | 3 | Permissible extension [*vide* S. 3 (2) of the U.K. Act of 1949] |
| | Months | Months | |
| 2. After complete specification is filed. Time for complying with requisitions of the Controller and secure acceptance | 12 + 3 | Permissible extension [*vide* S. 12 (I) of the U.K. Act 1949*] | |
| 3. After acceptance Time usually taken before publication of complete specification. | 1 month | (*vide* Swan Committee Report Para. 184) | |
| 4. From time of publication of complete specification request for sealing could be made within | 4 months | [S. 19 (2)] | |

* The period of 12 months has been extended to four years by the Patents Act, 1957. The above computation of 35 months has been made without adverting to this amendment.

451. The period of 24 months allowed by Clause 24 (2) is unduly short. Further it is even inconsistent with the other provisions contained in the Bill because the period of 24 months might conceivably elapse in some cases before the time within which "notice of objections" could be filed under the present Clause 21.

452. Under Section 19 (2), the corresponding provision of the U.K. Patents Act, 1949, the time prescribed for requesting that the patent be sealed runs from the date of the publication of the complete specification. This is logical and is based on sound principle. Further the change that I have suggested to Clause 18 (2) as regards the time within which a complete specification should be put in order for the acceptance of the Controller precludes the possibility of prescribing an overall period commencing from the filing of the application. My suggestion there was that time should start from the date on which the statement of objections of the Controller was first sent to the applicant. In view of this the only logical starting point of time for the computation of the duration within which an applicant should, after acceptance of his application, make a request for the sealing should be from the date of the publication of the complete specification and in cases where there is opposition, after the determination of the opposition.

453. In regard to the exact period I would suggest that this might be six months from the date of the publication of the complete specification. In suggesting this period I have taken into account the fact that the maximum period prescribed for an opposition is four months and I have added two months more. I might point out that Section 66 of the Australian Act provides for a period of six months. This would avoid any possibility of a patent being sealed before the period of filing an opposition expires.

454. In regard to the provisos, proviso (a) is unnecessary in view of the substituted starting point of time being the date of the publication of the complete specification and not the date of the application.

**Proviso (b).**—If time starts from the date of publication of the specification, there need be no reference to appeals against the directions of the Controller under sections 14, 15 and 16 and proviso (b) may be confined to the orders of the Controller under Section 17.

Proviso (c) reproduces the provision of proviso (b) to Section 19 (2) of the U.K. Act which however may be framed on the same terms as in the U. K.

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The U.K. Act has a proviso (a) to Section 19 (2) reading

> "(a) where at the expiration of the said four months any proceeding in relation to the application for the patent is pending in any court or before the Comptroller or the Appeal Tribunal, the request may be made within the prescribed period after the final determination of that proceeding."

This has not been included among the provisions of the Bill. This proviso would be necessary as the terms of Clause 24 (1) will not suffice to cover the contingency since the provisions of sub-clause (2) provide a time limit within which the sealing should take place.

The present proviso (d) might conveniently be made into a separate sub-clause on the lines of Section 19 (3) of the U.K. Act the maximum period of extension being retained as under the Bill at three months.

455. Clause 24 omits section 19 (4) of the U.K. Act corresponding to Section 66 (5) of the Australian Act. This "hardship clause" was in the words of Blanco White "intended to counter a peculiarity now abolished of the U.S. law and appears to have no present application". The omission of this clause might, therefore, be maintained.

456. The clause might be redrafted on the following lines to give effect to my suggestions.—

"24. *Grant and sealing of patent.*—(1) Where a complete specification in pursuance of an application for a patent has been accepted and either—

(a) the application has not been opposed under Section 21 and the time for the filing of the opposition has expired; or

(b) the application has been opposed and the opposition has been finally decided in favour of the applicant, or

(c) the application has not been refused by the Controller by virtue of any power vested in him by this Act,

the patent shall, on request by the applicant in the prescribed form, be granted to the applicant or in the case of a joint application to the applicants jointly, and the Controller shall cause the patent to be sealed with the seal of the Patent Office and the date on which the patent is sealed shall be entered in the Register of Patents.

(2) Subject to the provisions of sub-section (1) and of the provision of this Act with respect to patents of addition, a request under this section for the sealing of a patent shall be made not later than the expiration of a period of six months from the date of the publication of the complete specification:

Provided that—

(a) where at the expiration of the said six months any proceeding in relation to the application for the patent is pending before the Controller or the High Court, the request may be made within the prescribed period after the final determination of that proceeding;

(b) where the applicant or one of the applicants has died before the expiration of the time within which under the provisions of this sub-section the request could

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otherwise be made, the said request may be made at any time within twelve months after the date of the death or at such later time as the Controller may allow.

(3) The period within which under the last foregoing sub-section a request for the sealing of a patent may be made may from time to time be extended by the Controller to such longer period as may be specified in an application made to him in that behalf, if the application is made and the prescribed fee paid within that longer period:

Provided that the first-mentioned period shall not be extended under this sub-section by more than three months or such shorter period as may be prescribed.

(4) For the purposes of this section a proceeding shall be deemed to be pending so long as the time for any appeal therein (apart from any ses o

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and disadvantages of such a system of computation were forcefully pointed out by the Swan Committee (paras 30 to 34 of their Final Report) and the U.K. Act of 1949 followed the Committee's recommendation. The provision in the Bill is on right lines and may be accepted.

459. Clause 25(1) is substantially derived from Section 22(1) of the U.K. Act except that in the latter there is no reference to the sealing. The U.K. Patents and Designs Act, 1907 Section 13 was in the same terms as Section 11 of the Indian Patents and Designs Act, 1911 including the words "and sealing" but these words were omitted from the U.K. enactment by the Amending Act of 1932.

460. The purpose of the provision as to "the date of the patent" is for calculating the duration of the patent and also the time from when the renewal fees would be payable. The date on which the patent is sealed is, however, immaterial for these purposes. It is however relevant only for the calculation of the period beyond which an application for compulsory licensing could ordinarily be filed. I have already in the redraft of Clause 24 provided for the Controller entering in the Register the date on which the patent is sealed. Having in view this provision and bearing in mind the need for not mixing up the date of the patent with the date of the sealing it is necessary that the reference to sealing should be omitted from Clause 25(1).

461. Section 22(1) of the U.K. Act, 1949 does not contain the exception with which sub-clause (1) opens, but Section 67 of the Australian Act which corresponds to Clause 25 uses the phraseology "Subject to this Act" which I prefer. It would be needed to cover cases of patents of addition.

462. The following redraft gives effect to the above suggestion:—

> "25. *Date of patent.*—(1) Subject to this Act, every patent shall be dated with the date of filing of the complete specification:
>
> Provided that no proceedings shall be taken in respect of an infringement committed before the date of the publication of the complete specification.
>
> (2) The date of every patent shall be entered in the Register of Patents."

## Clause 26—Form, extent and effect of patent

463. **Heading of the clause.**—The marginal note to Section 21 of the U.K. Act corresponding to this clause reads "Extent, effect and form of patent" which is the same as in Section 12 of the Indian Patents and Designs Act, 1911 which the clause seeks to re-enact. Inasmuch as the patent is by sub-section (1) enacted to have effect throughout India, the word "extent" ought to appear in the marginal heading.

> and manufacturing abroad and selling in London..... articles made by the patented process, wholly deprive the patentee of the benefit of his invention. It is therefore impossible to suppose that an exclusive right to vend is not given, and the defendants have therefore infringed the plaintiffs right...."

472. It has also been rested on the terms of the Letters Patent which contains a clause reinforcing the exclusive rights of the patentee by which "our *subjects are strictly commanded* .....that they do not...during the continuance of the said term either *directly or indirectly*

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make use of or put into practice the said invention or any part of the same....." see *Elmslie* v. *Boursier*[9]; *Von Heyden* v. *Neustadt*[10].

473. A precisely similar view prevails in the U.K. as regards the analogous case of patents granted for machines which are used for the production of articles. Even where a claim is solely for a machine or apparatus, a product made by such machine or apparatus is treated as covered by the patent protection, so that not merely a manufacturer of the machine but also those who sell products made by the use of the machine whether within the country or abroad, are treated as infringing the patent. In this respect the law in the United Kingdom is in accordance with the law in France, Germany, Holland, the U.S.S.R. and other European countries as well as in Japan and in several of these countries the Patents Acts themselves contain specific provisions to that effect. I need only add that Australia and Canada follow the same rule as in the U.K.

474. The law in the United States is different and where the claim in a patent is for a process or for a machine, the sale of the product made by the use of the process or machine is not held to be an infringement, so that in effect an action for infringement of a process or a machine patent, would lie only against the manufacturer and not against those who sell goods obtained as a result of the manufacturer utilising the process or the machine. The rule was thus explained:

> "A process patent is not infringed by selling the product and the vendee of a product which has been made in infringement of a patented process cannot be held liable to the patentee, or in any extent to be an infringer"— (*American Gramophone Co.* v. *Gimbel Bros.*[11]).
>
> The broad proposition that the vendor of a product which has been made in infringement of a patented process is an infringer, or liable to any extent to the patentee, is untenable and does not require discussion. The patentee's remedy is against the manufacturer.....The patent.. ....is one for a process, and not for a product. It describes a method of producing the Welsbach mantle..... to render it sufficiently hard and resistent to allow of transportation.....and any person is at liberty to vend or use the invention without accountability to the patentee, except he also be the manufacturer" (*Welsbach Light Co.* v. *Union Incandescent Light Co.*[12]). (Law of Chemical Patents by Thomas, Second Edition, p. 385).

These decisions arose out of patents for processes but similar rules govern the interpretation of the rights of parties where the claim in the patent is only for a machine.

475. It might at once be pointed out that the form of the patent grant in India under the Indian Patents and Designs Act, 1911 does not contain the injunction on 'the subjects' as in the U.K. Letters Patent "commanding them not to put into practice the invention *directly* or *indirectly*" or the provision as to the "whole profit or advantage" of the invention being assured to the inventor so that it would not be correct to assume that the Indian courts would, if a case arose in respect of an Indian Patent, apply with certainty the U.K. rule. It is hardly necessary to mention that no case has arisen for such decision being rendered.

9. 1869 LR 9 Eq 217.
10. (1880) 14 Ch D 230.
11. 234 Fed at 368.
12. 101 Fed at 131, 132.

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476. The matter is thus *res integra* and there would therefore be no impediment in the shape of vested rights in the choice of a particular rule which would advance the national economy.

477. Undoubtedly the American rule is more logical in that the scope of the protection afforded by the law is co-extensive with the scope of the invention and the claim. The question, however, as to the rule of law to be adopted must ultimately depend not upon fine considerations of the theoretical justification for the particular view—for arguments could be found for any view—but upon what is really of benefit to the country bearing in mind the general pattern of industrial development.

478. The question as to the system of patent protection to be preferred, assumes added importance, in view of my recommendation that in a large field of invention—products obtained by chemical methods and articles of food and medicine—only process claims should be permitted This taken in conjunction with the fact that a large majority of the patents in these lines are held by foreign nationals who are inclined to utilise the Indian Patents as a means for securing to them a monopoly of importation of the patented articles manufactured by them abroad, would appear to point to the desirability of the adoption of the American rule. It would be seen that under that rule, since a patent for a process confers merely an exclusive right to use the patented process, and not any exclusive right to sell the product made by the process, the importation of the product made abroad by the patented process and its sale would not constitute an infringement of the process patent. The result would be that as any one was free to import the article and sell it, the competition would lead to a reduction in price, and this would be particularly so in cases where the article is produced in countries where the invention patented in India does not enjoy patent protection. In the case of products which are essential to industrial production, for instance, some of the chemicals or essential drugs, this would be of considerable benefit to the country's industrial advance or to national health.

479. This advantage however has to be judged in the light of certain of the ill-effects of such a state of the law. The economic rationale behind the rule that sales within the country of articles manufactured abroad by a patented process constitutes an infringement is, as explained by Kelly C. B. in the passage already extracted, the need to protect one who started an industry within the country from competitors abroad who had copied the patented process. Thus the American rule, while protecting the patentee against rival manufacturers within the country, leaves the indigenous industry without protection against manufacture abroad. In effect such a rule would handicap the starting of industries within the country, by removing the embargo which the U.K. patent rule imposes on importation of the patented article from abroad.

480. In the U.S.A., however, this ill-effect is avoided by administrative action—the use of the tariff, in cases where the product could be produced at a cheaper price in a foreign country. There would thus be some amount of illogicality between the adoption of the American rule and the provisions of the chapter on compulsory working—for in the latter the importation of a patented article without manufacturing it in this country is treated as an abuse which would justify the grant of a compulsory licence to work the invention.

481. In India also, if by administrative action, operating almost automatically, imports of the patented articles, the manufacture of which is commenced within the country, could be so regulated as to afford an assured market for home-produced goods, the adoption of the

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American rule would be beneficial. Such procedure would, while eliminating competition within the country by the protection against infringement afforded by the Patents Law, regulate competition from imported products as to confine it to the demand unsatisfied by local manufacture. This would impart a degree of flexibility achieving at the same time the grant of sufficient economic protection to Indian industry and the safeguarding of the interests of the consumer.

482. Much as I would have desired to recommend the American rule for adoption by this country I feel deterred from doing so for the reason that it is not easy to realise an administrative mechanism operating in the manner I have indicated. In these circumstances I recommend the adoption of the rule of law followed in the U.K. and other European countries as the one best suited to the needs of a country whose interests demand urgently the working of patented inventions within as short a time as possible and to the fullest extent reasonably practicable.

483. Next as to burden of proof in actions for infringement, where the patent infringed was for a product, as made by a process specifically described, the Committee desired in effect to introduce the same provision as was found in Section 38-A of the U.K. Patents Act, 1907. This proviso ran:—

> "Provided that, in an action for infringement of a patent where the invention relates to the production of a new substance, any substance of the same chemical composition and constitution shall in the absence of proof to the contrary be deemed to have been produced by the patented process".

(This proviso to sub-section (1) was, with the first two words omitted, renumbered as sub-section (2) of Section 38A by the Amending Act of 1932). I do not see any reason to recommend the adoption of such a provision. From its text it would be obvious that it was closely bound up with the special form of claiming for chemical products introduced as Section 33-A(l) by the U.K. Patents and Designs Amendment Act of 1919, and since on my scheme there would be no absolute or limited product claims for chemical substances, there is no need for the enactment of this special rule as to onus. In regard to the patents now on the register, in which claims might have been drafted in the Section 38-A form, I would prefer to leave the law unchanged for the reason that as it is, it is fair.

484. Apart from any specific statutory provision, the position is that where the defendant has used or sold articles alleged to have been made by the patented process, the onus of proving that they were in fact made by that process would be on the plaintiff.

485. To quote Terrell—

> "In *Cartsburn Sugar Refining Co.* v. *Sharp*[13] the alleged infringement consisted in the sale in England of cube sugar manufactured in America by a machine made in accordance with the specification of the complainers' (i.e. the plaintiffs') patent. Lord Kinnear, in his judgment, said[14]: "No witness has been examined of sufficient skill as a mechanic to give a detailed description of the machine in question. All that is proved is that it does not correspond in all respects, though in some respects it does correspond, to the description in Hersey's patent. It is said that as the manufacture complained of

13. 1 RPC 181.
14. 1 RPC 186.

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had taken place in America, it was incumbent on the respondents, upon the principle which received effect in the case of *Neilson* v. *Betts*[15], to prove by negative evidence that it was not manufactured according to the specified process. I think no such onus lies upon the respondents in the present case, because there can be no question on the evidence that such articles as were sold by the respondents MAY HAVE BEEN produced by machinery which involved no infringement of the complainer's patent. That being so, it lay upon the complainers to prove their case, and as they took a commission to America for the purpose of proving it, there could have been no difficulty in their obtaining a sufficient description of the machine to which it is alleged they have traced the cubes of sugar sold by the respondents to enable them to establish the infringement, if infringement there was.

But where the articles were made abroad, and the plaintiffs in consequence could not be afforded full opportunity of inspecting the machinery by which they were made, it was held that it lay with the defendants to rebut a *prima facie* case made out by the plaintiffs.[16].

In the various Saccharin cases[17] the plaintiffs were the owners of patents which covered all known processes of making saccharin. They were able to produce evidence to the effect that although it was conceivable that saccharin might be made in some other way, no other processes were then known to the scientific world. The defendants, who imported saccharin, could not give any satisfactory account of the way in which the imported substance was actually made. It was held that infringement had been established"—(Terrell on Patents, Ninth Edition, pages 159-160).

486. I consider the rule as to the burden of proof enunciated in the decisions referred to in the above extract, just and fair both to the patentee and the alleged infringer, and that there is no need for any legislative interference.

487. The other matter which the Committee desired to be included in the clause is in relation to saving the rights of prior patentees. Such a provision I have not been able to find in the Patent Laws of any country and in my opinion it is not necessary either. If any claim of a subsequently granted patent overlaps or is anticipated by an earlier patent grant it would be open to the prior patentee to take proceedings to have the later patent revoked in part or in whole, to the extent of the overlap. There is therefore no need for any specific saving in regard to the rights of prior patentees.

488. There is, however, one matter in connection with the right of patentees which requires to be clarified—the right of research workers to use the invention—whether it be an article or a process—for the purposes of carrying out experiments—in the course of research, as distinguished from use for a commercial purpose. Before proceeding further, I shall extract a passage from Blanco White's treatise on Patents to indicate the uncertainty of the law on this topic in the U.K.:

"***Mere experiment with a patented invention would appear not to amount to infringement; but it is the patent itself that must be the subject of experiment and not (for instance) the product of a patent process. And it would seem that a claim of right

15. LR 5 HLI.
16. 19 RPC 169.
17. 19 RPC 169.

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to exercise the invention may convert an experimental exercise into an actionable threat to infringe" (page 76).

I consider it desirable that the law should specifically exempt use of the patented articles or processes or the use of articles or products made by the use of the patented process or patented machine or apparatus for experimental purposes from being actionable as an infringement.

489. In *United Telephone Co.* v. *Sharples*[18] it was held that the use of an infringing article for the purpose of instructing pupils—pulling out the article to pieces and putting them together—was not a 'mere experimental user' and amounted to an infringement. It appears to me that such use is really experimental use and that the construction of the patentee's rights adopted in that decision as unduly hampering technical education. Even in the United Kingdom the *United Telephone Co.* v. *Sharples* decision is treated as a 'border line case' (*See* Blanco White on Patents for Inventions, page 71 note 45)—as an instance where it could have been held that the 'use' was not use as an article of the sort covered by the patent. The insertion of the words 'including the use of the patented article or process for the purpose of imparting instruction to pupils' in the clause would avoid this interpretation.

490. There is also need for a further saving in regard to the operation of other laws. For instance, it has been pointed out that while the Patents Act purports to authorise a patentee to make, use or exercise his invention subject only to the provisions of the Indian Patents and Designs Act, 1911 the Industries (Development and Regulation) Act, 1951 imposes fetters upon the starting of an industry not excepting those for working a patented invention. Again, while the grant of a patent enables a patentee either to exercise the invention himself or to authorise others to do so, subject only to the provisions of the Indian Patents and Designs Act, 1911, the Foreign Exchange Regulation Act, 1947 imposes restrictions upon the transmission of funds by both the patentee as well as those authorised by them to work the inventions. There is no doubt that these two enactments the Industries (Development and Regulation) Act, 1951 and the Foreign Exchange Regulations Act, 1947 would override the rights conferred on a patentee by the Indian Patents and Designs Act, 1911. I have referred to these two enactments but this is not exhaustive (*vide,* for instance, the Drugs Act, 1940). The matter may be put beyond doubt by a specific provision subjecting the rights of a patentee to the provisions of other laws, laws other than the Indian Patents and Designs Act, 1911.

491. The form of the Letters Patent to be issued under the Act may be suitably amended to accord with the rights conferred on the patentee by the statute.

492. I would suggest the following redraft of Clause 27 for this purpose:—

"27. *Rights of a patentee.*—(1) Subject to the provisions of this Act, a patent granted either before or after the commencement of this Act, shall confer upon the patentee:

(a) where the patent is for an article or substance, the exclusive right by himself, his agents or licensees to make, use, exercise, sell or distribute such article or substance in India;

(b) where a patent is for a process of manufacturing an article or substance the exclusive right by himself, his agents or licensees to use or exercise the process in India and of using or selling in India articles or substances made by such process and of authorising others so to do.

18. 2 RPC 28.

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(2) Notwithstanding anything in this Act, the making or using of a patented machine or apparatus or other article, or the use of a patented process or the use of an article made by the use of the patented process, machine or apparatus for the purposes merely of experiment or research including the imparting of instruction to pupils and not by way of commercial use, shall not be deemed to constitute an infringement of the rights conferred on a patentee by this Act."

(3) The rights conferred on the patentee by this section shall be exercisable only subject to the provisions of any other law in force.

### Clause 28—Patent obtained in fraud of the true and first inventor

493. This clause is a reproduction of Section 13 (2) of the Indian Patents and Designs Act, 1911. The provision in the Indian Patents and Designs Act, 1911 was based upon Sections 17 (2) and 15 (2) to 15 (4) of the U.K. Patents and Designs Act, 1907. The Australian Patents Act, 1952 contains provisions similar to Section 15 (2) to 15 (4) of the U.K. Act of 1907 [*vide* Section 60 (3) and Section 107] with slight modifications to adapt them to the system of priority dates of claims which forms a feature of the Australian Patents Law, the only point of difference between them being that the Australian Act includes additional provisions applicable to cases where fraudulently obtained patents are revoked as a result of surrender.

494. When the U.K. Patents law was revised by the Swan Committee, they recommended the retention in substance of the provision in Section 15 (2) to 15 (4) with however slight verbal changes (*vide* paragraph 201 of their final Report). When the U.K. Patents Bill was introduced in the House of Lords, sub-sections (2) to (4) of Section 15 of the earlier enactment was dropped and in its place the provision in Section 53 of the Act was introduced. Section 53 of the U.K. Patents Act, 1949 effects considerable changes in the previous law. Whereas under Section 15 of the U.K. Patents Act, 1907 the applicant from whom the invention had been obtained is granted a patent in lieu of the patent so revoked (as under Clause 28 of the Bill), Section 53 of the U.K. Patents Act, 1949 provides merely for an earlier priority date being available to the applicant whose invention has been "obtained". This makes a difference because where a patent is granted in lieu of the revoked patent, there would be no opposition whereas in the procedure contemplated by Section 53 of the U.K. Act, the only advantage, which the successful opponent or successful petitioner for revocation on the ground of "obtaining" would derive, is as regards the priority date for the purpose of determining anticipation or novelty of his application.

495. Section 53 of the U.K. Act, 1949 applies the same rule, *viz.,* conferring a priority date both to cases where a patent already granted is revoked on the ground of "obtaining" and where an opposition succeeds on that ground. I consider that a distinction should be drawn between these two types of cases and while the rule as to the assignment of an earlier priority date is apt and just, in cases where the matter remains at the stage of an application for a patent, the grant of a patent to the aggrieved inventor in lieu of the patent revoked is the proper relief that should be granted in cases of revocation of patents. If the former rule were applied to cases of revocation, the duration of the patent would for no fault of the public, be unduly enlarged and on this ground, I would favour the rule as found in Section 15(2) of the U.K. Act of 1907.

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496. To give effect to this recommendation the clause might be split up into two, one dealing with cases of successful revocation on the ground of obtaining and the other with cases where an opposition succeeds on that ground.

497. In regard to the provision dealing with cases of revocation, there is a possibility of petitions by others besides the petitioner who complain of "obtaining" being filed and these several petitions being disposed of by a common order. Some or all of the claims relating to the grant of the invention held to have been "obtained" might possibly have been held invalid on other grounds. If the right of the petitioner to obtain a patent in lieu of the whole or part of the patent revoked is made dependent on an order of the Court passed in the proceeding for revocation, all these contingencies would be effectively provided for.

498. In regard to the case of a successful opposition on ground of "obtaining", a provision on the lines of Section 53 of the U.K. Act, 1949 would be appropriate. The following draft would implement these suggestions:

"28. *Patent obtained in fraud of true and first inventor.*—(1) Where a patent has been revoked on the ground that the patent was obtained wrongfully and in contravention of the rights of the petitioner or any person under or through whom he claims or where in a petition for revocation, the Court instead of revoking the patent directs the complete specification to be amended by the exclusion of a claim or claims in consequence of a finding that the invention covered by such claim or claims had been obtained from the petitioner, the Court may, by order passed in the same proceeding, permit the grant to the petitioner of the whole or such part of the invention which the Court finds has been wrongfully obtained by the patentee in lieu of the patent so revoked or is excluded by amendment.

(2) Where such order has been passed the following provisions shall have effect:—

The Controller shall on request by the petitioner made in the prescribed manner grant to him—

(1) In cases where the Court permits the whole of the patent to be granted, a new patent which will bear the same date and number in lieu of the patent revoked;

(2) in cases where the Court permits a part only of the patent to be granted, a new patent for such part and bearing the same date as the patent revoked:

Provided that the Controller shall as a condition of such grant require the petitioner to file a new complete specification to the satisfaction of the Controller describing and claiming that part of the invention for which the patent is being granted:

Provided further that the patent so granted to the petitioner shall be numbered as prescribed by the rules."

"28A. *Priority date etc. in case of 'obtaining'.*—(1) Where in any opposition proceeding under this Act—

(a) the Controller finds that the invention so far as claimed in any claim of the complete specification was obtained from the opponent in the manner set out in sub-section (1) (a), of Section 21 and refuses the application on that ground, he may, on request by such opponent made in the prescribed manner, direct that

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the application shall proceed in the name of the opponent as if the application and the specification had been filed by the opponent on the dates on which they were actually filed;

(b) the Controller finds that a part of an invention described in the complete specification was so obtained from the opponent and has required that the specification be amended by the exclusion of that part of the invention, the opponent may, subject to the provisions of the succeeding sub-section, file an application in accordance with the provisions of this Act accompanied by a complete specification for the grant of a patent for the invention so excluded from the applicant's specification. The Controller may treat such application and specification as having been filed, for the purposes of the provisions of this Act relating to the priority dates of claims of the complete specification, on the date on which the corresponding document was or was deemed to have been filed by the earlier applicant but for all other purposes the application of the opponent shall be proceeded with as an application for a patent under this Act.

(2) Where an opponent has, before the date of the order of the Controller requiring the amendment of a complete specification referred to in sub-section (1) (b), filed an application for a patent for an invention which includes the whole or part of the invention held to have been obtained from him and such application is pending, the Controller may treat such application and specification in so far as they relate to the invention held to have been obtained from him, as having been filed, for the purposes of the provisions of this Act relating to the priority dates of claims of the complete specification, on the date on which the corresponding document was or was deemed to have been filed by the earlier applicant but for all other purposes the application of the opponent shall be proceeded with as an application for a patent under this Act."

## Clause 29-Term of Patent

499. This clause in terms reproduces the existing section 14(1) and (2) of the Indian Patents and Designs Act, 1911. Its provisions correspond to sub-sections (3) to (5) of Section 22 of the U.K. Patents Act, 1949 though expressed in somewhat different phraseology.

500. The proviso to sub-clause (2) reads as if the request, the prescribed fee and the prescribed additional fee referred to in it might be made, or paid even after the expiry of the extended period, which is certainly not the intention and this might be clarified by adopting the U.K. form which puts it beyond doubt.

501. I would suggest a slight drafting change in sub-clause (1) by substituting the words "Subject to the provisions of this Act" for the words "Save as otherwise expressly provided by this Act". The reason is that the words in the clause are intended to cover the case of the extension of the term of sixteen years for which provision is made under clause 30 of the Bill. In view of my recommendation (vide *infra)* that the provision contained in Clause 30 might be deleted, I suggest this drafting change in Clause 29(1).

502. Section 14 of the Indian Patents and Designs Act, 1911 has a third sub-section dealing with cases of infringement taking place in the interval between the lapsing of a patent by

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failure to pay the renewal fee in time and before the payment after an extension of that time, which however has not been reproduced in Clause 29 of the Bill.

503. This was a reproduction of Section 17(3) of the U.K. Patents Act, 1907—46. The Swan Committee made no recommendation to omit or delete this sub-section but when the U.K. Patents Bill of 1949 was introduced into Parliament, this sub-section was deleted by the Parliamentary Draftsman with the result that the present Section 22 of the U.K. Act does not contain this provision. Possibly this was deleted from the U.K. Act because the contingency contemplated would be rare, but nevertheless the section appears to embody the correct principle and there is therefore no reason to discard it. If innocent infringement does not lead to a liability to pay damages, I should consider that infringement at a time when the renewal fee has not been paid in due time but is paid thereafter within the extended time should stand on the same footing. I would therefore suggest that the terms of Section 14(3) of the Indian Patents and Designs Act, 1911 be included as sub-clause (3) of Clause 29.

504. The following redraft of the clause implements my above recommendation:—

> "29. *Term of Patent.*—(1) Subject to the provisions of this Act, the term of every patent shall be sixteen years from the date of the patent.
>
> (2) A patent shall cease to have effect notwithstanding anything therein or in this Act on the expiration of the period prescribed for the payment of any renewal fee if that fee is not paid within the prescribed period or within that period as extended under this section.
>
> (3) The period prescribed for the payment of any renewal fee shall be extended to such period not being more than three months longer than the prescribed period as may be specified in a request made to the Controller if the request is made and the renewal fee and the prescribed additional fee paid before the expiration of the period so specified.
>
> (4) If any proceeding is taken in respect of an infringement of the patent committed after a failure to pay any fee within the prescribed time and before any enlargement thereof, the Court before which the proceeding is taken may, if it thinks fit, refuse to award any damages in respect of such infringement."

## Clause 30—Extension of term of patent

505. This clause is substantially a reproduction of Section 15 of the Indian Patents and Designs Act, 1911 with however a change in the authority to whom the application for extension has to be made. The Patents Enquiry Committee in paragraph 164 of their Report proceeded on the basis that the provision would continue but suggested that the authority to whom the application should be made and who should pass the necessary orders should be the Controller and not the Central Government and this is adopted in the clause as drafted.

506. The provision for extension of the term of a patent dates in the U.K. from 1835 and has been continued by the successive Patent Acts with a modification merely of the substitution of "the Court" for "the Judicial Committee" under the Patents Act, 1907. Notwithstanding that this provision has been in the U.K. Act for this long time, a similar rule has not been adopted in any country outside the Commonwealth, (and even here Canada is an exception)

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though the provisions of the U.K. Patents Acts have served as a model for the formulation of the principles underlying the Patent law in several of the continental countries. In particular it may be noted that in the leading industrial countries like U.S.A., Germany, Switzerland, Holland, Belgium, and France the respective patent laws do not contain any provision for the extension of the term of a patent. It might further be pointed out that even in those countries where the term of the patent is less than that under the Indian Law, there is no provision for extension of such term.

507. The ratio of the monopoly created by the Patents Acts is that it is a reward to the inventor for the benefit he confers on the public by disclosing a useful invention which they are at liberty to practice without fetter at the end of the term. The patent system of rewarding an inventor rests on the theory that the utility or the value of the invention, would be properly measured by the profits that the inventor obtains through his exclusive exploitation during the term of the monopoly.

508. In cases where very large profits are derived by reason of the patent protection, there is no question of the patentee being made to disgorge to the public any part of his gains based upon any method of evaluation. A risk is undertaken by the inventor in working the invention and he is permitted to get what he can out of the working of the invention during the term of the patent. There is therefore no logic in granting extensions of the term to enable a patentee to derive more profit out of it, when the public have done nothing to impede him in working the patent or deriving such profit as the law might allow out of the exploitation. Notwithstanding therefore that the principle of an extension of patents beyond the period fixed on account of insufficiency of profits has prevailed in England for over 100 years and is possibly suited to that country's economy, I do not think it necessary to continue this provision in the Patents Act in India. In this respect we can with benefit follow the rule in the European countries and in America where there is no provision for an extension of the term statutorily fixed in the grant.

509. It may also be noted that the number of cases where extensions have actually been granted even in England has been very few. Between 1950 and 1957 it is understood that though a few applications have been filed for e t o pro 7c hat 03(r)-26(y )]TJ l-0-1 1 Tf

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Committee (Final Report, page 216). The U.K. Patents Act, 1949 (Section 26) has now greatly liberalised the previously existing law and enabled applications being made for patents of addition to supplement claims arising out of what might be termed "Workshop improvements" of inventions covered by the main patent, notwithstanding that if it were an independent application for a patent, it would be refused on the ground that the modification or the improvement involved no inventive step beyond the invention as disclosed in the specification of the main application. This change was suggested by the Swan Committee and now appears as sub-section (7) of Section 26 of the U.K. Act, 1949. The draft of Clause 31 follows exactly the language of Section 26 of the present U.K. Act.

511. I agree that the provision is in general beneficial and useful and may be adopted as part of the law here. The several sub-sections of Section 26 of the U.K. Act have come up for interpretation and in the light of these decisions I suggest that the Clause be redrafted so as to clarify the intention behind the provisions.

512. **Sub-Clause (1).**—The sub-clause refers to "any improvement or modification of an invention". The question which was argued in[19] (in the matter of *Georgia Kaolin Co. Ltd.'s application*) as also in[20] (*Welwyn Electrical Laboratories Ltd.'s application for a patent*) was whether the expression "invention" referred to here meant an invention which was described or disclosed in the complete specification of the main invention or was limited to the invention as *claimed* in that specification. The ruling in both the cases was that it was the invention "described" in the specification that was meant by the use of the word "invention" here and that the subject of the application for the patent of addition must be in respect of some further disclosure over and above that of the main invention in the complete specification, which further disclosure must be in the nature of an improvement in or modification of the main invention as disclosed or described and not merely as claimed.

513. I will only add that this interpretation of the section might appear to be not in accordance with the intentions of the Swan Committee in recommending the text of this provision, for, in para 221 of the Final Report they had stated:

> "....sufficient measure of relief can be given to patentees who have failed to draft their claims in a way adequately to cover their inventions, by giving them the opportunity of rectifying the omission in the claims they have made, in cases where the circumstances permit of this, by filing patents of addition to cover such variations or amplifications of the monopoly claimed in respect of their basic invention as they may deem necessary, and it is for that reason that we have recommended in the appropriate section of the Acts that patents of addition should not be liable to be held invalid merely because they showed no inventive step beyond the disclosure in the basic specification."

514. I am, however, convinced that it would be preferable to have the clause worded so as to clearly give effect to the two decisions I have referred to, as otherwise there would be a tendency to draft claims too loosely. Such drafting might, in the words of the Swan Committee, "give rise to the substitution of claims for those originally made, based on vague and general language in the specification which in the light of subsequently acquired knowledge might appear to cover an invention which it was not originally intended to cover".

19. 1956 RPC 121.
20. 1957 RPC 143.

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515. I would accordingly suggest the insertion of the words "described or disclosed in the complete specification filed therefor" after the words "any improvement or modification of an invention" in sub-clause (1). I would also suggest the substitution for the word "grant a patent" the words "grant the patent"—see section 26(1) of the U.K. Act, 1949.

516. **Sub-Clause (4).**—The principle underlying the sub-clause that a patent of addition shall not be sealed before the sealing of the patent for the main invention is sound. The second part of the sub-section ensures that an applicant for a patent of addition shall not be prejudiced by reason of the time for the sealing of that patent expiring before he is in a position to apply for the sealing of the main patent. The only change that is needed is that in the third line it should be made clear that the request is for the sealing of "a patent of addition". The words "of addition" do not occur in the sub-clause and might be inserted.

517. **Sub-clause (5).**—If my suggestion to delete the provision as to the prolongation of the term of a patent under clause 30 is accepted, proviso (a) to sub-clause (5) should be deleted.

518. As regards proviso (b) in view of my recommendation that petitions for revocation shall lie exclusively to a High Court, the reference to the Controller should be deleted. In its place I would suggest a provision for a request being made to the Controller by the patentee for the conversion of a patent of addition into an independent patent and orders being passed on such request.

The proviso may read as follows:

> "Provided that if the patent for the main invention is revoked under this Act, the Controller may, on request made to him by the patentee in the prescribed manner, order that the patent of addition shall become an independent patent for the remainder of the term of the patent for the main invention and thereupon the patent shall continue in force as an independent patent accordingly."

519. **Sub-clause (7).**—This sub-clause provides that the modification or improvement of the invention described in the specification of the main invention which is requisite for qualifying for an application for a patent of addition need not be of such character as to qualify for an independent patent. In other words, there need not be any patentable difference between the invention disclosed in the specification of the main application and that in the application for the patent of addition. The sub-clause confines this feature to obviousness or subject matter. In[21] (In the matter of an Application for a patent by P and S), it was held that the complete specification of the main invention could be cited for novelty as an anticipatory publication. I consider this decision sound as laying down a correct principle and also as a correct interpretation of the sub-section as it stands. In order however to put the matter beyond doubt and to ensure that in the examination for anticipation or novelty the specification of the main invention would also be taken into account, it is preferable to clarify the position by adding at the end of sub-clause (7) a clause in these terms:—

> "For the removal of doubts it is hereby enacted that in determining the novelty of the invention claimed in the complete specification filed in pursuance of an application for a patent of addition regard shall be had also to the complete specification in which the main invention is described."

21. 69 RPC 249.

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520. Certain special provisions which are necessary to indicate as to how far patents of addition are to be treated as part and parcel of the main patent, for purposes of assignment, licensing etc. are not found in the Bill and I have dealt with these in my notes under the relevant clauses.

## Clause 32-Restoration of lapsed patents

521. This is substantially a reproduction of section 16 of the Indian Patents and Designs Act, 1911 embodying the changes which have been made by the U.K. Patents Act of 1949 in its Section 27(1) as compared with Section 20 of the U.K. Patents Act of 1907. The corresponding Australian provision is contained in Sections 97 and 98 of the Act of 1952.

522. **Sub-clause (1).**—The reference to Section 30 is obviously a mistake for Section 29(2) as would be seen from a comparison of the corresponding U.K. Section 27(1).

523. Section 27 of the U.K. Act specifies in the section itself that an application for restoration should be made within three years from the date of the lapsing. I would suggest that this form might be adopted and for the words—"within the prescribed period from the date on which the patent has ceased to have effect", the following words—"within three years from the date on which the patent ceased to have effect" substituted.

524. **Sub-clause (2).**—This sub-clause embodies a change which was effected in the U.K. Act of 1949 on the recommendation of the Swan Committee. The provision is useful and may be retained.

525. **Sub-Clause (3)** is in order.

526. **Sub-Clause (4).**—This follows the language of Section 27(4) of the U.K. Act. As regards the persons who might oppose an application for restoration, the words used in this sub-clause are identical with those of Section 27(4) of the U.K. Act.

527. In *Shepherd's case*[22], a question was raised as to whether the words "any person" which were used in Section 20 of the U.K. Patents Act of 1907 corresponding to Section 27 of the U.K. Patents Act of 1949 meant "any person having any special interest or not" or was confined only to "those being interested in the invention which was the subject of the patent". The Assistant Controller applied the decisions and the practice of the U.K. Patents Office in relation to the construction of the words "any person" in Section 11 of the U.K. Act 1907 which related to the right of a person to oppose the application for the grant of a patent and took the view that "any person" in Section 20 of the then Act meant *not* "any person" *but* "any person interested". I do not think, however, that the words "any person" in Clause 32 is capable of this limited construction which was put upon it in *Shepherd's case*.

528. If the clause retains the present form, Courts are bound to draw a distinction between the terminology employed in the other provisions of the Act where the words "persons interested" are used and those used in this clause where the word "person" is not so qualified; and courts are bound to hold that in the latter case "any "person" whether he has a trade or commercial interest in the invention or not would be comprehended. This would however be anomalous in that the right to file an opposition and a petition for revocation is confined to "persons interested" while the right to oppose applications for restoration of lapsed

22. 64 RPC 1.

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patents is extended to the "common informer". This possible construction might be avoided if the expression "person interested" were used in this sub-clause, and I would suggest this inclusion.

529. **Sub-Clause** (7).—The sub-clause deals with two distinct matters: one in relation to the obligations that might be imposed on the patentee and the other, to the insertion of conditions for the protection of third parties, who might have begun to avail themselves of the patented invention in the belief that the patent ceased to have effect. I consider that it would tend to convenience and clarity to keep these two distinct in two sub-clauses as is done in Australia [*vide* Section 98(3) and (4)]. I have appended a redraft of the clause which carries this out.

530. Para. (a) of sub-clause (7) deals with the first matter. The only requirement on which the Controller might insist, appears to be to have entries made in the register in regard to documents and instruments which ought to have been registered under Clause 68 but which have been omitted to be so registered. In regard to this requirement, it is preferable to make the order for restoration conditional on its compliance as is done in Australia (*vide* Section 98 (3) Patents Act, 1952, instead of the form adopted in the Bill which is based on the U.K. Act, making a provision first for an order for restoration and a subsequent order revoking the restoration, if there is breach of this direction. My redraft of Clause 7 seeks to achieve this.

531. The next point to be considered in regard to sub-clause 7(a) of the Bill is the import of the words "*subject to such conditions as* the *Controller thinks fit"* occurring in its opening part. When the matter contained in the present sub-clause 7(a) was introduced into the U.K. Patents Act of 1907 by an amendment effected in 1932, that provision [Section 20(5)] was confined to the requirement of registration of entries in the Register and did not enable the Controller to prescribe any other conditions for the restoration. The redraft of Section 20 by the Swan Committee included the words italicized above now found in the opening words of Sub-clause 7(a). The precise significance of these words, however, and what was intended to be conveyed by them, are not clear from the report of the Committee. As the presence of these words might lead to difficulties of interpretation, since it is not easy to predicate the conditions which the Controller might impose by reason of these words, I would prefer their deletion. It might be mentioned that Section 98(3) of the Australian Act which corresponds to Clause 32(7)(a) confines the power of the Controller to require "that entries be made in the register which ought to be, but have not been so entered".

532. Coming next to sub-clause (b) of the Bill, this makes provision for the protection of third parties who have begun to avail themselves of the subject of the invention covered by the patent, at a time when it was not in force.

533. The Patents Acts of the U.K. which preceded the Patents and Designs Act of 1907 did not contain any provision for the restoration of patents which lapsed on failure to pay renewal fees within the prescribed time. The consequence was that in such cases the only remedy of the affected patentee was to seek private Acts of Parliament for the purpose. Such Acts were passed in cases where the Committee on Private Bills was satisfied that the failure to pay the fees was unintentional. In cases where such legislation was enacted, it was the practice for these enactments to contain provisions, depriving the patentee of the right to sue for infringement those who had availed themselves of the patent at a time when it was not in force.

534. Section 17 of the U.K. Patents, Designs and Trade Marks Act of 1883 enabled the Comptroller to enlarge the prescribed time by a maximum of three months where the failure

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to pay in time was due to "accident, mistake or inadvertence", conditions which were the same as those which the Committee of Parliament took into account formerly. Sub-section 4(b) of the section also contained a saving regarding the filing of suits for infringement committed during the interval between the date when the payment was due and before the order enlarging the time. It should however be noticed that this provision did not confer on the Controller power to "restore" a lapsed patent since the enlargement of time saved the patent from lapsing. The result was that in cases outside Section 17 of the Act 1883, resort had still to be had to Parliament for obtaining "restoration".

535. The Patents Act of 1907 while continuing the power of the Controller to extend the time for payment of the renewal fee as in the earlier Act of 1883 introduced a new provision in Section 20 vesting in the Controller power to order restoration in cases where the lapsing was due to the failure to pay the renewal fee within the due time or within the period as extended by the Controller. The application had to be advertised and could be opposed by any person and when it was ordered the Controller had to include in every order "the prescribed conditions" for the protection of persons availing themselves of the invention after the patent was advertised as void and the announcement of its restoration. These "prescribed conditions" were originally contained in Rules 58 and 59 of the Patents Rules of 1908. While rule 58 provided for the protection of persons who might have availed themselves of the invention after the expiration of the patent and before the order extending the term, rule 59 enabled persons who had expended their time, money or labour upon the subject-matter of the patent, in the *bona fide* belief that the patent had become void, to apply to the Board of Trade for compensation for their loss and the Board was empowered to assess the sum payable to them by the patentee or other party, and if the order for the payment of such award was not complied with within the time specified, the patent was to become void. When the U.K. Patents Act of 1907 was amended in 1932, rules 58 and 59 were substantially reproduced as rules 65 and 66 of the Patents Rules, 1932. These continued in force till the repeal of the earlier enactment and their replacement by the Patents Act of 1949 and the rules made thereunder.

536. At this stage it might be convenient to refer to another matter closely allied to that now under consideration. Similar conditions imposed in cases where the duration of a patent was extended after its statutory term expired on account of insufficiency of profits obtained by the patentee during its natural term (Clause 30 of the Bill). For such cases the Patents Acts made no provision but the Courts applied by way of analogy the protection afforded in cases of restoration of lapsed patents and the form standardised for this purpose was that which was adopted by Luxmoore J. in *B.T.H. Patents*[23] and is therefore generally known as the B.T.H. order. The words, however, in which this protection was couched were rather obscure and gave rise to difficulties of interpretation with the result that these words were altered from time to time and by the date when the Patents Act of 1949 came into force the standard form in use was what was known as the "New Gillette" order[24].

537. The Swan Committee considered the sufficiency of the protection afforded to third parties under the rules as well as the B.T.H. order as amended as above mentioned. In paragraph 49 of their Final Report, the Committee stated:—

> "In the past it has been the practice for the Court to insert in the order for re-grant standard conditions, generally known as the "B.T.H. conditions" because they were

23. 46 RPC 367.
24. 65 RPC 327.

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first adopted in the case of re: British Thompson-Houston Limited's Patent, reported in Volume 46 R.P.C. page 377. But the wording of the B.T.H. conditions is so obscure that it is almost impossible to ascertain the degree of protection they do in fact afford. Such obscurity is disadvantageous to the patentee, to third parties and to the public."

The Committee then proceeded to draft a new form, to which I shall advert a little later, and added: (para 52).

"....the standard conditions which we have framed, based upon these considerations, with the necessary verbal modifications, could serve for the protection of third party rights in orders for restoration of lapsed patents made under section 20 [corresponding to Clause 32(7) (b) of the Bill] in place of the rigid formula prescribed by-rule 65."

538. The U.K. Patents Act, 1949, however, retained the rigidity in the form of the protection against which the Committee expressed themselves. Section 27 (7) (b) of the U.K. Act, [on which Clause 32(7)(b) of the Bill is based] reads, "shall contain such provisions as may be prescribed", and rule 84 of the Patent Rules, 1949 embodies the form as redrafted by the Swan Committee. The Swan Committee also recommended for reasons which are not very clear that the provisions contained in rule 66 of the Patent Rules, 1932 which replaced rule 59 of the Patent Rules, 1908, to which I have already referred, providing for compensation to those who might have entered into contracts or incurred expenses or obligations in the *bona fide* belief that a patent was no longer in force, might be deleted—(*vide* paragraph 54 of the Report).

539. I am in agreement with the Swan Committee in considering that the form of protection should not be stereotyped or that in any event there should be some degree of flexibility so as to adopt a standard form to meet the requirements of particular cases. The language, however, employed in Clause 32(7)(b) precludes such flexibility and therefore requires to be altered. In the second place, I am not satisfied that there is any good reason for deleting the provisions as to compensation which the Patent Rules of 1908 and 1932 carried (Rules 59 and 66 respectively),and which is contained in Rule 28(2) of the Indian Patents and Designs Rules, 1933.

540. The third matter which has to be considered is whether the form suggested by the Swan Committee and now embodied in Rule 84 of the U.K. Patents Rules, 1949 would afford the minimum protection which the standard form ought to provide. Having examined the matter carefully, I consider that it does not afford sufficient and proper protection to third parties. Rule 84 of the U.K. Patents Rules, 1949 runs in these terms:

"84. In every order of the Comptroller restoring a patent the following provision shall be inserted for the protection of persons who have begun to avail themselves of the patented invention between the date when the patent ceased to have effect and the date of the application:—

" (1) No action or other proceeding shall be commenced or prosecuted nor any damage recovered in respect of any manufacture, use, or sale of the invention the subject of the patent in the interim period as hereinafter defined by *any* person not being a licensee under the patent at the date when it ceased to have effect, the , who after such date and before the , the date of the application has made, used, exercised or sold the invention the subject of the patent or has

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manufactured or installed any plant, machinery or apparatus claimed in the specification of the patent or for carrying out a method or process so claimed. Any such person shall be deemed to have so acted with the licence of the patentee and shall thereafter be entitled to continue to make, use, exercise or sell the invention without infringement of the patent to the extent hereinafter specified that is to say:—

(a) In so far as the complete specification of the patent claims an article [other than plant, machinery or apparatus or part thereof as specified under head (b) hereof] and any article so claimed has been manufactured by him during the said interim period that particular article may at all times be used or sold.

(b) In so far as the complete specification claims any plant, machinery or apparatus or part thereof for the production of an article then any particular, plant, machinery or apparatus or part thereof so claimed, which has been manufactured or installed by him during the said interim period, and the products thereof may at all times be used or sold and so that in the event of any such plant, machinery, apparatus or part thereof being impaired by wear or tear or accidentally destroyed a like licence shall extend to any replacement thereof and to the products of such replacement.

(c) In so far as the complete specification claims any process for the making or treating of any article or any method or process of testing any particular plant, machinery or apparatus which during the said interim period has been manufactured or installed by him or exclusively or mainly used by him or for carrying on such method or process may at all times be used or continue to be used and the products thereof may at all times be used or sold and so that in the event of any such plant, machinery or apparatus being impaired by wear or tear or accidentally destroyed a like licence shall extend to such method or process when carried on in any replacement of such plant, machinery or apparatus and to the products of the process so carried on.

(2) In the foregoing paragraph, "article" has the same meaning as in Section 101 of the Patents Act, 1949 and "the interim period" means the period between the date when the patent ceased to have effect and the date of this order."

541. Generally speaking a rule in terms of the above might be framed with, however, the omission of the words in para 1 (c) referring to "the process of testing..." in view of my recommendation against the adoption of the extended definition of invention introduced by the U.K. Patents Act, 1949 (para. 52 *ante*) but the following matters do not appear to be provided by these rules and this omission must be remedied:—

(1) Where the claim of the patent is for an article which is dealt with in sub-paragraph (a) of paragraph 1 of Rule 84, no protection is afforded to a third party, who

(a) obtains the product from abroad during the interim period to enable him to sell these goods beyond that period,

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(b) places an order abroad for these goods during the interim period for effecting the sale of these goods after that period,

(c) places during the interim period an order for plant or machinery for the production of the patented article,

(d) installs plant or machinery for the production of the patented article during the "interim period" and manufactures that article after that period.

I do not see any difference in principle between the cases covered by sub-paragraph (c) of Rule 84 (1) dealing with patents for processes and Rule 84(l)(a) which is concerned with patents for products, and the rule ought to be the same in both the cases.

(2) In regard to paragraph (1) (b) of Rule 84 the words of the text do not afford protection for the third party effecting sales of goods which is the product of the machine which is the subject of the patent, which have been imported during the relevant period but whose sales are effected after "the interim period".

(3) Paragraph (c) also is defective in not affording protection which I have mentioned in regard to para (b) for the sale of products made according to the patented process which have been imported during the relevant period.

542. Before proceeding further, I might mention that the points which I have set out regarding the protection for importers might not have that importance in the U.K. which it has in this country, because the majority of patentees in India are foreign nationals and the patents have been applied for and obtained in this country mainly for the purpose of enabling the patentees to import their products from abroad. In post-war Europe, owing to factors to which it is unnecessary to refer, the products covered by the patents granted in India are found manufactured in certain foreign countries, where the invention patented in India does not enjoy patent protection. Though during the period when the patent is in force, such importation might on the terms of Clause 27 constitute an infringement, there would be no ban on importation imposed by the patent grant once the patent lapses and it is but proper that *bona fide* importers also should be protected. For reasons which need no elaboration the question of importation of patented goods assumes in India a higher degree of importance than in the U.K. and hence requires special provisions which might not be found necessary in the U.K. and countries similarly situated.

543. Rule 84 of the U.K. Patent Rules, 1949 divides patents into three clauses: (1) those where the patent is for a product, (2) those where the patent is for a machine from which articles are produced and (3) those for processes by which articles are produced. It does not cover, however, a case where the patent is for a product which is made by a specified process, a form which was statutorily directed to be adopted by section 38(A) (1) of the now deleted provision of the U.K. Patents Act of 1907—1946. Though this provision is deleted it is possible that there might be patents of this class in this country also. This should partake of the same features as the protection afforded to patents for products with the modifications which I have suggested in that case. When rules are drafted under this provision the matters set forth above might be taken into account.

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544. Clause 32 (7)(b) should make it clear that the protection afforded by the statutory form is the minimum and that, subject to that minimum, the Controller should be in a position to add to it as circumstances justify in particular cases.

If this recommendation were accepted, Clause 32 (7) (b) would read:

> " ..... such provision as may be prescribed and to such other provisions for the protection or compensation as the Controller thinks fit persons who may have etc. etc."

In regard to the exact phraseology to be employed in sub-clause 7(b) to describe the third parties, entitled to protection under this clause I consider that the form adopted by the Australian Act is better than that in the U.K. Section 98 (4) of the Australian Patents Act, 1952 runs:—I quote only the relevant words.

> "Such provisions as are prescribed for effecting the protection or compensation of persons who availed themselves or took definite steps by contract or otherwise to avail themselves of the subject matter of the patent after the patent was notified....."

The reference here to persons who took definite steps by contract or otherwise to avail themselves of the invention, brings within the area of protection a wider class of persons who are legitimately entitled to the protection or compensation. In passing I may mention that the word "compensation" should be added in order to sustain the rule which would make provision for the grant of compensation on the lines of rule 66 of the U.K. Patents Rules, 1932.

The redrafted clause (9) puts down in the statute one of the essential conditions which would be prescribed under sub-clause (8) corresponding to sub-clause 7 (b) of the Bill.

545. Under sub-clause 7(b) of the Bill the period specified during which third parties are protected is between the date when the patent ceased to have effect and the date of the advertisement of the application for restoration. This, however, would mean that the third party for whose protection sub-clause 7(b) is intended should stop production or manufacture once the advertisement of the application takes place. This does not seem to be founded on good sense nor is it in public interest. In cases where he has begun to avail himself of the patented invention, his activity should properly come to an end only when an order for restoration of a patent is passed. The mere fact that an application for restoration has been filed does not by itself mean that it would be allowed, particularly as the conditions which an applicant has to satisfy before his application would be allowed—that the failure to pay the fee was unintentional and that undue delay has not occurred in the making and prosecution of the application—are not easy to establish. In these circumstances I should consider that it would be to the public advantage that instead of the date of the advertisement of the application being the *terminus ad quem* it should be the date on which restoration is ordered. In this connection I might notice that the applicant has no basis to resist such a provision because he has obviously been guilty of laches or delay and whether he is morally to blame or not, he cannot hold up the industrial activity of others by reason of his action or inaction.

546. The following redraft gives effect to the above recommendations:—

> "**32.** *Restoration of lapsed patents.*—(1) Where a patent has ceased to have effect by reason of failure to pay any renewal fee within the prescribed period or within that period as extended under section 29 (2), and the Controller is satisfied upon the application made within 3 years from the date on which the patent ceased to have effect, that the failure was unintentional and that no undue delay has occurred in the making

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or prosecution of the application, he shall, by order, restore the patent and any patent of addition specified in the application which has ceased to have effect on the cesser of that patent.

(2) An application under this section may be made by the person who was the patentee or by his legal representative; and where the patent was held by two or more persons jointly, the application may, with the leave of the Controller, be made by one or more of them without joining the others.

(3) An application under this section shall contain a statement (to be verified in such manner as may be prescribed) fully setting out the circumstances which led to the failure to pay the renewal fee; and the Controller may require from the applicant such further evidence as he may think necessary.

(4) If after hearing the applicant (where the applicant so requires or the Controller thinks fit) the Controller is satisfied that a *prima facie* case has been made out for an order under this section, he shall advertise the application in the prescribed manner; and within the prescribed period any person interested may give notice to the Controller of opposition thereto on either or both of the following grounds, that is to say:

(a) that the failure to pay the renewal fee was not unintentional; or

(b) that there has been undue delay in the making of the application.

(5) If notice of opposition is given within the period aforesaid, the Controller shall notify the applicant and shall give to him and to the opponent an opportunity to be heard before he decides the case.

(6) If no notice of opposition is given within the period aforesaid or in the case of opposition the decision of the Controller is in favour of the applicant, the Controller shall upon payment of any unpaid renewal fee and such additional fee as may be prescribed, make the order in accordance with the application.

(7) The Controller may, if he thinks fit, as a condition of restoring the patent, require the registration in the Register of Patents of any document or matter which, under the provisions of this Act, has to be entered in the Register but which has not been so entered.

(8) Where a patent is restored under this section the rights of the patentee shall be subject to such provisions as may be prescribed and to such other provisions as the Controller thinks fit to impose for the protection or compensation of persons who may have begun to avail themselves of or took definite steps by contract or otherwise to avail themselves of the patented invention between the date when the patent ceased to have effect and before the date of the order restoring the patent under this section.

(9) Proceedings shall not be taken in respect of an infringement of a patent committed between the date on which the patent ceased and the date of the order restoring the patent.

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### Clause 33—Restoration of lapsed applications for patents.

547. This provision as regards the restoration of lapsed application for patents did not occur in the U.K. Patents Acts before that of 1949. The Swan Committee recommended a provision for restoration of lapsed applications on the same lines as restoration of lapsed patents (paragraph 218) and section 28 of the U.K. Act, 1949 implements this recommendation. This provision does not occur either in Canada or in Australia notwithstanding that the Australian Act of 1952 was enacted subsequent to the U.K. Patents Act of 1949. It is needless to say that there is no provision corresponding to clause 33 in the Indian Patents and Designs Act, 1911. Dealing with this provision Blanco White observes at page 179:

> "Where a request for a sealing is not made……an applicant may apply within six months for restoration of the application. This period is too short for the provision to be of real value. The provision is new and it is very little used."

On another ground also I consider that the provision is not likely to be of much use. Under the rules framed under the Indian Patents and Designs Act, 1911 (and similar rules will be framed under the new Act), notice is given to the applicant regarding the time when sealing fees have to be paid and where this has taken place it will not be normally possible for an applicant to satisfy the condition set out in clause 33 that the failure to make the request was unintentional, nor would it be in public interest that the condition to be satisfied by an applicant should be relaxed in order to enable such applications to succeed. In this connection I need only add that in my notes to the 1st Schedule, I have suggested the adoption of a conventional year and not a 12-month period commencing from the date of the patent for fixing the time when the renewal fee shall he payable. If this recommendation were acceptd, there would be an even less chance of an applicant satisfying the conditions required by clause 33. In the circumstances I consider this provision unnecessary and might be dropped.

### Clauses 34 and 35—Amendment of specification.

548. Clause 34 is a reproduction of section 17(1) to 17(9) of the Indian Patents and Designs Act, 1911, which in its turn was based on section 21 of the U.K. Patents Act, 1907, as originally enacted before it was amended in 1932. The effect of the amendment in 1932 was to delete the words "at any time" which occurred in the original Section 21 of the U.K. Act (which words were repeated in Section 17 of the Indian Patents and Designs Act, 1911 and have been included in Clause 34) and their replacement by the words "after the acceptance of his complete specification" to enable the application of the provisions of the Section to be confined to cases of amendments after the acceptance of the specification leaving amendments to specifications before their acceptance to be dealt with on other principles. Sections 29—31 of the U.K. Patents Act, 1949 corresponding to Clauses 34 and 35 of the Bill are similarly confined to amendments after acceptance of the complete specification. With the words "at any time" the clause would obviously apply the same rules to determine the permissibility of amendments before and after acceptance of the complete specification. I do not consider this proper, and would prefer the clause to state with particularity the amendments open at each of these two stages.

549. The scope of the permitted amendments is set down in sub-clause (6). The main restrictions imposed on the power of amendment are two: (1) that the invention described

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and claimed in the amended specification should not be "wider or larger" than that in the unamended specification, and (2) that the invention claimed in the amended specification, is not "different" from that claimed before the amendment.

550. Representations were made to the Swan Committee that these two conditions which were found in Section 21 (6) of the U.K. Patents Act, 1907—46 imposed an unreasonable fetter on patentees and that it was desirable that these should be relaxed. The Committee, however, set their face against this proposal and recommended the continuance of Section 21 of the U.K. Patents Act, 1907 in substantially the same form, (*vide* paragraphs 220 to 223 of their Final Report). The Bill, as originally introduced in the House of Lords, carried therefore the provisions of Section 21 of the U.K. Act, 1907 without any alteration, but by the time the debates in the House of Lords were concluded, the courts in England had decided the case of *May and Baker Ltd.* v. *Boots Pure Drug Company Ltd.*

551. That case arose on a petition for the revocation of a patent granted jointly to May and Baker Limited and Ciba Limited, for inventions relating to certain sulpha compounds which were stated to possess high therapeutic value. The claims on their proper construction would have covered thousands of compounds belonging to that class, most of which however, admittedly had little or no therapeutic value. The specification, however, contained two specific examples for the manufacture of two compounds, sulphathiazole and sulpha-methylthiazole which were cited to illustrate the remedial effect and low toxicity of the entire group. At the hearing the patentees realising that their claims as drawn up were too wide sought to amend the specification by restricting their claim to a patent to the two specific products set out as examples. The application for amendment was opposed on the ground that the patent as amended would claim "a different invention" from that claimed in the unamended specification. This objection was sustained and the amendment was disallowed with the result that the patent was revoked. The decision of Jenkins J.[25] was upheld by the unanimous judgment of the Court of Appeal[26], and on further appeal by the patentee by the majority of the House of Lords[27], the ultimate decision being rendered in February 1950. When the clauses in the new Bill in relation to the power of amendment was before the House of Lords, it was urged that the decision unduly restricted the power of amendment and deprived an inventor of a valuable invention of his legitimate rights. This view prevailed and the scope of the power to amend was widened by the deletion of the reference to "the different invention" which occurred in Section 21(6) of the Act of 1907—1946 and on which the decision of the House of Lords in May and Baker's case was based.

552. I believe that when the Patents Enquiry Committee dealt with this matter, the decision of the Court of Appeal must have been before it, and notwithstanding that, they have not suggested any variation as to the scope of the power to amend contained in the present section 17. The question is whether there is any necessity to alter the clause by deleting the reference to "different invention" as has been done in the U.K.

553. Having considered the matter carefully, I have reached the conclusion that there is no need to change the scope of the existing provision as regards the power of amendment and that where the invention which emerges as a result of an amendment is different from that which was the subject matter of the specification as originally accepted, such an amendment

25. 65 RPC 255.
26. 66 RPC 8.
27. 67 RPC 23.

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should not be permitted. I might add that section 50 of the Canadian Patents Act restricts reissue of patents to "the same invention" as that for which the original patent was issued, and though that Act has been amended from time to time, even as late as 1953-54, no change has been made in the wording of this provision.

554. As I have already pointed out, Clause 34 (6) applies to cases of applications for amendments both before and after acceptance, and adopts the same rule, as regards the nature and scope of permissible amendments I consider that the scope of an amendment before acceptance ought to be wider than that after acceptance because at the former stage the specification is not disclosed to the public. It is then wholly a matter between the applicant for the patent and the office, and such amendments as are necessary to afford to the applicant, the benefit of the invention which he has disclosed in his complete specification ought to be available to him. On the other hand, after the acceptance of the application, and its advertisement, the contents of the specification become open to public inspection, and the rights of third parties who have started work on the basis of the claims made or not made, by the applicant in the published specification should be taken into account in defining the scope of the amendment which the applicant or the patentee might be permitted to effect. After a complete specification has been accepted two limitations not applicable to amendments at the earlier stage should be imposed. The first is in regard to the formulation of new claims which were not found in the original specification. Where a complete specification has not been advertised, there would be no question of a dedication of the unclaimed portion of the invention to the public and hence there cannot be any objection to a claim being formulated in respect of an invention disclosed in the specification if by error the claim has not been properly made or formulated. But where the specification has been accepted and advertised, the position is entirely different. In that case unless the claim after amendment would fairly fall within the claim before amendment it should not be permitted. In other words, it should be presumed that all claims not made, except by reason of obvious mistake, in the specification before acceptance are abandoned.

555. The second is a requirement that the invention before and after the amendment should be identical. This requirement would be out of place before acceptance and at that stage an amendment may be allowed so long as the invention is comprehended within the matter disclosed. A mere shifting of the centre of gravity ought not to preclude an applicant from adjusting that centre until the specification is accepted, and is thrown open to public inspection. After that date, other interests and rights intervene and hence the applicant should be precluded from making a claim for any other inventions by amendments even if such be by way of disclaimer and the amendment would merely shift the centre of gravity (vide *May & Baker's case*).

556. In the drafting of this provision for amendment I consider that the U.K. model of the arrangement of the sections 29 to 31 of the Act of 1949 could usefully be followed. Besides being logical in that the procedure is separated from the criteria to be taken into account in the allowance of the application, it also tends to clarity. I have drafted three new clauses which I have numbered as clauses 34, 34A and 35, the first two dealing with the procedure to be followed by the Controller and the High Court respectively and the last the principles which should govern the allowances of amendments. In setting out these I have endeavoured to indicate the difference in the scope of the amendments which would be permitted at the two stages, before and after acceptance.

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557. In my draft of Clause 35 I have omitted the word "substantially" in the phrase "substantially larger than or substantially different from" which occur in Clause 34 (6) of the Bill (corresponding to Section 21 of the U.K. Act, 1907—46) for the reason that they do not add to the sense of the section and serve no purpose except possibly to create confusion. The use of that word was inadverted by the Swan Committee who recommended its deletion and was also adversely commented on by Lord Simon in his speech in the House of Lords in the May & Baker case.

558. **Sub-Clause 34(8).**—Sub-Clause (8) is differently worded from Section 17(9) of the Indian Patents and Designs Act, 1911 which reproduced Section 21(8) of the U.K. Patents Act, 1907. The sub-clause appears to be based on the corresponding provision in the U.K. Act of 1949 [proviso to Section 29(1)].

559. The point of distinction between the provision in the Indian Patents and Designs Act, 1911 and the Bill is that under the former, a proceeding had to be pending in a court at the date of the filing of the application to amend, in order that the jurisdiction of the Controller should be ousted, whereas under the sub-clause, the bar is directed to orders being passed on an application to amend—whenever this be filed—if proceedings before the Court are pending at the date of such order. The inconvenience of the former rule is illustrated by the decision in *Western Electric Co. Ltd., In re*[28] where a petition to the Court to revoke a patent was sought to be countered by an application for amendment filed 5 days earlier. Justice Eve after stating that since the application to amend was filed when there was no "proceeding pending before the Court", the patentee was not disentitled to proceed with his application, observed—"No doubt that application would have to be dealt with before the petition for revocation can be satisfactorily disposed" and directed the petition to stand over till the disposal of the application, imposing however, on the patentee conditions requiring him to prosecute the amendment application with diligence.

560. I consider the provision in the Bill which is on the lines of the U.K. Act, 1949 an improvement over the existing law in that proceedings before the Court are given primacy and conflicts eliminated.

561. There is, however, one matter arising out of the language of the sub-clause to which reference has to be made. The opening words of the sub-clause "No application or specification shall be amended" reads as if the Controller though precluded from allowing an amendment during the pendency of proceedings in Court, might nevertheless dismiss the application. I doubt if this was intended and I desire the language clarified so as to preclude the Controller from dealing with the application on the merits.

562. The following redraft of the clause seeks to give effect to these views:—

> "34. *Amendment of application or specification by Controller.*— (1) Subject to the provisions of Section 35 of this Act, the Controller may upon application made under this Section in the prescribed manner by an applicant for a patent, or by a patentee, allow the complete specification to be amended subject to such conditions, if any, as the Controller thinks fit:
>
> Provided that the Controller shall not pass any orders allowing or refusing an application to amend a specification under this section while any suit before

28. 50 RPC 59.

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a court for the infringement of the patent or any proceeding before the High Court for the revocation of the patent is pending whether the suit or proceeding commenced before or after the filing of the application to amend.

(2) Every application for leave to amend a specification under this section shall state the nature of the proposed amendment and shall give full particulars of the reasons for which the application is made.

(3) Any application for leave to amend a specification under this section made after the acceptance of the complete specification shall be advertised in the prescribed manner:

Provided that where the application is made before the publication of the complete specification, the Controller may direct that the advertisement shall be postponed until the complete specification is published.

(4) Where an application is advertised under the preceding sub-section any person interested may within the prescribed period after the advertisement thereof, give notice to the Controller of opposition thereto; and where such a notice is given within the period aforesaid, the Controller shall notify the person by whom the application under this Section is made and shall give to that person and to the opponent an opportunity to be heard before he decides the case.

(5) An amendment under this section of a complete specification may be, or include, an amendment of the priority date of a claim.

(6) The provisions of this section shall be without prejudice to the right of an applicant for a patent to amend his specification to comply with the directions of the Controller passed before the acceptance of the complete specification and in the course of proceedings in opposition to the grant of a patent."

563. "34-A. *Amendment of specifications before High Court.*— (1) In any proceeding before the High Court for the revocation of a patent, the High Court may, subject to the provisions of the sub-sections 2 to 4 of the next following section, allow the patentee to amend his complete specification in such manner, and subject to such terms as to costs, advertisements or otherwise, as the court may think fit; and if in any such proceedings for revocation the court decides that the patent is invalid, the court may allow the specification to be amended under this section instead of revoking the patent.

(2) Where an application for an order under this section is made to the Court, the applicant shall give notice of the application to the Controller, and the Controller shall be entitled to appear and be heard, and shall appear if so directed by the Court.

(3) Copies of all orders of the Court allowing the patentee to amend the specification shall be transmitted by the court to the Controller who shall on receipt thereof cause an entry thereof and reference thereto made in the Register of Patents.

564. "35. *Supplementary provisions as to amendment of specification.*—(1) Before the acceptance of a complete specification, no amendment thereof shall be effected except by way of disclaimer, correction or explanation, and no amendment thereof shall be allowed (except for the purpose of correcting an obvious mistake) the effect of which would be that the specification as amended would claim or describe matter not in substance disclosed in the specification before the amendment.

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(2) After the acceptance of a complete specification no amendment thereof shall be effected except by way of disclaimer, correction or explanation, and no amendment thereof shall be allowed (except for the purpose of correcting an obvious mistake) the effect of which would be, that the specification as amended would claim or describe matter not in substance disclosed in the specification before the amendment, or that any claim of the specification as amended would not fall wholly within the scope of a claim of the specification before the amendment, or that the invention claimed in the provisional specification after amendment is different from that claimed before the amendment.

(3) Where after the date of the publication of a complete specification, any amendment of the specification is allowed by the Controller or by the High Court, the right of the applicant or patentee to make the amendment shall not be called in question except on the ground of fraud and the amendment shall for all purposes be deemed to form part of the specification:

> Provided that in construing the specification as amended, reference may be made to the specification as originally published.

(4) Where, after the date of the publication of a complete specification, any amendment of the specification is allowed as aforesaid, the fact that the specification has been amended shall be advertised in the prescribed manner."

## Clause 36—Surrender of Patent

565. The present provision in relation to surrender of patents is contained in Section 24 of the Indian Patents and Designs Act. But this section is defective in that it does not specify the parties to whom the notice of the offer to surrender has to be given by the Controller.

566. Clause 36 is substantially a reproduction of section 34(1) to (4) of the U.K. Act, 1949. Clause 36(2) in line with sub-section (2) of Section 34 of the U.K. Act requires the Controller to advertise the offer in the prescribed manner. In addition to this advertisement it appears to me to be desirable that individual notices should be served by the Controller on all persons whose names appear in the Register as persons having interest in the patent (*vide* Clause 68).

567. I would suggest that the clause be redrafted on the following lines:—

> "36. *Surrender of Patent*.—(1) A patentee may, at any time by giving notice in the prescribed manner to the Controller, offer to surrender his patent.
>
> (2) Where such an offer is made, the Controller shall advertise the offer in the prescribed manner; and also notify every person other than the patentee whose name appears in the Register as having an interest in the patent, and within the prescribed period thereafter any person interested may give notice to the Controller of opposition to the surrender.
>
> (3) Where any such notice of opposition is duly given, the Controller shall notify the patentee.
>
> (4) If the Controller is satisfied after hearing the patentee and any opponent, if desirous of being heard, that the patent may properly be surrendered, he may accept the offer and by order revoke the patent."

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## Clauses 37 to 39—Revocation of Patents

568. Clauses 37 to 39 of the Bill deal with revocation of patents. The subject matter of these three clauses being intimately connected, I would suggest that these three be combined into a single clause numbered 37 and I am appending a draft which would carry this out.

569. In the redraft of the clause, I have practically adopted the language employed in the corresponding section 32 of the U.K. Act of 1949. As compared with the Bill, in the clause as redrafted, the following are a few changes regarding which an explanation is needed:—

570. (1) The opening words of Clause 37 do not render the provision "subject to the provisions of the Act" as appearing in Section 32 of the U.K. Act. As there are other provisions in the Bill, *vide e.g.,* Clauses 48 and 49, which direct that notwithstanding any provision in the Act, a patent shall not be revoked in certain circumstances it is necessary to add these words.

571. (2) Sub-clause (1) of Clause 37, copying in this respect a similar expression in Section 26 of the Indian Patents and Designs Act, 1911, enables a patent to be revoked "in whole or in part". These words are not found in the U.K. Section 32. I would prefer the U.K. system under which when the Court dealing with a petition for revocation finds that certain claims are invalid, while others are valid, it is vested with power to direct amendment of the complete specification so as to restrict the patent to the valid claims instead of ordering revocation of the patent as a whole (*vide* Section 30 of the U.K. Act). I have included a provision on these lines as Clause 34-A. The advantage in this scheme is that the rules applicable to permissible amendments of specifications are attracted at the stage of the disposal of the petition for revocation, whereas if the Court could order revocation of the invalid claim leaving the rest of the other claims of the patent intact, it is possible that the inventions covered by the patent after the partial revocation might be an invention different from that for which the patent was originally granted. The words "in part" cannot be retained in this clause consistently with clause 34-A whose adoption I have recommended.

572. (3) I have deleted all references to the word "Controller" in Clauses 37(a), 37(2) (b), 37(4) and 39, this being consequential upon the deletion of the provision contained in Clause 37 (2) (b) of the Bill enabling petitions for revocation being filed before the Controller within a year after the grant of the patent. This provision in the Bill seeks to implement a recommendation contained in paragraph 153 and 154 of the report of the Patents Enquiry Committee. This recommendation was in part dependent on another suggestion of the Committee that opposition proceedings should be eliminated, a suggestion against which I have already expressed my disagreement. I do not see any advantage in enabling petitions for revocation being filed before the Controller. If he is competent to deal with such petitions there is no object in the time limit. The point, however, is that questions which arise for consideration in a petition for revocation are such that they should properly be tried before a Judge of the High Court. I need hardly add that the provision for revocation of patent by a Controller in the United Kingdom under Section 33 of the U.K. Patents Act, 1949 affords no analogy nor furnishes any precedent for the provisions in the Bill, because the grounds upon which the patent could be revoked by the Controller in the United Kingdom are only those for which the grant of the patent could have been refused at the opposition stage. In other words, it is merely a belated opposition and not truly a revocation proceeding. I consider that there is logic, reason and convenience in confining the jurisdiction of the Controller to deal with opposition to

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applications for patents before the grant of patents, leaving the Court to deal with cases where the validity of a grant is questioned.

573. (4) I have omitted reference to proceedings by way of counter claims for revocation in a suit for infringement. I have already discussed this question in full in paragraph 290 *et seq. ante*.

574. (5) Para. (v) of clause 37 appears to cover three distinct invalidating grounds—novelty, obviousness and utility—besides the ground relating to the use or exercise of the invention being contrary to law or morality. I have followed the U.K. Act in distinguishing between each of them [*vide* grounds (e), (f) and (g) of the redraft], and in these I have incorporated my recommendation that publications outside India should also constitute anticipation. I have made a slight drafting change in ground (f) dealing with the objection of obviousness from the corresponding provisions in the U.K. Act by introducing the word "so" in order to indicate that "obviousness" and "lack of inventive step" are not two distinct conditions. This I have done to obviate an argument as that raised in *Benmax* v. *Austin Motor Company*[29], where Evershed M. R. said "Mr. Whitford drew attention to the use of the word 'and'—that the invention must be obvious *'and'* such as not to involve an inventive step... I am satisfied that there is no significance in the double requirement, if there be a double requirement."

575. I have revised the language of each one of the grounds, besides including new ones needed to implement my other recommendations requiring applicants to furnish information regarding the fate of corresponding applications filed in other countries (Section 7A), a point of added importance in view of the expanded scope of anticipating publications recommended by me. In general the language of the several grounds has been adopted from that used in the U.K. Patents Act, mainly for the reason that their interpretation had been the subject of judicial decision. I however desire to draw attention to a slight change which I have introduced in ground (h) relating to insufficiency of description of a complete specification, *viz.*, the addition of the following:—

> "that the description of the method or the instructions for the working of the invention as contained in the complete specification are not by themselves sufficient to enable a person in India possessing average skill in, and average knowledge of, the art to which the invention relates, to work the invention."

576. These words no doubt merely summarise the effect of the decisions in the U.K. as regards the sufficiency of the instruction which a complete specification ought to contain, but I believe that their inclusion in the grounds would serve to emphasise the purpose in law of a specification. Besides, there is a tendency for patent specifications and instructions for working, which have been drawn up for being filed in connection with applications for patents in the more advanced industrial countries being filed in the same form in India. This proves a handicap by reason of the instructions which might suffice to work the invention in a country where the art has been highly developed, not conveying information which is requisite for enabling the average Indian technician to effect the working. Though the decisions on sufficiency of description relate the required quantum of instruction to the state of the art in the country to whose technicians the specification is addressed, I consider that the iteration of this requirement would induce foreign applicants for patents to pay heed to this feature and

29. 70 RPC 284 at 288.

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also focus the attention of the courts to have regard to the state of the art in this country in judging of the sufficiency of description.

577. (6) In the United Kingdom it appears to be a matter of doubt as to whether the importation before the priority date of a product made according to an invented process amounts to public knowledge or use of the invention, so as to bar the patenting of the process. It has been pointed out that to grant a patent monopoly for the process in those circumstances would be unfair to existing businessmen on the ground that a patent ought not to stop a man doing what he was openly doing before. The law on the point is somewhat obscure and I have sought to clarify it and put the matter beyond argument.

578. (7) In the ground corresponding to Clause 37 (2) (xi) and clause 37 (4) of the Bill I have included a reference to "a Government undertaking" in addition to "Government". I have made this change for the reason that during recent years most of the industrial activity on behalf of the Government is being conducted not by Government themselves through their departments but by public corporations which have been created for that purpose. In the absence of these words, use by Government undertakings would be outside the scope of this provision.

579. (8) The first proviso to Clause 37 (4) of the Bill has been deleted by reason of the omission of the provision for the Controller hearing petitions for revocation while the second proviso has been deleted because it is unnecessary in view of the terms of Clause 6 being co-extensive with the class of persons entitled to apply for patents under the reciprocal arrangements.

580. (9) I have deleted practically the entirety of Clause 38, and have been content to specify that a petition for revocation might be filed by a person interested. These words which occur in other clauses of this Bill would cover all the classes of persons who would fall within Clause 38 (1) (b). In regard to sub-clause (1) (a), I might mention that instead of the Attorney-General or the Advocate-General I have used the expression "Central Government" as persons who, whether they have interest or not, might file a petition for revocation. I have omitted reference to the State Government in order to avoid possible conflicts and also because the subject of patent is exclusively within the jurisdiction of the Central Government. Of course a State Government may apply if it were a "person interested".

581. (10) I do not see any justification for requiring every petitioner for revocation to furnish security for costs and I have consequently omitted reference to this provision in Clause 38 (2) of the Bill.

582. (11) Sub-clauses (3) and (4) of Clause 38 are unnecessary because the High Court has power to direct a Subordinate Court to record evidence and submit the evidence with or without its findings thereon.

583. (12) I would suggest the inclusion of a provision on the lines of Section 32 (4) of the U.K. Act of 1949, providing that the grounds on which a patent could be revoked are available as grounds for defence to an action for infringement. In the Bill the provision occurs in Clause 58, but I consider it more appropriate to include it here than later, for reasons I have mentioned in the note to Clause 58. I have in my draft [*vide* Clause 37 (5)] added words as compared to the corresponding sub-clause in the U.K. Act, to indicate that the grounds of revocation available as defence are those set out in this clause.

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584. (13) It would be noticed that the clause as redrafted by me does not except as regards ground (b) draw any distinction between patents in force at the commencement of the Act and those to be granted thereafter as regards the grounds on which revocation could be obtained. This is deliberate. Most of the grounds set out in the clause are old, having been taken over from Section 26 of the Indian Patents and Designs Act, though the language in which they are expressed has been slightly modified. The only variations from the existing law are:

(1) ground (d)—The result of the changes introduced by clause 3 in the content of inventions which are patentable.

(2) Grounds (k) and (l) which deal with non-compliance by the applicant with the requirements of provisions newly introduced.

(3) Ground (m) which is adopted from Section 100 of the Australian Patents Act, 1952.

Section 17 of the Indian Patents and Designs Act, 1911 following in this respect the provisions in the U.K. enactments, provides that the validity of an order allowing an amendment to a specification shall not be called in question except in cases of fraud. Section 26 however following again the U.K. precedent does not render fraud in obtaining an amendment of the specification a ground for revocation as the Australian Act, 1952 does. Ground (m) rectifies this anomaly.

(4) The expanded definition of "anticipation" or "novelty", so as to comprehend publication abroad of the invention before the priority date.

(5) Sub-clause (4) which provides for revocation on the petition of the Central Government for failure to use the invention for the purposes of Government.

(5) The omission of the ground based on "disconformity" now found in clause (n) of Section 26(1) of the Indian Patents and Designs Act, 1911.

585. An examination of the above would disclose the following:—

(1) As regards item (1), provision has been made in Clause 3 itself as regards the portions which would apply to patents in force and those which would apply only to patents granted after the commencement of this Act. There is therefore no need for any saving in respect of existing patents in Clause 37.

(2) Item (2) can by its very nature have relevance only to patents granted after the new Act comes into operation, and hence no saving in respect of existing patents is called for.

(3) As regards item (3), there is no impropriety or hardship in the provision which visits the penalty of revocation on a patentee who contrives to obtain an amendment by fraud. The cases where amendments to specifications have been obtained must be very few, and so far as I know there are none and the provision would practically therefore have operation only in respect of the amendments effected hereafter.

(4) Item (4) is a change in the law. But the number of cases, in which a patent would be held to lack novelty under the expanded concept of anticipation but would not have been so held under the law as previously understood, would be so few that I do not consider there is need to save existing patents from the scope of this rule. In any

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event if the invention has been known before the application in India, there does not appear any irrefragable right to a patent monopoly on moral grounds, taking into account the law outside the Commonwealth which I have already pointed out.

(5) Item (5)—Section 26 (1) (k) of the Indian Patents and Designs Act, 1911 is derived from the corresponding provision of the U.K. Act of 1907, and the conditions referred to in it are those found in the Patent grant.

One of the conditions found in the Letters Patent granted in the U.K. requires the patentee to "supply or cause to be supplied for our (His Majesty's) service all such articles of the said invention as may be required..... at such times or upon such reasonable prices and terms as shall be settled....". The Indian form (Schedule III) omits this condition with the result that the content of ground (k) notwithstanding the identity of language, was (whether it was so intended or not) materially different from that in the U.K. Act. The Bill repairs this defect [*vide* sub-clause (4)] and does not make this provision inapplicable to patents in force at the commencement of this Act. I consider this proper.

(6) Disconformity as a ground for revocation is outmoded and is hardly consistent with the basis of priority dates. I see no harm in the existing patents enjoying the benefits of this reform in the law.

586. The following draft gives effect to my above recommendations:—

"37. *Revocation of Patents.*—(1) Subject to the provisions of this Act, a patent granted before or after the commencement of this Act may on the petition of any person interested or of the Central Government be revoked by the High Court on any of the following grounds, that is to say—

(a) that the invention, so far as claimed in any claim of the complete specification, was claimed in a valid claim of earlier priority date contained in the complete specification of another patent granted in India;

(b) that the patent was granted on the application of a person not entitled under the provisions of this Act to apply therefor:

Provided that a patent in force at the commencement of this Act shall not be revoked on the ground that the applicant was the communicatee or the importer of the invention in India and therefore not entitled to make an application for the grant of a patent under this Act.

(c) that the patent was obtained wrongfully in contravention of the rights of the petitioner or any person under or through whom he claims;

(d) that the subject of any claim of the complete specification is not an invention within the meaning of this Act or is not patentable under Section 3;

(e) that the invention so far as claimed in any claim of the complete specification, is not new having regard to, what was known or used in India before the priority date of the claim; or to what was published in India or elsewhere in any of the documents referred to in Section 12;

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(f) that the invention so far as claimed in any claim of the complete specification is obvious and so does not involve any inventive step, having regard to what was known or used in India or what was published in India or elsewhere before the priority date of the claim;

(g) that the invention so far as claimed in any claim of the complete specification is not useful;

(h) that the complete specification does not sufficiently and fairly describe the invention and the method by which it is to be performed that is that the description of the method or the instructions for the working of the invention as contained in the complete specification are not by themselves sufficient to enable a person in India possessing average skill in, average knowledge of, the art to which the invention relates, to work the invention, or that it does not disclose the best method of performing it which was known to the applicant for the patent and for which he was entitled to claim protection;

(i) that the scope of any claim of the complete specification is not sufficiently and clearly defined or that any claim of the complete specification is not fairly based on the matter disclosed in the specification;

(j) that the patent was obtained on a false suggestion or representation;

(k) that the applicant therefore failed to disclose to the Controller the information required by Section 7A or furnished information which in material particulars was false to his knowledge;

(l) that the applicant contravened any direction for secrecy passed under Section 23(1) of this Act, or made an application far the grant of a patent outside India in contravention of sub-section 10 of Section 23 of this Act;

(m) that leave to amend the complete specification under Section 34 or 34A was obtained by fraud; or

(n) that the invention so far as claimed in any claim of the complete specification, was secretly used in India, otherwise than as mentioned in sub-section (2) of this section, before the priority date of that claim.

(2) For the purposes of paragraph (n) of sub-section (1) of this section, no account shall be taken of any use of the invention—

(a) for the purpose of reasonable trial or experiment only; or

(b) by the Government or any person authorised by the Government or by a Government undertaking, in consequence of the applicant for the patent or any person from whom he derives title having communicated or disclosed the invention directly or indirectly to the Government or person authorised as aforesaid or to a Government undertaking; or

(c) by any other person, in consequence of the applicant for the patent or any person from whom he derives title having communicated or disclosed the invention, and without the consent or acquiescence of the applicant or of any person from whom he derives title.

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(3) For the purposes of paragraphs (e) and (f) of sub-section (1),

(a) no account shall be taken of secret use, and

(b) where the patent is for a process or for a product as made by a process described or claimed, the importation into India, of the product made abroad by that process shall constitute knowledge or use in India of the invention on the date of the importation.

(4) Without prejudice to the provisions of sub-section (1) of this section a patent may be revoked by the High Court on the petition of the Central Government if the High Court is satisfied that the patentee has without reasonable cause failed to comply with the request of the Central Government to make, use or exercise the patented invention for the purposes of Government or of any Government undertaking upon reasonable terms.

(5) Every ground on which a patent may be revoked under this section shall be available as a ground of defence in any proceeding for the infringement of the patent.

(6) A notice of any petition for revocation of a patent under this section shall be served on all persons appearing from the Register to be proprietors of that patent or to have shares or interests therein and it shall not be necessary to serve a notice on any other person.

(7) Subject to the provisions of this Act the High Court may frame rules for the regulation of all matters relating to proceedings before it under this Act."

## Clauses 40 to 47—Working of Patents and compulsory licensing.

587. Clauses 40 to 47 of the Bill deal with what are usually termed provisions for compulsory working and compulsory licensing of patents. They reproduce substantially the existing sections 22, 23, 23A, 23B, 23C and 23D of the Patents and Designs Act, 1911 which were introduced in 1950 to give effect to the recommendations of the Patents Enquiry Committee. The amendments brought the law in this country on the topic practically in line with the corresponding provisions of the U.K. Patents Act as enacted in 1949. A special provision regarding inventions relating to food or medicine (Section 23CC) was introduced into the Indian enactment by an amendment effected in 1952 despite the views to the contrary expressed by the Patents Enquiry Committee and now forms Clause 45. It might however be mentioned that Section 23CC substantially adopts Section 41 of the U.K. Patents Act, 1949.

588. I have endeavoured to trace the history of the law in relation to compulsory working and compulsory licensing of patents in the U.K. and other countries (para 126—134 *ante*). Before however proceeding to consider the text of the clauses in the Bill and examine whether these provisions based as they are on the U.K. Patents Act, 1949 would suffice to meet the needs of the country, it is necessary to advert to one matter.

589. In the U.K. the provision regarding compulsory licensing and revocation for non-working was before the Patents Act, 1949 contained primarily in Section 27 of the Patents Act—1907—46 and both the Canadian as well as the Australian legislations have been modelled on it. In considering the sufficiency of Section 27 to counter the misuse of patent rights the Swan Committee observed (Paras. 29 to 32 of the Second Interim Report):

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"On a superficial reading, these provisions appear to cover all the types of restrictive use of patents discussed above. But their interpretation in the High Court has somewhat narrowed their scope. For instance, in the *Applications by Brownie Wireless Company Ltd.*[30], the Judge, in effect, decided that 'demand' did not include potential demand for a much cheaper model of the article then being sold. The expression 'new trade or industry' has been interpreted in a wide sense, as in the cotton trade or industry (*Petition of the Robin Electric Lamp Company Limited*[31]; also *Application by Brownie Wireless Company Limited*[32]). In this sense a new trade can only rarely be said to be founded. The expression 'the trade of any person or class of persons trading in the United Kingdom' has been taken to refer only to the existing trade of the applicant[33]. Consequently, this particular provision can be of no benefit to an applicant who wishes to found a new business or extend an old one. The expression 'the public interest' is, according to the same judgement, to be construed in its widest meaning, namely, 'the interest of the community including every class which goes to constitute that body, namely, the purchasing public, the traders and manufacturers, the patentee and his licensees and inventors generally'[34]. According to this interpretation, when there is a conflict between the interests of the patentee and the interests of the purchasing public, the Comptroller is not directed to prefer the wider interests of the public to those of the patentee.

590. "Such interpretations have narrowed the apparent scope of Section 27. Moreover, the uncertainty of its application, the high costs of proceedings under it which are taken to appeal, and the heavy onus of proof cast upon the applicant, who in the ordinary course is not in so advantageous a position as the patentee to furnish proof of the relevant facts, have combined to discourage resort to this section. Relatively few applications have been made under it, while the abuses which it is intended to curb still occur. In our opinion, this section as it now stands, and as now applied, does not provide a sufficient remedy against the restrictive use of patents.

591. "Moreover in our opinion the conception of 'abuse of monopoly' on which it is based is too narrow. 'Abuse' implies some positive malpractice. A patentee may fail to exploit an invention to the full extent which is desirable from the point of view of the development of British production and trade without doing anything which it would be appropriate to describe as an abuse. We are of opinion that future legislation should be aimed not only at the prevention of abuse but also at ensuring the fullest practicable use of the rights conferred by patents."

592. The Committee redrafted the provisions with a view to expand their scope. The U.K. Government accepted these recommendations and Parliament embodied this redraft in sections 37 to 42 of the Act of 1949. When however the construction of the redrafted sections came up for consideration before the Assistant Controller in[35] (*In the matter of Colbourne Engineering Coy Ltd.'s application*....) the revised language was subjected to a close analysis and compared with the language of Section 27 of the Patents Act, 1907—46 and though

30. 46 RPC 457.
31. 32 RPC pages 213-14.
32. 46 RPC 471.
33. 46 RPC page 473.
34. 46 RPC page 474.
35. 72 RPC 169.

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it was held that the decisions in the *Robin Electric and Brownie Wireless* cases might not determine the scope of section 37(2) (d) (iii) of the Act of 1949. it is clear that the text of the 1949 provision did not carry out fully the degree of expansion which the Committee sought to achieve. I therefore consider it necessary to effect a change in the language of the provisions in the Bill, in order to ensure that defective phrasing should not defeat the underlying purpose and I have sought in my redraft to attain this end.

593. This apart, as I have already stressed that the requirements of the law or the provisions suitable to a highly industrialised and economically developed country like the U.S.A., or U.K. may not necessarily suffice or be suitable for adoption in an underdeveloped and semi-industrialised country like ours. Such provisions, if adopted, far from furthering the industrial progress of the country might themselves hamper progress. The law has therefore to be suitably fashioned. Account has also to be taken of the fact that more than the 9/10th of the patents on the Indian Register which are of value, are owned by foreign nationals who do not work and have no inclination to work their patents here but are content to rely on their patent monopoly for blocking Indian industry or for the purpose of enabling them to import into this country products made abroad by themselves, their associates or licensees. Most of these foreign patentees are persons who have already obtained patents in their home country and very often also in several other countries in Europe and America for the same invention as the one patented in India. But it is however a fact that owing to reasons which it is beyond my purpose to analyse or explain, there are several countries in Eastern Europe in which these patentees have not applied for or obtained patent protection but in which nevertheless the same processes are used and articles produced which, if manufactured in India without the authorisation of the patentee, would constitute an infringement of the Indian Patent. It is a fact that in these East European countries the price of the article patented in India is in most cases less than that at which it is made available. The effect of the monopoly of importation conferred by the Indian Patent law on the foreign patentees who do not work their invention within the country, has to be judged in the light of these facts.

594. In this connection, it is somewhat interesting to notice that the rule of the U.K. Patents law that the importation of a patented article (as also the analogous rule regarding articles made by the patented process even where the patent extended only to the process) constitutes an infringement of the rights of the patentee was originally conceived of as an inducement and a necessary protection to enable the patentee to work his invention with profit within the country. But in the course of the evolution of the law, the protection against importation became dissevered from the working of the invention by the patentee for which it was designed as a necessary adjunct and has now emerged as an independent right, an exclusive right of the patentee to import articles manufactured by him abroad without reference to any working of the invention within the country. In the more highly developed and industrialised countries this condition might not cause harm or might possibly even be beneficial. But in countries like India which are striving to industrialise and obtain gainful employment as well as the optimum utilisation for their natural resources, such a law is calculated to hamper the attainment of these ends.

595. The monopoly for importation which patent protection normally confers hurts the country in more ways than one. Apart from importation hindering industrial development, the consumer has to pay such price for the product as the patentee dictates and there are certainly several lines particularly in the field of drugs where the product could be manufactured

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in India at a cost lower than is charged for that imported. Besides cost, which is not an unimportant factor in the case of an article which is necessary for the health of the community, the working of the industry within the country will be conducive to the acquisition and diffusion of the much needed technical skill by our nationals which is of far greater potential value than the increase in employment of individuals and capital which immediately results. Again, this country, as I have already pointed out, is denied the opportunity of importing goods covered by the patent from the alternative sources, to import from which might be of advantage both on account of the currency involved and of lower price.

596. In redrafting these clauses I have sought to bear these factors in mind and also the urgent necessity for the establishment and development of the industries in the country particularly in relation to food and drugs which are of vital importance to the national well-being and health.

597. In view of the considerable changes which I have made in the appended re-draft I have considered it convenient to take my redraft as the basis and explain the nature and purpose of the changes I suggest as compared to clauses 40 to 47 of the Bill.

(In what follows the references to the clauses are to those as re-drafted and where any clause in the Bill is referred to, this is sufficiently indicated).

## Clause 40—Working of patented inventions

598. I have sought to state in this clause the purpose for which patents are granted. It is somewhat in the nature of a preamble and seeks to express what has commonly been understood to be one of the main purposes of a patent grant, namely to work inventions within the country. In the draft of this preamble, I have in part adopted the phraseology employed in the proviso to Section 27(2) of the U.K. Patents Act, 1907 and have added a reference to an abuse to which patents in the Indian Register are particularly subject, namely, their utilisation for merely securing the monopoly of importation.

> "40. *Working of patented inventions.*—"Whereas patents for new inventions are granted to encourage inventions and to secure that the inventions shall be worked in India on a commercial scale and to the fullest extent that is reasonably practicable without undue delay and not merely to enable patentees to enjoy a monopoly for the importation of the patented articles, it is hereby enacted that the following provisions of this Chapter shall have effect."

599. **Clauses 41, 41A, 41B, 41C and 42.**—Clause 41 makes provision for the grant of compulsory licences; 41A for the endorsement on request by the Central Government of a patent with the words "Licences of right", (*vide* Clause 42 of the Bill) and Clause 41B for the revocation of patents if the "reasonable requirements of the public" with respect to the patented invention, as defined in Clause 41C continued to remain unsatisfied, even after the grant of the compulsory licence or the order for endorsement. This last provision for revocation is somewhat similar to Section 42 of the U.K. Act, but has no counterpart in the Bill, I have, however, considered this useful and necessary and have therefore included this provision for the revocation of patents in case of continued "abuse of monopoly" where the grant of licences or the endorsement is found insufficient to secure the working of the invention within the country.

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## Clause 41—Compulsory licences

600. Clause 41(1) corresponds in general to Clause 40(1) of the Bill though its form has been modelled on sub-section (1) of Section 108 of the Australian Act. The scheme of the provisions in Australia is first to state that compulsory licences or revocation may be had for non-working or inadequate working using the words the *"reasonable requirements of the public with respect to the patented invention not being satisfied"* to express this idea and then to set out in a separate section the circumstances when the reasonable requirement could be taken as not being satisfied. In fact, the italicised words and the form were adopted in Australia from Section 24 of the U.K. Patents and Designs Act, 1907 (themselves derived from earlier U.K. legislation) before its amendment in 1919.

601. **Sub-clauses (2) to (4)** lay down the procedure to be followed by the Controller, the details of which are set out in Clause 42 corresponding to sub-clauses 2 to 5 of Clause 46 of the Bill.

602. **Sub-clause (5).**—This reproduces the provisions of Clause 44(2) (a), (b) and (c) of the Bill with slight drafting changes to make the meaning clearer in the light of the decisions on the point.

603. **Sub-clause (6)** attracts the provisions of Clause 42A (relating to powers exercisable by the Controller) in relation to the compulsory licences granted under Clause 41, and this is in line with Clause 41 of the Bill, Similarly sub-clause (7) attracts the provisions of Clause 42B and Clause 42B corresponds substantially to Clause 44(1) of the Bill with slight verbal changes. The provisions in Clause 42B as regards the bar against importation is new, but is based on the practice in the U.K. under which no compulsory licence is granted permitting importation. As the object of compulsory licensing is to ensure that the invention should be worked within the country, its purpose would not be served but be frustrated if licencees were permitted to import.

604. **Sub-clause (9)** includes not merely the matter contained in Clause 44 of the Bill but in addition contains a definition of the term "patentee" extended so as to include an "exclusive licensee".

605. This addition has been necessitated in order to get over the decision in the Calbourn Engineering Company's application for compulsory licence[36], in which it was held that an exclusive licensee of a patent who had the sole right to grant a sublicence, was not "a patentee" within Section 37(2)(d) of the U.K. Patents Act, 1949 [corresponding to Clause 40(2)(d) of the Bill]. The added words enable this construction to be avoided.

606. **Sub-clause (10)** is new. I consider this a very necessary provision. In the present context of scientific research in this country we might expect an increasing number of applications for patents owned by Government or by Government sponsored undertakings. Where it is possible to commercially work the patented invention in this country, Government or Government undertakings might be expected to do so, either by themselves or through other persons to whom they may voluntarily grant licences. In these circumstances it appeared to me not to be proper that patents owned by Government or by Government undertakings should be subject to the provision of compulsory licensing and of revocation for non-working. I have

36. 72 RPC 169 at 179.

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therefore excluded from the provisions of this Chapter all patents owned by Government and by Government undertakings.

607. The following draft gives effect to the above recommendations:—

"41. **Compulsory Licences.**—(1) At any time after the expiration of three years from the date of the sealing of a patent any person interested may make an application to the Controller alleging that the reasonable requirements of the public with respect to the patented invention have not been satisfied and praying for the grant of a compulsory licence to work the patented invention.

(2) Every application under sub-section (1) shall contain a statement setting out the nature of the applicant's interest together with such particulars as may be prescribed and the facts upon which the application is based.

(3) In considering the application filed under this section the Controller shall follow the procedure prescribed by Section 42.

(4) The Controller if satisfied that the reasonable requirements of the public with respect to the patented invention have not been satisfied may order the patentee to grant a licence upon such terms as he may deem just.

(5) In determining whether or not to make an order in pursuance of an application filed under sub-section (1) the Controller shall take account of the following matters:

(i) the nature of the invention, the time which has elapsed since the sealing of the patent and the measures already taken by the patentee or any licensee to make full use of the invention;

(ii) the ability of the applicant to work the invention to the public advantage;

(iii) where the invention relates to a scheduled industry under the Industries (Regulation and Development) Act 1951 whether the applicant has been or would be granted permission to work the invention if a licence were granted;

(iv) the capacity of the applicant to undertake the risk in providing capital and working the invention if the application is granted;

but shall not take into account any working of the invention by the patentee or those claiming under him after the making of the application.

(6) Where the Controller directs the patentee to grant a licence he may as incidental thereto exercise the powers set out in section 42A.

(7) In settling the terms and conditions of a licence granted under this section, the Controller shall have regard to the matters set out in Section 42-B.

(8) An application under this section may be made by any person notwithstanding that he is already the holder of a licence under the patent and no person shall be estopped from alleging that the reasonable requirements of the public with respect to the patented invention are not satisfied by reason of any admission made by him, whether in such licence or otherwise or by reason of his having accepted such licence.

(9) In this Chapter the expression "patented article" includes any article made by a patented process, and the expression "patentee" includes an exclusive licensee.

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(10) No application under this Chapter shall be entertained in respect of a patent owned by the Government or by any Government undertaking."

## Clause 41A—Endorsement of patent with words "Licences of right"

608. This provision as to endorsement of patents with the words "Licences of right" finds no place in the Australian Patents Act or the Canadian Act. It was first introduced in the U.K. Patents Law by the amending Act of 1919. When, however, these provisions were taken over into the Indian Patents and Designs Act, 1911 by the amending Act of 1950, the right to apply for such endorsements was confined to the Central Government. "Persons interested" in working the invention might not be expected to desire that others besides themselves should also have the right to obtain licences under the patent and so it appears to me to be sufficient and desirable that the right to apply for endorsements should be restricted as it has hitherto been and as is contained in Clause 42 of the Bill.

609. Clause 41A in its general scope follows the pattern of Clause 42 of the Bill and the changes made are only to bring it in line with the scheme which I have adopted in regard to the redrafting of these provisions.

"41A. Endorsement of Patent with words "licences of right".—

(1) At any time after the expiration of three years from the date of the sealing of a patent the Central Government may make an application to the Controller alleging that the reasonable requirements of the public with respect to the patented invention have not been satisfied and requesting for an order that the patent may be endorsed with the words "Licences of right".

(2) In considering the application filed under sub-section (1), the Controller shall follow the procedure prescribed in Section 42.

(3) The Controller if satisfied that the reasonable requirements of the public with respect to the patented invention have not been satisfied may make an order that the patent be endorsed with the words "Licences of right".

(4) Where a patent has been so endorsed any person who is interested in working the patented invention in India, may require the patentee to grant him a licence for the purpose on reasonable terms and if the parties are unable to agree on the terms of the licence either of them may apply in the prescribed manner to the Controller to settle the terms thereof.

(5) The Controller shall after notice to the parties and hearing them and after making such enquiry as he may deem fit decide the terms on which the licence shall be granted by the patentee.

(6) The provisions of sub-sections (1), (2), (4), (5) and (6) of Section 42A (regarding the powers of the Controller) and of Section 42B shall apply to the licence granted under this section as they apply to licences granted under Section 41.

(7) If in proceedings for the infringement of the patent (otherwise than by importation of the patented article from other countries) the infringing defendant is ready and willing to take a licence upon terms to be settled by the Controller,

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no injunction shall be awarded against him and the amount recoverable against him by way of damages, if any, shall not exceed double the amount which would have been recoverable against him as licensee if the licence had been dated prior to the earliest infringement.

(8) Where a patent of addition is in force, any request made under this section for an endorsement either of the original patent or of the patent of addition shall be treated as a request for the endorsement of both patents and where a patent of addition is granted in respect of a patent which is already endorsed under this section, the patent of addition shall also be so endorsed.

(9) The renewal fees payable in respect of a patent endorsed as provided under this section shall as from the date of the endorsement be one half of the fees which would otherwise have been payable.

(10) All endorsements of patents made under this section shall be entered in the Register of Patents maintained under Section 67 and published in such manner as may be prescribed."

## 41B—Revocation of Patents by the Controller for non-working

610. As I have indicated already, there is no clause corresponding to this in the Bill.

611. A provision for the revocation of a patent in the event of non-working or inadequate working has been a feature of the U.K. Patent law ever since 1902 (*vide* the Patents Act, 1902—2 Edw. 7 ch. 34 s. 3). The U.K. Patents Act of 1907 made the provisions in this regard more stringent (*vide* sections 24 and 27) and this was introduced in a slightly modified form in the Indian Patents and Designs Act, 1911 (Sections 22 and 23). The Patents Enquiry Committee recommended in their interim report the enactment of a law which would vest in the Controller power to revoke a patent for continued non-working, if compulsory licensing proved inadequate to achieve the purpose of getting the inventions worked in the country [*vide* Appendix IV draft of s. 22(11)]. When in pursuance of the recommendation contained in the interim report, the Indian Patents and Designs Act, 1911 was amended in 1950, the provision for revocation for non-working was however omitted, a feature repeated in the Bill of 1953. It may be pointed that such a highly industrialised country like the U.K. in which it is held that the Patent system conduces to the accelaration of the rate of invention and where consequently the rights of patentees are jealously guarded, the Patents Act, 1949 carries a provision (section 42) under which patents which continue to be inadequately worked even after the grant of a compulsory licence could be revoked. I need only recall that when in 1958 a proposal was made at the Lisbon Conference of the International Union for the Protection of Industrial Property to eliminate from the laws of the member States of the Union provisions for the revocation of Patents for non-working, it was opposed by the U.K. Government, whose delegate said:

> "We are in some doubt whether the time is yet ripe to abolish completely the power to revoke patents on the ground of failure to work."

612. I consider that the Indian law should contain a provision for revocation for non-working. My draft of the clause follows in general the lines of section 42 of the U.K. Patents Act, 1949 and Section 109 of the Australian Patents Act, 1952. In the questionnaire which

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was issued dealing with the provisions as to compulsory licensing, I sought an answer to a query as to whether a provision on the lines of Section 42 of the U.K. Act was desirable. A considerable number of those who answered the questionnaire desired the inclusion of such a provision. Apart from the opinions expressed by these individuals or bodies, I am satisfied that unless there is a residuary power vested in the Controller to revoke a patent in the event of the invention not being worked to an adequate extent in the country, the compulsory licensing provisions themselves might fail to achieve their purpose. Further I consider that the existence of such a provision might itself serve as an inducement to the patentees so to instruct their licensees with the details of such technical information as they have and to render them such assistance as might be needed to enable them to work the invention commercially and adequately so that the patent might remain in force and the patentees derive benefit from the royalties which the licensees should be paying during the term of the patent.

613. In view of this above consideration, I consider that it is essential that there should be a provision on the lines of Clause 41B set out below.

"41B. Revocation of Patents by the Controller for non-working.—

(1) The Central Government or any person interested may, after the expiration of two years from—

(a) the date of the grant of the first compulsory licence or

(b) where a patent has been endorsed under section 41A with the words "Licences of right" from the date of such order,

apply to the Controller for an order revoking the patent on the ground that the reasonable requirements of the public with respect to a patented invention have not been satisfied.

(2) Every application shall contain such particulars as may be prescribed and the facts upon which such application is based and applications other than by the Central Government shall set out the nature of the applicant's interest.

(3) In considering the application filed under sub-section (l), the Controller shall follow the procedure prescribed by Section 42.

(4) The Controller if satisfied that the reasonable requirements of the public with respect to the patented invention have not been satisfied may make an order revoking the patent."

## Clause 41C—When reasonable requirements of the public deemed not satisfied

614. This is the crucial clause in this group of provisions relating to compulsory licensing and revocation for non-working. In drafting this clause, I have followed in general the provisions of Section 110 of the Australian Act of 1952 and combined with it matter found in Section 37 (2) of the U.K. Act of 1949, with such changes as appeared to be necessary either to get over some of the decisions in the U.K. or to widen the scope of the provision so as to suit them to the conditions in India.

615. **Sub-clause (1)(a).**—This is based on Section 110(1) (a) (i) of the Australian Patents Act of 1952. The reference here to "a part of the patented article as necessary for its efficient

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working" is an improvement on the language of the provision in the U.K. Act of 1949 and I have therefore adopted it.

616. **Sub-clause (1) (a) (i).**—This also is an adaptation of Section 110(1) (a) of the Australian Patents Act. The changes that I have made are two; the first consists in the omission of the word "unfairly" qualifying the word "prejudiced", which occurs in the corresponding Australian section and is found in the U.K. Act [Section 37 (2) (d) (iii)]. [Compare Clause 40 (2) (d) (ii) of the Bill]. The word "unfairly" did not occur in Section 27 (2) (d) of the U.K. Patents Act of 1907 but was introduced by the Act of 1949. The omission of this word would avoid the construction put upon the provision in *Colbourne Eng. Coy. Ltd.*[37]. The other consists in the reference to the "trade and industry of any person etc.". These words found a place in Section 27 (2) (d) of the U.K. Patents Act of 1907—1946 but were omitted in the Act of 1949 possibly because they were considered unnecessary in view of the expression "the establishment or development of commercial or industrial activities" [*vide* draft clause 41C(1) (a)(iv)] which was newly introduced in the Act of 1949. I consider it preferable to retain both these grounds.

617. **Sub-clause (1)(a)(ii).**—This sub-clause has been adopted from Section 110 of the Australian Act with slight drafting changes.

618. **Sub-clause (1)(a)(iii).**—The ground that a demand for the manufacture of a patented article for export might serve as a ground for the grant of a compulsory licence was recommended by the Swan Committee and adopted in the U.K. Patents Act of 1949. This became necessary by reason of the decisions of Courts which held that "the demand'' referred to in Section 27(2) of the U.K. Patents Act of 1907—46 was confined to the demand for the product in the United Kingdom. The Swan Committee recommended this extension in view of these decisions (*vide* paragraph 29 of the Second Interim Report of the Swan Committee).

619. The first part of this ground is derived from Section 37 (2) (d) (i) of the U.K. Patents Act, 1949. The second part referring to "the creation of a new market" is my addition and appears to me to be an improvement over the provision contained in Section 37 (2) (d)(i) of the U.K. Act of 1959 and one needed in view of the country's present industrial requirements.

620. **Sub-clause (1)(a)(iv).**—This paragraph reproduces Section 37(2)(d)(iii) of the U.K. Act, 1949 with this change that the word '"unfairly" which qualifies the word "prejudiced" in the U.K. enactment is omitted in my draft for reasons which I have dealt with in my comment under paragraph (i).

621. **Sub-clause (1) (b).**—This paragraph combines the provisions of Section 37(2)(e) of the U.K. Patents Act of 1949 and Section 110(l)(b) of the Australian Act and corresponds in general to Clause 40(2)(e) of the Bill with however the omission of the word "unfairly" which qualifies the word "prejudiced" in the other enactments.

622. **Sub-clause (c).**—This paragraph is particularly based upon Section 37(2)(a) of the U.K. Patents Act, 1949 which has been reproduced in Clause 40(2)(a) of the Bill. An important change that I have made is the omission of the words "being capable of being commercially worked in India." The omission of these words will have a two-fold effect: —

(1) It would deprive the patentee of one of the defences usually raised to applications for a compulsory licence. The very fact that a person comes forward to take a

37. 72 RPC 169 at p. 179.

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licence offering to pay reasonable royalties to the patentee ought to afford sufficient proof that the invention is capable of being commercially worked within the country and even if according to the patentee the attempt of the applicant to work it would fail, the applicant should be given a chance. This is on the assumption that in fact the invention is capable of being worked in the country.

(2) If in fact the invention cannot be worked within the country, the effect of the omission of these words is to enable an endorsement of the patent to be obtained on the application by the Central Government. If within two years of such endorsement no one takes any licence under the patent and works the invention, the patent will fall to be dealt with under Clause 41B and could be revoked. The main difficulty faced by an underdeveloped country consists in this, that it may not be always profitable to a patentee to start an industry to work the invention there though it might be useful in the long run for the country to have such an industry established. If the object of the patent law in granting patent protection for an invention is principally to have the patented invention worked within the country so as to diversify employment, there does not seem to be any justification for the grant of a patent monopoly for an invention which cannot be worked within the country. The grant of such a patent is of little value to the national economy and constitutes a handicap to it by reason of the exclusive rights of importation granted to the patentee for the term of the patent. Such exclusive right as already explained precludes the country from seeking alternative sources of supply for the same goods from other countries where the patentee does not enjoy patent protection. It would therefore seem that there is no point in excluding from the operation of this Chapter, patents which are not capable of being commercially worked within the country. In cases where it is not possible to work the invention within the country it will serve national interest to have that patent revoked rather than permit it to be on the Register and enable the patentee to have a monopoly for importing the patented article for the full term of 16 years. In view of these considerations I have thought it proper to remove the condition that a patented invention should be capable of being commercially worked in India, from this clause.

623. **Sub-clause (1) (d).**—This in substance adopts Clause 40(2) (b) of the Bill corresponding to Section 37(2)(b) of the U.K. Act of 1949. The reference however to the category of persons by whom importation might take place is taken from Section 110(1) of the Australian Act, and I have included it for the reason that though the clause merely reproduces the effect of the decisions as to what constitutes importation by a patentee it would be convenient to have in statutory form the precise provisions upon the point.

624. **Sub-clause (1) (e).**—This corresponds to Section 37(2) (c), of the U.K. Act, 1949 and Section 110 (l) (d) of the Australian Act and is nearly similar to Clause 40(2) (d) (ii) of the Bill.

625. **Sub-clause (2).**—The frame of this sub-clause has been adapted from Section 110(2) of the Australian Act with two new provisos which I have added. In the sub-clause I have drafted the maximum period for which the Controller might adjourn the application—application for compulsory licence or application for endorsement or application for revocation of the patent—would be 12 months. This would give the patentee four years (1 year+3 years) to work the invention and to resist an application for compulsory licence or compulsory endorsement with the proviso however that the adjournment could be granted only if the

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patentee has before the date of the application taken adequate steps to start the working of the invention within the country. One of the provisos makes provision for the exclusion of the time when owing to the operation of any enactment or orders of Government a patentee is prevented from starting the industry or working the invention. Where the non-working is due to such a cause it is obvious that a patentee should have further time to avoid orders for compulsory licensing or revocation. Cases however where the patentee does not work the invention because he is unwilling to comply with the conditions which the Government might impose on him, either in regard to the manner of working, or as regards the disposal of the manufactured articles are however specifically excepted.

626. It will be noticed that Clause 40(1) of the Bill provides for an application for a compulsory licence and for endorsement being made only after the expiry of three years from the date of the sealing of the patent. The Patents Enquiry Committee in paragraph 51 of their Interim Report suggested that there might not be this time lag of three years but that applications could be admissible on the sealing of the patent. In making that recommendation they purported to follow the recommendations of the Swan Committee and the draft Bill originally prepared in the U.K. But during the passage of the Bill in the House of Lords this was altered and Section 37 of the Act enabled application for compulsory licences to be made only on the expiry of three years from the date of the sealing of the patent. When the Indian Patents and Designs Act, 1911 was amended by Act 32 of 1950 the amended Section 22 provided for applications for compulsory licence being filed only after the expiration of three years in line with the provision in the U.K. Act of 1949. Clause 40(1), of the Bill follows this provision. I consider that the patentee should be allowed a sufficient interval of time to work the patented invention after the grant of the patent and that the period of three years for which provision has been made in the Bill is reasonable.

627. I also consider that the period of two years after the grant of a compulsory licence or the grant of endorsement of the patent with the words "Licences of right" which is allowed before an application for revocation could be filed is also reasonable. In the U.K. it appears to be a matter of doubt as to whether a patent endorsed with the words "Licences of right" under Section 37 of the U.K. Patents Act, 1949 could be revoked on the ground of non-working under Section 42 of that Act. I have endeavoured to make this point clear in the language used in my draft of Clause 41B.

628. The following draft gives effect to the above recommendations:—

> "**41C.** *When reasonable requirements of the public deemed not satisfied.*—(1) For the purpose of the last three preceding sections the reasonable requirements of the public shall be deemed not to have been satisfied—
>
> (a) if, by reason of the default of the patentee to manufacture in India to an adequate extent and supply on reasonable terms the patented article or a part of the patented article which is necessary for its efficient working or if by reason of the refusal of the patentee to grant a licence or licences on reasonable terms—
>
> (i) an existing trade or industry or the development thereof or the establishment of any new trade or industry in India or the trade or industry of any person or classes of persons trading or manufacturing in India is prejudiced; or

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prevented the working of the invention shall be excluded in computing the 12 months referred to in this sub-section."

### Clause 42—Procedure for dealing with applications under Section 41.

629. This clause sets out the procedure to be followed by the Controller under Clause 41 which is substantially the same as that contained in Clause 46 of the Bill. By appropriate references the provisions of this section have been made applicable to proceedings relating to the endorsement of a patent with the words "licences of right" and to applications for revocation of patents.

> "**42.** *Procedure for dealing with application under Section 41.*— (1) Where the Controller is satisfied, upon consideration of an application under section 41 that a *prima facie* case has been made out for the making of an order, he shall direct the applicant to serve copies of the application upon the patentee and any other persons appearing from the Register of Patents to be interested in the patent in respect of which the application is made and shall advertise the application.
>
> (2) The patentee or any other person desiring to oppose the application may, within such time as may be prescribed or within such further time as the Controller may, on application made either before or after the expiration of the prescribed time allow, give to the Controller notice of opposition.
>
> (3) Any such notice of opposition shall contain a statement setting out the grounds on which the application is opposed.
>
> (4) Where any such notice of opposition is duly given, the Controller shall notify the applicant and shall give to the applicant and the opponent an opportunity to be heard before deciding the case."

### Clause 42-A—Powers of the Controller in granting licences under Section 41.

630. Sub-clauses 1 to 3 of this Clause reproduce the provisions contained in Section 38 of the U.K. Act, 1949. I have added two sub clauses (4) and (5) which are not found either in the U.K. Act or in the Bill. The new sub-clause (4) is designed to avoid a construction similar to the one adopted in the U.K. in *James Lomax Cathro— Application* for compulsory licence[38]. A patentee owned three related patents and an application for compulsory licence was made in respect of all the three. The applicant was able to establish an abuse of monopoly rights only in respect of one of the three. The application was in consequence dismissed in so far as it related to the other patents. The application even for the patent in regard to which abuse was proved was refused on the ground that the compulsory licensee could not, even if the licence were granted work the invention without infringing the other patents in regard to which no abuse of monopoly rights had been established. This decision was rendered under the U.K. Act of 1907, but I consider that the same rule would apply under the Patents Act, 1949.

I am aware that the unsuccessful applicant in the above case obtained subsequently a licence by making a fresh application when he established that the patent in regard to which

38. 51 RPC 75.

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he was able to establish abuse of monopoly could be worked without infringing the earlier patents (*vide* 51 RPC 475) but this does not alter the point which is relevant for the present purpose. Sub-Clause (4) is designed to overcome this situation.

631. **Sub-clause (5).**—I have made provision for an application by a licensee to the Controller for a revision of the terms as to royalty on the ground that this proved to be more onerous than originally expected.

632. I have, however, made this right of the licensee to apply for revision of terms subject to three conditions, namely, (1) it would not be entertainable within 12 months from the date of the settlement of the terms, (2) that the licensee must work the patent in order to establish the conditions for revision, and (3) that only one application shall be entertainable by the Controller in respect of a single licence. The ratio behind conditions 1 and 2 needs no explanation while the last condition is designed to impart a finality to the terms at some stage.

633. **Sub-clause (6).**—Substantially reproduces Clause 41(2) of the Bill.

634. The following is a draft of the clause as revised:—

> "**42-A.** *Powers of the Controller in granting licences under Section 41*—(1) Where the Controller is satisfied on application made under Section 41 that the manufacture, use or sale of materials not protected by the patent is unfairly prejudiced by reason of conditions imposed by the patentee upon the grant of licences under the patent, or upon the purchase, hire or use of the patented article or process, he may, subject to the provisions of that section, order the grant of licences under the patent to such customers of the applicant as he thinks fit as well as to the applicant.
>
> (2) Where an application under Section 41 is made by a person being the holder of a licence under the patent the Controller may, if he makes an order for the grant of a licence to the applicant, order the existing licence to be cancelled or may, if he thinks fit instead of making an order for the grant of a licence to the applicant, order the existing licence to he amended.
>
> (3) Where on an application under Section 41 the Controller orders the grant of a licence he may direct that the licence shall operate—
>
> (a) to deprive the patentee of any right which he may have as patentee to make, use, exercise or vend the invention or to grant licences under the patent;
>
> (b) to revoke all existing licences in respect of the invention.
>
> (4) Where two or more patents are held by the same patentee and an applicant for a compulsory licence establishes that the reasonable requirements of the public have not been satisfied with respect to some only of the said patents, then if the Controller is satisfied that the applicant cannot efficiently or satisfactorily work the licence granted to him under those patents without infringing the other patents held by the patentee, the Controller may by order direct the grant of a licence in respect of the other patents also to enable the licensee to work the patent or patents in regard to which a licence is granted under Section 41.
>
> (5) Where the terms and conditions of a licence have been settled by the Controller, an application may be made to the Controller by the licensee for the revision of the terms on the ground that the terms settled have proved to be more onerous than originally

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expected and that in consequence thereof the licensee is unable to work the invention except at a loss.

Provided however that no such application shall be entertained before the expiry of 12 months from the date on which the terms of the licence have been originally settled by the Controller and shall not be entertained unless the licensee has worked the invention on a commercial scale. No second application for revision under this clause shall be entertained.

(6) Any person to whom a licence has been granted under Section 41 shall be entitled to call upon the patentee to take proceedings to prevent any infringement of the patent and if the patentee refuses or neglects to do so within two months after being so called upon, the licensee may institute proceedings for the infringement in his own name as though he were the patentee, making the patentee a defendant but a patentee so added as defendant shall not be liable for any costs unless he enters an appearance and takes part in the proceedings."

## Clause 42-B—Terms and conditions of licences to be granted under Section 41

635. Clause 44(1) (a) of the Bill follows Section 39(1) (a) of the U.K. Act, 1949 in empowering the Controller to grant compulsory licences in those cases where,

(1) the invention can be worked on a commercial scale in India, and

(2) it would be in public interest for the invention to be worked in the country without delay.

I have already pointed out why I recommend the deletion of the first requisite.

636. A denial of the second is often put forward by patentees as a defence. In my redraft of the clause, I have dropped the second factor, for the reason that most of the prime industries and lines of industrial activity are governed by the Industries (Development and Regulation) Act, 1951 and Government may be trusted to see whether it is in the public interest that the invention should be worked or worked to a larger extent. Besides, in few of the items of either industrial or consumer goods has the country reached the saturation point so that there is little danger of unregulated over-production.

637. Clause 44(1) (b) of the Bill appears to direct the Controller to secure to the patentee the maximum royalty that could be paid leaving unmentioned the interests of the licensee who is to work the patent and the consumer who by purchasing the patented article ultimately pays the royalty. I have endeavoured to include the interests of these two parties to be taken into account by the Controller.

638. Sub-clause (2) (b) is new only in the sense that it does not find a place in the Bill. It is, however, an adaptation of provisions which found place in Section 24(1) (c) of the U.K. Act, 1907 as amended in 1919, which was, however, confined to licences granted in respect of patents voluntarily endorsed by the patentees with the words "licences of right". The power of the Controller to settle the terms of licences is on the terms of the statute without any restriction. Consequently it is possible that the provision might be construed as enabling the Controller to include as one of the terms of the licence, permission to the licensee to import

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the patented articles from abroad. I consider it desirable that the matter should be put beyond doubt by specific statutory provision.

639. The following redraft gives effect to the above recommendation:—

"**42-B.** *Terms and conditions of licences to be granted under Section 41.*—(1) The powers of the Controller upon an application under Section 41 shall be exercised with a view to securing the following general purposes, that is to say—

(a) that patented inventions shall be worked on a commercial scale in India without undue delay and to the fullest extent that is reasonably practicable;

(b) that the interests of any person for the time being working or developing an invention in India under the protection of a patent shall not be unfairly prejudiced.

(2) (a): In settling the terms and conditions of a licence under Section 41, the Controller shall endeavour to secure

(i) that the royalty and other remuneration, if any, reserved to the patentee, or other person beneficially entitled to the patent, is reasonable, having regard to the nature of the invention, the expenditure incurred by the patentee in making the invention or in developing it and other relevant factors.

(ii) that the patented invention is worked to the fullest extent by the person to whom the licence is granted and with reasonable profit to him;

(iii) that the patented articles are made available to the public at reasonable prices.

(b) No licence granted by the Controller shall authorise the licensee to import the patented article from abroad where such importation would, but for such authorisation constitute an infringement of the rights of the patentee."

## Clause 43—Licensing of related patents

640. My draft puts into a separate clause the provisions contained in section 37 (2) (d) (ii) of the U.K. Act, 1949 read with proviso (c) to Section 37(3) (c). In substance, these provisions of the U.K. Act are contained in Clause 40(2) (d) (ii) read with proviso to Clause 41 (1) of the Bill. My object in separating however these provisions from the rest of the compulsory licensing clauses included in Clause 41, rests upon the basic difference between the provision contained in the redrafted clauses 43 and 41. Compulsory licences are granted under the latter clause because of the abuse of monopoly rights, but so far as clause 43 is concerned, it is not a question of abuse of monopoly rights, but is based on the need for the working of inventions; and it is to the public interest that all inventions for which patents are granted should be worked and that no obstacles should be thrown by the existence of other patents in force standing in the way of the working of a patent This is the reason why I have eliminated from this Clause the requirement that the application for a licence should be filed only after the expiration of three years from the date of grant and have provided that an application for licence under this Clause may be filed at any time after the grant of the patent.

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641. One of the common types of abuses of patent monopolies is the use of patents for blocking purposes, *i.e.* "putting the patented invention on ice" while others are prepared and desirous of working them. The provisions of this clause would effectively counter any tendency to resort to such a form of abuse.

642. The conditions that the applicant must be in a position to and be willing to grant a licence to the other patentee if he so requires, follow similar provisions in the U.K. Act and in the Bill.

643. The following redraft gives effect to the above recommendation:—

> "43. *Licensing of related patents.*—(1) Notwithstanding anything in the other provisions of this chapter, at any time after the sealing of a patent, any person who has the right to work any other patented invention either as patentee or as licensee thereof, exclusive or otherwise, may apply to the Controller for the grant of a licence of the first mentioned patent on the ground that he is prevented or hindered without such licence, from working the other invention efficiently or to the best advantage possible:
>
> Provided that no order under this section shall be made, unless the Controller is satisfied that the applicant is able and willing to grant or procure the grant to the patentee and his licensees if they so desire a licence in respect of the other invention on reasonable terms.
>
> (2) When the Controller is satisfied that the conditions of sub-section (1) have been established by the applicant, he may make an order granting a licence under the patent and on request by the patentee or his licensee under the other patent on such terms as he thinks fit.
>
> (3) The provisions of section 42 and of sub-section 6 of Section 42-A shall apply to the licences granted under this section as they apply to those granted) under Section 41."

## Clauses 44 and 45—Provisions in relation to patents for food, medicine etc.

644. These two clauses deal with patents for inventions with respect to articles of food or drink, insecticides etc. The provisions now in force are contained in Section 23CC of the Indian Patents and Designs Act, 1911 and these are reproduced in Clause 45 of the Bill.

645. Clause 44 is in the nature of a preamble and it is designed to explain the reason for the special treatment of the inventions: falling within this group.

646. In regard to the general scheme of the provisions as drafted, they may broadly be summarised thus:

(1) The clauses would have retrospective operation and apply as much to patents in force at the commencement of the Act as to those granted subsequent to that date.

(2) In line with the existing section 23CC of the Indian Patents and Designs Act, 1911 and Clause 45 of the Bill (compare Section 41 of the U.K. Act) the period of grace of three years applicable to applications for compulsory licensing and endorsements under Clauses 41 and 41-A have been eliminated in respect of applications for licensing under this Clause. This is on the ground that compulsory licences in

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respect of patents relating to food, medicine, insecticides etc. are granted because of the imperative demands of public interest and not on the ground of any abuse of monopoly, a matter fully explained by the House of Lords in the decision of *Parke Davies & Company* v. *Comptroller-General of Patents*[39].

(3) the existing provision in Section 23CC which has been adopted from Section 41 of the U.K. Act of 1949 enacts that where an application for compulsory licence is made in respect of such inventions, the Controller would be bound to grant it, *unless he has good reason for refusing the patent*. These last words are of indefinite import though the better view appears to be that the application ought to be allowed unless the Controller were satisfied that the applicant was not a fit person to work the invention to public advantage. This I have endeavoured to clarify by entitling every "approved person" to work the patented invention under a licence. As this class of inventions touch public health, it is very necessary that there should be a guarantee that persons who are permitted to work the inventions are those who are qualified to work them honestly and efficiently. I consider that for this purpose, the screening of the persons who might be permitted to work these inventions should be done by the Central Government instead of by the Controller, as the former would be in a position to discharge this function more satisfactorily, having regard to the means of information available to them. I have accordingly made a provision for applications being made to the Central Government by persons desirous of working any patented invention or class of inventions and the Central Government, after considering such application, according approval and declaring them as "approved persons".

(4) When once a person is an approved person, with respect to any particular class of inventions the patentee of an invention falling within that class is bound to grant him a licence on reasonable terms and in case of disagreement between himself and the patentee, the terms are to be settled by the Controller. This practically amounts to endorsing patents falling within this group with the words "licences of right"; with only this slight difference that before one is entitled "as of right" to make an application for the grant of a licence, he has to be "approved" by the Central Government. For this reason, I have reduced the renewal fee payable in respect of this class of patents to one-half in line with a similar provision in Clause 41-A.

(5) I have slightly expanded the class of inventions to which this provision should apply by including articles of food and medicine for animals also. This is in line with the provision in the patent laws of Switzerland, Denmark and certain other countries. I might also point out that the definition of "drug" in the Drugs Act, 1940 includes medicaments for animals.

(6) In sub-clause (8) I have included a provision for enabling licensees to import this class of goods, but this is subject to special directions of the Central Government taking into account public interest. This is in contrast with the powers of the Controller in regard to compulsory licences in respect of other patents [*vide* clause 42B(2) (b)] and is justified by the needs of public health. In this connection the provision in section 51(4) of the Patents Act of New Zealand, 1953 might be noticed.

39. 71 RPC 169.

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(7) I have removed sub-clause (4) of Clause 44 of the Bill corresponding to Section 23CC(4) of the Indian Patents and Designs Act, 1911 and made it into a separate clause, the reason being that the several sub-clauses of this clause dealing with the conditions to be imposed upon licences granted under it are obviously inapplicable and inappropriate to the licences to be granted under the other provisions.

647. The following redraft gives effect to the above recommendation:—

"**44.** *Provisions in relation to patents for food, medicine, etc.*— Whereas public interest requires that patents for inventions with respect to articles of food or medicine and curative devices and processes therefor should be worked in India with promptitude to the fullest extent possible, by reason of the prime importance of these articles and devices for ensuring the maintenance and promotion of public health and the prevention or alleviation of sickness and suffering, the provisions of the following two sections shall have effect."

648. "**45. Grant of licences by Controller in respect of patents under Section 44.**—(1) Every patent which is in force at the commencement of this Act in respect of an invention relating to a substance used or capable of being used as food, medicine (for men or animals), insecticide, germicide or fungicide or in the production of such food, or medicine or insecticide, germicide or fungicide, and every patent in force at the commencement of this Act and every patent granted thereafter in respect of:

(a) a process for producing any such substance as aforesaid, or

(b) any invention capable of being used as or as part of a surgical or curative device,

shall be subject to the provisions of this and the next succeeding section."

(2) At any time after the sealing of a patent for an invention falling within sub-section (1), any person, being a person approved in this behalf by the Central Government and referred to hereinafter as an "approved person", may require the patentee to grant to him a licence to work the patented invention in India, for the purposes set out in sub-section 9 of this section on reasonable terms.

(3) Where the patentee and an "approved person" are unable to agree as regards the terms of the licence, the same may be settled by the Controller on the application either of the patentee or the "approved person".

(4) Where in respect of a patent referred to in sub-section (1) a licence to work the invention granted before the commencement of this Act is in force, the Controller may on request by the licensee order that the existing licence be exchanged for a licence to be granted by virtue of this section upon terms to be settled by him.

(5) The provisions of sub-sections of Section 42B shall, so far as they are not inconsistent with any provisions of this section, apply to the exercise of the power of the Controller under this Section as they apply to applications under Section 41.

(6) In settling the terms of a licence under sub-section (3), the Controller shall endeavour to secure that food or medicine (for men or animals), insecticides, germicides or fungicides and surgical and curative devices shall be available to the public at the lowest price consistent with the patentees' deriving a reasonable advantage from their patent rights.

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(7) A licence granted under this section shall entitle the licensee to make, use, exercise and vend the invention as food, medicine (for men or animals) insecticides, germicides or fungicides or for the purposes of production of food, medicines, insecticides, germicides or fungicides or as part of a surgical or curative device but for no other purposes.

(8) The terms of any licence granted by the Controller under this Section shall not empower the licensee to import the patented article from abroad, provided however that the Central Government may, if public interest so requires, at any time direct the Controller to include such a term (subject to such conditions as it thinks fit) in regard to a licence or licences granted or to be granted in respect of any particular patent, and thereupon the Controller shall give effect to the direction.

(9) The Central Government may on the application of any person desirous of working any patented invention or any class of inventions falling within sub-section (1) of this Section, and made in the prescribed manner, declare such person to be an "approved person" in respect of that invention or that class of inventions for the purpose of this section:

Provided that the Central Government may without prejudice to their rights, powers and privileges under the other provisions of this Act, authorise any person or authority to work an invention or class of inventions and such authorised person or authority shall be deemed to be "an approved person" for the purpose of this section.

Provided always that any person who, at the commencement of this Act, is working as a licensee any patented invention falling within sub-section (1) shall be deemed to be an "approved person" fox working such invention.

In granting or refusing to grant such request the Central Government shall take into consideration the following matters:—

(1) the manufacturing or commercial experience in the field of the applicant,

(2) the ability of the applicant to secure the required finance and the necessary technical personnel, and

(3) other relevant factors to ensure that the approved person shall be one who would work the invention efficiently and to public advantage.

(10) The renewal fees payable in respect of a patent falling within sub-section (1) shall be a moiety only of the fees which would otherwise have been payable.

(11) For the removal of doubts, it is hereby enacted that the provisions of this and the following two sections shall be construed as additional to those in the other portions of this chapter and shall prevail if inconsistent with such other provisions."

## Clause 45-A.—Revocation for non-working of patents falling under Section 45(1)

649. This clause is new and does not find a place either in the U.K. Act, 1949 or in the Bill. Section 42 of the U.K. Act, 1949 which makes provision for the revocation of patents in case of continued abuse of monopoly even after the grant of a compulsory licence is confined to cases where an application for such licence has been filed under Section 37 (on the ground of abuse of monopoly rights by the patentee) but does not extend to cases where a compulsory

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licence is granted under Section 41 of that Act, (corresponding to clause 45 of the Bill). I do not consider this logical or satisfactory. If a patent falling within Section 41 of the Bill could be revoked for continued failure to work the invention even after the grant of a compulsory licence, I do not see any reason why a patent in regard to food or medicine which is not worked to an adequate extent within the country should not be revoked where there is continued non-working. If even after the provision in Clause 45 for the grant of licences it is found that the patent is not worked within the country with the result that the purpose sought to be achieved by the grant of the patent is not realised, I consider that national interests require that the patent should be taken off the Register for its presence on the Register constitutes a hindrance to the country's economy. I have therefore made a provision for the revocation of the patent in such circumstances.

650. The condition on which the patent would be revoked is that within a period of four years from the date of the grant of the patent or 2 years from the date of the commencement of the Act, whichever is longer, which I consider is a reasonable sufficient time for working an invention of this class—the demand for the patented product in India is not being met out of the manufacture within the country. If the patentee cannot achieve this either by working the invention himself or by instructing his licensees so to work, there is no purpose in retaining the patent in force which in the circumstances would mean that the patentee would continue to enjoy the monopoly of importing the patented product from abroad which is not in the interest of the country.

651. By a proviso I have suggested that the Controller be vested with power to adjourn a proceeding for revocation for a period of 12 months if it is established before the Controller that sufficient steps have been taken promptly to start working the invention within the country to meet adequately the country's demand for the patented product. I have also added a rider providing for the exclusion of the period covered by the delay caused by statutes or order of Government preventing or hindering the working of the invention with the same exception as regards compliance with conditions which might be imposed as regards working the invention in line with a similar provision in regard to the revocation in Clause 41-B.

652. The following draft gives effect to the above recommendation:—

> "**45-A.** *Revocation for non-working of Patents falling under Section 45(1).*—(1) In respect of a patent for an invention falling within sub-section (1) of Section 45 of this Act the Central Government or any person interested may, at any time after the expiration of four years from the date of the sealing of the patent or at any time after the expiration of two years from the date of the commencement of this Act, whichever is later, apply to the Controller for the revocation thereof on the ground that the patented invention or any part thereof which is necessary for the efficient working of the patent, has not been commercially worked in India by the patentee or by persons claiming under him to an extent adequate to meet the demand in India for the patented article or that such demand is being met to a substantial extent by importation from abroad, and if on such application the Controller is satisfied that the applicant has established his right to relief, may order the patent to be revoked:
>
> Provided, however, that where it is established to the satisfaction of the Controller that adequate and reasonable steps have with promptitude been taken to start the working of the patented invention in India on a commercial scale and to an adequate extent

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but that owing to reasons beyond the control of the patentee or those claiming under him, it has not been possible to work or work adequately the invention in India and that if afforded further time there is a reasonable probability of the adequate working of the invention, he may by order adjourn the application for such period not exceeding in the aggregate twelvemonths, as will, in his opinion, give sufficient time for the invention to be so worked:

Provided further, that where it is established that the patented invention could not be worked or worked adequately before the date of the application for revocation due to any State or Central enactment, rule or regulation thereunder, or some orders of the Government, otherwise than by the imposition of conditions for the working of the invention in India or for the patented article or articles made by the patented process or made by the use of the patented plant or machinery or apparatus, the period during which such enactment, rule or regulation or order of Government prevented such working of the invention shall be excluded in computing the 12 months referred to in this sub-section.

In deciding the application, the Controller shall follow the procedure prescribed by Section 42."

653. **Clause 45-B—Special provision for notification of patents by the Central Government.**—As stated already, this clause seeks to reproduce the substance of sub-clause (4) of Clause 45 of the Bill, corresponding to Section 23CC(4) of the Indian Patents and Designs Act, 1911. As to the terms of the licence granted in respect of this type of patents, I have followed and clarified the present provision. The following is a draft of the provision.—

"**45-B.** *Special provision for notification of patents by the Central Government.*—The Central Government may, if satisfied that it is expedient and necessary in the public interest that a licence under a patent in force should be granted at any time after the sealing of the patent for any invention not falling within sub-section (1) of Section 45 may so notify in the Official Gazette and thereupon the following provision shall have effect, that is to say—

(i) The Controller shall on application made at any time after the notification by any person interested grant to the applicant a licence under the said patent on such terms as he thinks fit unless he is satisfied that the applicant has not the capacity to work the invention to the public advantage.

(ii) In settling the terms of a licence granted under this section, the Controller shall endeavour to secure that the articles manufactured under the patent shall be available to the public at the lowest prices consistent with the patentees' deriving a reasonable advantage from their patent rights.

(iii) The provisions of Sections 42, 42A, 42B shall apply to the exercise of the power of the Controller to grant licences under this section as they apply to an application under Section 41."

654. **Clause 46—Revocation of patent in public interest.**—Section 25 of the Indian Patents and Designs Act, 1911 enables the Government to revoke any patent by notification if they are satisfied that the continuance in force of the patent is contrary to the public interest. This provision is omitted in the Bill but I see no reason why it should be excluded. The power

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conferred may seldom be used but nevertheless it is a useful provision and taking into account the conditions now obtaining as well as future needs. I think it would be useful for the furtherance of the national economy. I have substantially reproduced its terms in Clause 46 in my draft.

The following redraft gives effect to the above recommendation:—

> "**46.** *Revocation of Patent in public interest.*—A patent shall be deemed to be revoked if the Central Government declares by notification in the Official Gazette that the patent or the mode in which it is exercised is mischievous to the State, or generally prejudicial to the public."

## Clause 47—Supplementary provisions with respect to orders under this Chapter

655. **Sub-Clause** (1).—This reproduces Section 23E(1) of the Indian Patents and Designs Act, 1911 which followed Section 83-A of the U.K. Patents Act, 1907—1946. The reference to "any other mode of enforcement" in the U.K. Act was apparently to the enforcement by recourse to the writ of mandamus to which applicants who succeeded before the Board of Trade had to resort, under section 22 of the U.K. Patents, Designs and Trade Marks Act of 1883—which made no provision for the enforcement of orders granting a compulsory licence. I do not consider there is need for the retention of these words. I would suggest that the sub-clause might read—

> "Any order for the grant of a licence under this chapter shall operate as if it were a deed granting a licence executed by the patentee and all other necessary parties embodying the terms and conditions, if any, settled by the Controller."

656. **Sub-clause (2).**—India is not a party to any international convention and in the reciprocal arrangements which she has entered into there are no restrictions in relation to the grant of a compulsory licence. Hence there is no need for the saving contained in Clause 47 (2). The sub-clause may be deleted.

## Clause 47-A—Orders and directions of the Central Government final

657. I have added this new clause to provide that the orders of Government under this chapter which would include orders under Clause 46, are not to be questioned in any court. This should be so since they are passed in exercise of their administrative power on the ground that they are needed in public interest.

The following clause gives effect to the above recommendation:—

> "**47-A.** *Orders and directions of Central Government final.*—All orders or directions of the Central Government under this chapter shall be final and shall not be called in question in any court or in any proceeding."

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## Clause 48—Anticipation by prior publication

658. I have already explained the reasons why I consider that anticipatory publications such as would deprive an invention of novelty should not be confined to publications in India. In view of this, Clause 48 (2) (b) of the Bill has to be considerably modified.

659. The language of Clause 48 (1) is derived from Sections 15 and 41 of the U.K. Patents Act, 1907 and I consider that the phraseology employed could be improved by adopting the revision which the provision has undergone in Section 50 of the U.K. Act of 1949. The clause might be redrafted as follows:—

"48. *Anticipation by prior publication.*—(1) An invention claimed in a complete specification shall not be deemed to have been anticipated or held to be not new by reason only that the invention was published in a specification filed in pursuance of an application for a patent made in India and dated before 1st January 1912.

(2) Subject as hereinafter provided, an invention claimed in a complete specification shall not be deemed to have been anticipated or held to be not new, by reason only that the invention was published before the priority date of the relevant claim of the specification, if the patentee or the applicant for the patent proves—

(a) that the matter published was obtained from him or (where he is not himself the true and first inventor) from any person from whom he derives title, and was published without his consent or the consent of any such person; and

(b) where the patentee or the applicant for the patent or any person from whom he derives title learned of the publication before the date of the application for the patent; that the application was made as soon as reasonably practicable thereafter:

Provided that this sub-section shall not apply, if the invention was before the priority date of the claim commercially worked in India, otherwise than for the purpose of reasonable trial, either by the patentee or the applicant for the patent or any person from whom he derives title or by any other person with the consent of the patentee or the applicant for the patent or any person from whom he drives title.

(3) Where a complete specification is filed in pursuance of an application for a patent made by a person being the true and first inventor or deriving title from him, an invention claimed in that specification shall not be deemed to have been anticipated by reason only of any other application for a patent in respect of the same invention, made in contravention of the rights of that person, or by reason only that after the date of the filing of that other application, the invention was used or published without the consent of that person, by the applicant in respect of that other application, or by any other person in consequence of any disclosure of the invention by that applicant.

(4) Notwithstanding anything in this Act, the Controller shall not refuse to accept a complete specification or to grant a patent, and a patent shall not be revoked or invalidated by reason only of any circumstances which by virtue of this section do not constitute an anticipation of the invention claimed in the specification."

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### Clause 49—Previous communication, display or working

660. Virtually this clause reproduces the provisions contained in Section 51 of the U.K. Patents Act, 1949. The only drafting change I would suggest is in sub-clause (4) where for the words "accept an application", the words "accept a complete specification" might be substituted to bring it in line with my earlier recommendation as regards Clause 18 of the Bill.

### Clause 49-A—Use and Publication after provisional specification

661. The U.K. Patents Act, 1949 contains in addition a provision in Section 52 dealing with cases where there has been a publication of an invention after the filing of a provisional specification or a complete specification which has been directed to be treated as a provisional specification under Clause 8(3). Possibly, even without a specific provision of this type, the courts might not treat as an anticipation any publication after the filing of an application for a patent. But still, to avoid any implication that the Indian enactment by omitting this provision intended to depart from the English law, I consider it advisable to include this provision. This puts the matter beyond argument that a publication or a use of an invention after the priority date of a claim could not amount to an anticipation to deprive an invention of novelty. I have drafted the clause in line with U.K. provision and have numbered it as Clause 49-A.

662. The following draft gives effect to the above recommendation:—

> "**49-A.** *Use and publication after provisional specification.*—Where a complete specification is filed or proceeded with in pursuance of an application which was accompanied by a provisional specification or where a complete specification filed along with an application is treated by virtue of a direction under sub-section (3) of Section 8 of this Act as a provisional specification, then, notwithstanding anything in this Act, the Controller shall not refuse to grant the patent, and the patent shall not be revoked or invalidated by reason only that any matter described in the provisional specification or in the specification treated as aforesaid as a provisional specification was used in India or published in India or elsewhere at any time after the date of the filing of that specification."

### Clause—50 Co-ownership of patents

663. This clause reproduces in substance the provisions contained in Section 54 of the U.K. Patents Act, 1949. The law in regard to the *inter se* rights of joint patentees is now to be found in Section 37 of the Indian Patents and Designs Act, 1911, which is based upon Section 37 of the U.K. Patents and Designs Act, 1907. The changes made in the U.K. Act, 1949 were in implementation of the recommendation of the Swan Committee (paragraphs 102 to 110 of their final report). Clause 50 of the present Bill removes certain inconveniences and obscurity in language which are to be found in Section 37 of the Indian Patents and Designs Act, 1911 nevertheless it requires slight drafting changes.

664. Under the U.K. Patents Acts before 1949, there was a statutory ban imposed on the right of one co-proprietor to license a patent or his interest in it without the consent of his other co-proprietors. There was however no bar to his assigning his interest in the patent to one or more individuals, the common law right of an owner of property to do so being unfettered.

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The Swan Committee recommended that this defect should be removed and Section 54 (3) of the U.K. Act, 1949 implements this recommendation.

665. Under the U.K. Act, the change effected is directed to apply only to patents granted after the commencement of that Act [*vide* the opening words of Section 54 (1)]. There is no reason, however, why this change should be confined to patents granted after the Act comes into force. It seems to me that it would be desirable to extend the scope of these provisions to patents already in force and provide for a saving clause regarding the rights of existing assignees of partial interests. The words "after the commencement of this Act" occurring in sub-clause (1) may therefore be deleted and a new sub-clause in the following terms added at the end as sub-clause (6) :—

> "(6) Nothing in this section shall however affect the rights of the assignees of partial interests in a patent created before the commencement of this Act."

The word "article" occurring in the beginning of sub-clause (4) may be replaced by the words "patented article."

666. **Sub-clause (5).**—The expression "as they apply in" relation to other choses in action" may be wholly omitted as the expression "choses in action" is inappropriate to Indian legal terminology. This omission would not affect the import of the sub-clause.

### Clause 51—Power of Controller to give directions

667. This clause corresponds to Section 55 of the U.K. Act, 1949. I would suggest in addition to the saving in sub-clause (4) [which corresponds to sub-section (5) of Section 55 of the U.K. Act, 1949] a further saving on the lines of Section 154(4) (b) of the Australian Act, 1952 as follows:—

> "No direction shall be given under this section so as to affect the mutual rights or obligations of trustees or of the legal representatives of a deceased person or of their rights or obligations as such, or which is inconsistent with the terms of an agreement between co-proprietors of the patent."

## CHAPTER XI—Use of inventions for purposes of Government and Acquisition of Inventions by the Central Government

668. In view of the additional provisions I am recommending for inclusion in this chapter, the chapter heading might be altered to read:

> "Use of inventions for purposes of Government and Acquisition of Inventions by the Central Government."

### Clause 52—Definitions of "Government"

669. The General Clauses Act contains a definition of Government and therefore the present clause 52 defining the words "Government" and "purposes of Government" is unnecessary and may be deleted.

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## Clause 53—Use of patented inventions for purposes of Government

670. Clause 53 corresponds to Section 46 of the U.K. Act. In line with the U.K. Act, the purpose for which an invention may be used by the Government is in the Bill limited to the use for the purposes of some department of Government. As already stated, the expression "Government" includes "the Central" as well as "the State" Governments and therefore the purposes for which the clauses in Chapter XI of the Bill make provision are the use of inventions for State and Central Governmental purposes.

671. The scope of a patentee's obligation in the standard form of Letters Patent granted in the U.K. prior to the U.K. Patents Act, 1949 was limited to "supplying or causing to be supplied for our (His Majesty's) service all such articles of the said invention as may be required by the officers....administering any department of our service....at such times and upon such reasonable prices..".

672. A question was mooted Before the Swan Committee as to whether this limitation of the Government's power to use a patented invention or requiring the use of the patented invention only for the purposes of the Government departments would not be unduly restrictive and prove insufficient for the expanded public needs of modern times. In particular, the Committee's attention was drawn to the fact that even by 1946 there were several public undertakings as well as nationalised industries which partook so much of the character of governmental activity as to justify their being brought within the scope of this power to use patented inventions for public purposes. Nevertheless, they expressed themselves against enlarging the scope of the Government's power in this regard. In paragraphs 70 and 71 of their Final Report they stated:

> "Nor do we see any adequate reason for enlarging the purposes for which the Crown may, in normal times, use inventions under the powers conferred by Section 29, the compendious expression "for the services of the Crown" being, in our opinion, sufficient to cover, not only the needs of the armed forces and the requirements of national defence, but also the requirements generally of the various Government departments for their own use.
>
> The status of the bodies who will be managing the nationalised industries has not, so far as we know, as yet been decided, and we feel that it would be premature to discuss the powers which will be available to them. For the purposes of this Report, we assume that they are not to be regarded as Government departments, and that the use of the products of any manufacture they undertake, in so far as they are not supplied for the use of Government departments, would not be regarded as being use of those products for the services of the Crown."

673. A view somewhat similar to that expressed by the Committee regarding the constitutional position of these public corporations was taken by the Court of Appeal in a judgment delivered by Denning L.J. in *Tamlin* v. *Hannaford*[40] but the position appears to be still not settled. As Professor Scammell says:—

> "The exact constitutional position of the national corporation in charge of nationalised undertakings has not yet been fully settled .... It has been suggested that they fall somewhere between Government departments and local authorities."

40. LR (1950) 1 KB 18.

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["Nationalisation in Legal Perspective", Current Legal Problems (1952).]

674. There has been some discussion of the problems arising out of the peculiar situation of these public corporations in *Narayananswami Naidu* v. *Krishnamurthi*[41]. It would appear that the case of each corporation depends on its own facts and requires a detailed examination of its constituting statute and the relation of the Corporation *vis-a-vis* the Government. *Tamlin* v. *Hannaford* however decides that Parliament may establish a corporation which is for all practical purposes a department of Government and the Central Land Board created under the Town and County Planning Act, 1947 was referred to by Denning L.J. as an instance.

675. The provisions of this chapter rest on a principle of high public policy. Under the common Law of England, "prior to the Act of 1883, the Crown was entitled to use patented inventions without the assent of or compensation to the patentee, though it was the practice to reward the patentee *ex-gratia*" (Terrell on Patents, page 392). Though ever since the Patents, Designs and Trade Marks Act, of 1883 patents bound Crown, there was still reserved to the Crown a wide power to use patented inventions for its purposes. The State which grants a patent monopoly was held entitled to use the invention for governmental needs without reference to the wishes of the patentee subject only to the payment of reasonable compensation, and not what the patentee chose to demand. The question however is whether the governmental needs for which an invention could be used should be confined to use by a Government department. I have considered this question carefully and have reached a conclusion different from that of the Swan Committee.

676. In the first place I do not consider it desirable that the question as to whether any public corporation is or is not a department of Government for the purposes of the utilization of patents should be left in a state of uncertainty. This apart, whatever might be the position in the U.K. I do not consider that in the circumstances of this country it is necessary or proper to restrict the powers of Government as in the U.K.

677. In this connection I might recall a reference to paragraphs 169 to 171 *ante* wherein I had adverted to the introduction of the "Inventions and Designs (Crown use) Bill, 1953 in the House of Lords and its subsequent withdrawal and finally the enactment of the U.K. Defence Contract Act, 1958. What, however, is relevant to the present discussion is that even in the U.K. there was a realisation that the terms of sections 46 to 48 of the U.K. Act of 1949 were inadequate to meet the requirements of the expanding function of a modern welfare State. I consider that undertakings carried on by Government, being either owned by the Government or in which they have a substantial interest, should be in the same position as a Government department in regard to the right to use patented inventions on payment of compensation without having recourse to the compulsory licensing provisions in Chapter VIII. In the context of India's planned and controlled economy I am unable to perceive any sensible distinction between a Government department running an undertaking such as Posts and Telegraphs or Railways and a public corporation like the Sindri Fertilisers owned and controlled by the Government, though the latter might have a juristic personality different from that of the Government. Further, if in modern times authorities are created for administering new spheres of activity assumed by Government, it stands to reason that these authorities, whatever their juristic position, should be treated as indistinguishable from the State for the present purpose.

41. ILR 1958 Mad 513.

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678. I therefore consider that for the purposes of this chapter the use of an invention by a Government undertaking should be treated as equivalent to Government use. In view of the nature of the changes I am recommending, I have redrafted the clause to give effect to my views.

679. An ex

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would arise only after the grant of patent, the word "applicant" in this sub-clause would appear to be inappropriate and may be deleted. This accords with the U.K. Act, section 46 (5).

688. **Sub-clause (6).**—A comparison of this sub-clause with the corresponding Section 46 (6) of the U.K. Act of 1949 shows that the Bill does not make any provision for the use of the invention for the supply of goods to foreign governments in pursuance of any agreement or arrangement with such government outside India. It is not known whether we have any treaty or agreement with our neighbouring countries, for instance, Nepal, for supply of articles or other defence equipments to them. If we have, a provision on the lines of Section 46 (6) of the U.K. Act or Section 125 (10) of the Australian Act, would be necessary.

687. Sub-clause (6) of the Bill is restricted to Government's power to sell "any goods no longer required for Government purposes" as in the U.K. This restriction I have removed and a general power given to Government to sell articles made in pursuance of sub-clause (1), a provision which would be essential if the inventions are used in Government industrial undertakings. I have further combined the matter now found in sub-clause (7) with that in sub-clause (6) of the Bill. In effecting this change I have followed the analogy of the Australian Act.

688. **Sub-clause (7).**—Sub-clause (7) of my draft is new. Under the provisions of Section 53, following in this respect the U.K. Act, where compensation is payable for the use of an invention, the amount is negotiated with the patentee and the payment is made to him [Vide sub-clause (3)] and this even in cases where under the terms of Clause 54 the patentee has to share the compensation with an exclusive licensee or his assignor. It appeared to me somewhat odd that persons who were entitled to share in the compensation should have no voice in settling the total amount payable. I have sought to rectify this anomaly by requiring that the notices under sub-clause (5) which are preliminary to the determination of the compensation should be given to these "sharers" and to ensure that the negotiation of the terms, should in addition to the patentee, be with such persons also.

689. **Sub-clause (8).**—This extended definition of the pharase "purposes of Government" gives effect to my recommendation as regards the persons or authorities to subserve whose purposes the Central Government might direct any invention to be used.

690. The following redraft gives effect to the above recommendations:—

> "53. *Use of inventions for purpose of Government.*—(1) Notwithstanding anything in this Act, at any time after an application for a patent has been filed or a patent has been granted, the Central Government and any person authorised in writing by it may make, use, exercise or vend the invention for the purposes of Government in accordance with the provisions of this chapter.
>
> (2) Where an invention has, before the priority date of the relevant claim of the complete specification, been recorded in a document by or tested or tried by or on behalf of Government, or a Government undertaking otherwise than in consequence of the communication of the invention directly or indirectly by the patentee or by a person from whom he derives title, any use of the invention for the purposes of Government may be made free of any royalty or other payment to the patentee.
>
> (3) In and so far as the invention has not been so recorded or tried or tested as aforesaid, any use of the invention made by the Central Government or any person

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authorised by it under sub-section (1) at any time after the acceptance of the complete specification in respect of the patent or in consequence of any such communication as aforesaid, shall be made upon such terms as may be agreed upon, either before or after the use, between the Central Government and the patentee, or as may in default of agreement be determined by the High Court on a reference under Section 55.

(4) The authorisation by the Central Government in respect of an invention may be given under this section, either before or after the patent is granted and either before or after the acts in respect of which such authorisation is given or done and may be given to any person whether or not he is authorised directly or indirectly by the patentee to make, use, exercise or vend the invention.

(5) Where an invention has been made, used, exercised or vended by or with the authority of the Central Government under this section, then unless it appears to the Government that it would be contrary to the public interest so to do, the Government shall notify the patentee as soon as practicable after the use has begun and furnish him with such information as to the extent of the making, use exercise or vending of the invention as he may, from time time, reasonably require.

(6) The right to make, use, exercise and vend an invention under sub-section (1) of this section, or any provision for which this section is substituted, shall include the right to sell the goods which have been made in exercise of that right and a purchaser of goods so sold, and a person claiming through him, shall have the power to deal with the goods as if the Government or the Government undertaking, as the case may be, were the patentee of the invention.

(7) Where in respect of a patent which has been the subject of an authorisation under this section, there is an exclusive licensee as is referred to in Section 54 (3), or where such patent has been assigned to the patentee in consideration of royalties or other benefits determined by reference to the use of the invention (including payments by way of minimum royalty), the notice directed to be given under sub-section (5) shall also be given to such exclusive licensee or assignor as the case may be, and the reference to the patentee in sub-section (3) of this section shall be deemed to include a reference to such assignor or exclusive licensee.

(8) For the purposes of this chapter references to the use of an invention for the purpose of Government shall mean the making, using, exercising or vending the invention for the purposes of the Central Government, the Government of a State or of a Government undertaking."

## Clause 54—Rights of third parties in respect of Government use

691. This clause is substantially a reproduction of section 47 of the U.K. Patents Act, 1949 of which it has been said, "Its language is involved and its interpretation not free from difficulty". Of sub-section (1) of Section 47 of the U.K. Patents Act, the comment has been made that "the word 'use' which occurs four times presumably means in each case the use for the services of the Crown defined in the opening lines and excludes any other use". (The U.K. Patents Act, 1949 published by the Chartered Institute of Patent Agents, pages 107-08). Sub-clause (1) therefore requires to be redrafted to remove ambiguity.

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692. The reference in Section 47 (1) of the U.K. Act to "the use of an invention by a patentee or an applicant for a patent" was designed to reverse the decision of the Court of Appeal in *Foster Wheeler Ltd.* v. *E. Green & Son Ltd.*[42]. In that case it was held by the Court of Appeal that a patentee who was directed by the Admiralty to supply them with certain patented articles was bound by covenants previously entered into by him whereby he had precluded himself from supplying patented articles to any other than a sole purchaser; a suit by the purchaser restraining the patentee from supplying the Admiralty was consequently sustained. The underlying point of this decision was that a patentee directed to use an invention for Government purposes was not a "person authorised to use" it within the section correspond-

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The words or "calculated by reference thereto" which occur in the Bill are redundant as such payments are equally "payments in respect of such use" and are therefore omitted.

697. **Sub-clause (2).**—In view of the inclusion of minimum royalty in sub-clause (1), sub-clause (2) of the Bill becomes unnecessary since it makes provision solely for these cases where exclusive licensees were obliged to pay minimum royalties.

698. **Sub-cause (3).**—This sub-clause [sub-clause (2) of my redraft] which deals with assignors of patents who had stipulated for royalty payments from patentees has been slightly altered to suit it to the change effected in sub-clause (1).

699. **Sub-clause (4).**—The last portion of this sub-clause deals with two points: (1) the matters to be taken into account by the High Court in the apportionment of the payment made by the Government between the exclusive licensee paying royalties and the patentee and (2) the right to intervene on the part of the exclusive licensee before Government enters into an agreement with the patentee in regard to payments to be made under Clause 53 (3). The sub-clause confers a right on the exclusive licensee to be heard on his giving notice in writing of his interest to the Government before any payment is agreed upon between the Government and the patentee, but there is no provision here or elsewhere for the issue of notice to him before such agreement is entered into by the Government. In the circumstances it would not be possible for the exclusive licensee to give notice of his interest to the Government "before the amount of any such payment has been agreed upon between the Government and the patentee". I have rectified this anomaly by a new provision, Clause 53 (7), for the issue of notice to the exclusive licensee and for his being party to any agreement regarding the quantum of compensation. I have simplified the structure of clause 54 (4) of the Bill and have redrafted it renumbering it as sub-clause (3).

700. "54. *Rights of third parties in respect of Government use.*—(1) In relation to any use of a patented invention or an invention in respect of which an application for a patent is pending, made for the purposes of Government—

(a) by the Central Government or any person authorised by the Central Government under Section 53; or

(b) by the patentee or applicant for the patent to the order made by the Central Government,

the provisions of any licence, assignment or agreement made, whether before or after the commencement of this Act, between the patentee or applicant for the patent (or any person who derives title from him or from whom he derives title) and any person other than the Central Government, shall be of no effect so far as those provisions—

(i) restrict or regulate the use for the purposes of Government of the invention, or of any mode, document or technical information relating thereto, or

(ii) provide for the making of payments in respect of any use of the invention or model, etc. for the purposes of Government (including payments by way of minimum royalty); and the reproduction or publication of any model or document in connection with the said use for the purposes of Government shall not be deemed to be an infringement of any copyright subsisting in the model or document.

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(2) Where the patent or the right to apply for or obtain a patent, has been assigned to the patentee in consideration of royalties or other benefits determined by reference to the use of the invention (including payments by way of minimum royalty) then in relation to any use of the invention made for the purposes of Government by the patentee to the order of the Central Government, sub-section (3) of Section 53 shall have effect as if that use were made by virtue of an authority given under that section; and any use of the invention for the purposes of Government by virtue of sub-section (3) of that section shall have effect as if the reference to the patentee included a reference to the assignor of the patent, and any sum payable by virtue of that sub-section shall be divided between the patentee and the assignor in such proportion as may be agreed upon between them or as may in default of agreement be determined by the High Court on a reference under Section 55.

(3) Where by virtue of sub-section (3) of Section 53 of this Act, payments are required to be made by the Central Government in respect of the use of an invention for the purposes of Government and where in respect of such patent there is an exclusive licensee authorised under his licence to use the invention for the purposes of Government, such sum shall be shared by the patentee and such licensee in such proportions, if any, as may be agreed upon between them or in default of agreement be determined by the High Court under section 55 to be just, having regard to any expenditure incurred by the licensee—

(a) in developing the said invention; or

(b) in making payments to the patentees other than royalties or other benefits determined by reference to the use of the invention including payments by way of minimum royalty in consideration of the licence."

## New Clause 54-A—Acquisition of inventions—Patents by the Central Government

701. Section 21-A of the Indian Patents and Designs Act contains provisions regarding patents relating to instruments or munitions of war which have been assigned to the Central Government. This section was based on Section 30 of the U.K. Act, 1907—1946.

702. The Swan Committee suggested comprehensive provisions for dealing with security inventions and for the use by Government of patented inventions for Governmental purposes. Their recommendation was accepted and Section 18 of the U.K. Act, 1949 incorporates the provision as to the directions for secrecy which was evolved during the World War II, and to be found in the Defence Regulations of 1939, and Sections 46 to 49 of the U.K. Act deal with "Crown use" of inventions. The provision as regards acquisition of inventions by Government by voluntary purchase or assignments contained in Section 30 of the U.K. Act, 1907—1946, were deleted in the Act of 1949.

703. The Indian Patents Bill follows this pattern. The provisions relating to security patents are contained in Clause 23, those relating to Government use of patented inventions in Clauses 52 to 56 and there is no clause corresponding to Section 21-A of the Indian Patents and Designs Act, 1911.

704. I am of opinion that in India there is a need for a provision for enabling Government to compulsorily acquire patented inventions or inventions for which applications for patents are pending as under the law, as it stands, Government have no power to make such acquisition. Such a power to acquire a patent would be useful to Government in more than one

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contingency. For instance where the Government have to pay compensation for the use of an invention under Clause 53(3), the payment to be made would depend upon the amount of use of the patented invention. In conceivable cases it might be more economical to buy the patent outright, instead of having to make periodical payments of royalty. Again, there might be cases where it would be necessary to acquire a patent outright in the public interest, for the proper exploitation of the invention. It may also be necessary in some cases to acquire allied or cognate inventions or patents of improvement for the proper and efficient working of a main invention.

705. The Bill no doubt provides for obtaining compulsory licences under certain circumstances but apart from the necessity to establish the statutory conditions before such licences are obtained, an outright purchase might in some cases be more economical and satisfactory than a licence under the patent. After all the power to acquire would be merely enabling and as it might be useful in certain contingencies, I would recommend a provision on the lines of Clause 54-A which follows. I might add that a similar provision exists in Australia (vide Section 129 of the Australian Patents Act, 1952—55).

706. "**54-A.** *Acquisition of inventions and Patents by the Central Government.*—(1) The Central Government may, if satisfied that it is necessary that an invention being the subject of an application for a patent or a patent should be acquired from the applicant or the patentee for a public purpose, publish a notification to that effect in the Official Gazette, and thereupon the invention or patent, and all rights in respect of the invention or patent shall, by force of this section, stand transferred to and be vested in the Central Government.

(2) Notice of the acquisition shall be given to the applicant or if a patent has been granted to the patentee and other persons, if any, appearing in the register as having an interest in the patent.

(3) The Central Government shall pay to the applicant or patentee and other persons appearing on the register as having an interest in the patent such compensation as may be agreed upon between the Central Government and the applicant, patentee or other persons as the case may be; or, as may in default of an agreement, be determined by the High Court under Section 55 of the Act.

(4) The Central Government may by rules made under this Act prescribe the manner in which the compensation payable for the acquisition of an invention shall be determined."

## Clause 55—Reference of disputes as to Government use

707. This clause corresponds to Section 48 of the U.K. Act of 1949. I have redrafted sub-clauses 1 to 3 to bring them into line with my other recommendations and also with a view to clarify the import of the provisions contained in them.

708. **Sub-clause** (1).—The reference to the High Court in the sub-clause as well as in the rest of the section is to that High Court which has territorial jurisdiction over the patent. It will be noticed that in this sub-clause the party to the dispute on the Government side is the Central Government though the use to which the invention was put which gave rise to the dispute might have been for the benefit of a State or a Government undertaking. The reason for this is that under Clause 53 it is the Central Government alone that gives the authorisation

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whether the purpose be that of the Central Government or of a State Government or of a Government undertaking.

709. The proviso to sub-clause (1) of the Bill needs revision. In view of the fact that it is possible that parties that raise the dispute are employees of Government undertakings the scope of the proviso should be widened. The next question that would arise is as to the authority to decide the dispute, whether this should be the employer in each particular case or whether one Central authority should be vested with jurisdiction in that behalf. In view of the position of the Central Government *vis-a-vis* the administration of the patent laws as also the circumstances that it is an authorisation by them that enabled use to be made of a patented invention giving rise to the dispute before the Court, I consider that it would be advantageous and proper that the Central Government should be vested with jurisdiction to decide the dispute and have accordingly made provision therefor in my redraft of the proviso.

710. **Sub-clause (2).**—This sub-clause enables applications being made by Government for the revocation of the patent upon any of the grounds set out in Section 37. There are two points arising out of this: (1) The sub-clause does not expressly state whether such revocation proceedings should be by way of an independent application or by way of counter claim in the same proceeding. Since Government would have the power to apply for revocation of the patent under the terms of Clause 37 by an independent proceeding it is presumed that the reference to revocation in sub-clause (2) is one by way of counter claim in the same proceeding in which the Government's right to use the invention or the terms of payment for such use are in dispute before the High Court. I have made this clear in my redraft. (2) The Bill empowers "the Government" to apply for revocation which would mean the Central Government or the Government of any State. In my redraft of Clause 37 I have confined the right to file petitions for the revocation of a patent to the Central Government. Because of that provision and also for the reason that the dispute before the Court in which the counter-claim for revocation would be filed, would be one between the Central Government and the patentee, I have in my redraft restricted the right to apply for revocation by way of counter-claim to the Central Government.

711. The words "in any case" in sub-clause (2) (b) of the Bill are taken from section 48 (2) (b) of the U.K. Act of 1949 but are somewhat obscure. These words are apparently intended as a contrast to the words "if the patentee is a party to the proceedings" occurring in paragraph (a) of sub-clause (2), so as to cover cases where the patentee is not a party to the proceeding. The words "in any case" have therefore been substituted by the words "whether the patentee is or is not a party to the proceedings".

712. **Sub-clause (3).**—The expression "counsel" in this sub-clause may be substituted by the word "Advocates" which is the term normally used in India. In view of the fact that the proceedings under Clause 55 are before a High Court, it is not proper to use the words "Legal Practitioners" or "Pleaders" and my redraft carries this out.

713. The following is a draft of clause 55:—

> "55. *Reference of disputes as to Government use.*—(1) any dispute as to the exercise by the Central Government or a person authorised by it of the powers conferred by Section 53, or as to terms for the use of an invention for the purposes of the Government thereunder or as to the right of any person to receive any part of a payment made in pursuance of sub-section (3) of that section or as to the amount of compensation payable

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for the acquisition of an invention or a patent under Section 54-A, may be referred to the High Court by either party to the dispute in such manner as may be prescribed by the rules of the High Court:

Provided that where the invention claimed in the patent was made by a person who at that time was in the service of the Central Government or of the Government of a State, or was an employee of a Government undertaking and the subject matter of the invention is certified by the relevant Government or the principal officer of the Government undertaking to be connected with the work done in the course of the normal duties of a Government servant or employee of the Government undertaking, any such dispute shall be settled by the Central Government after hearing the patentee and such other parties as the Central Government considers have interest in the matter.

(2) In any proceedings under this section to which the Central Government is a party, the Central Government may—

(a) if the patentee is a party to the proceedings petition by way of counter-claim for revocation of the patent on any ground upon which a patent may be revoked under Section 37; and

(b) whether a patentee is or is not a party to the proceedings, put in issue the validity of the patent without petitioning for its revocation.

(3) If in such proceedings as aforesaid any question arises whether an invention has been recorded, tested or tried as is mentioned in Section 53, and the disclosure of any document recording the invention, or of any evidence of the test or trial thereof would, in the opinion of the Central Government, be prejudicial to the public interest, the disclosure may be made confidentially to the Advocate of the other party or to an independent expert mutually agreed upon.

(4) In determining under this section any dispute between the Central Government and any person as to terms for the use of an invention for the purposes of the Government, the High Court shall have regard to any benefit or compensation which that person or any person from whom he derives title, may have received, or may be en titled to receive, directly or indirectly in respect of the use of the invention in question for the purposes of Government.

(5) In any proceedings under this section, the High Court may at any time order the whole proceedings or any question or issue of fact arising therein to be referred to an official referee, Commissioner or an arbitrator on such terms as the High Court may direct and references to the High Court in the foregoing provisions of this section shall be construed accordingly".

## Clause 56—Saving

714. This clause is a reproduction of Section 102 (2) of the U.K. Act of 1949. Under the corresponding section 128 of tile Australian Act, however, the restrictive words "under any law for the time being in force *relating to customs or excise*" do not occur. As other Indian enactments besides the Sea Customs Act and the Central Excise Act contain provisions under which forfeitures may take place, (*vide* for instance sections 126 and 127 Chapter XVIII of

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the Indian Penal Code) the scope of the clause should not be confined to articles forfeited under laws relating to Customs or excise. I would suggest that the Australian model may be followed and the words "relating to customs or excise" be deleted.

### Clause 57—Power of Court to make declaration as to non-infringement.

715. This clause is substantially a reproduction of Section 66 of the U.K. Act of 1949. The Swan Committee recommended the adoption of this provision in view of the rule in equity that the Courts had no jurisdiction to pronounce a declaratory judgment unless the defendant had denied the right of the plaintiff and asserted any adverse right in himself. The position is the same in India under Section 42 of the Specific Relief Act, Act I of 1887.

716. The Swan Committee dealt with this matter in paragraphs 135 to 139 of their final report. The Committee considered that provisions which had been adopted in the patent laws of Australia, Czechoslovakia and Canada, providing for obtaining a declaratory judgment might be usefully incorporated in the U.K. Patents Act. of 1949 subject to certain conditions.

717. This recommendation was accepted by Parliament and the provision including the conditions suggested were enacted as Section 66 of the U.K. Act, 1949. I consider it would be an advantage to have a similar provision in the Indian statute also.

718. The drafting of Clause 57 (1) is however defective in so far as it does not specify the relief which the plaintiff seeks and which he desires or insists upon the defendant acknowledging. This sub-clause does not also state, as does the U.K. section that the relief was available "notwithstanding that no assertion to the contrary had been made by the patentee or licensee". If the opening words of sub-clause (1) are substituted by the following, these defects would be remedied:

> "**57.** *Power of Court to make declaration as to non-infringement.*—(l) Notwithstanding anything contained in Section 42 of the Specific Relief Act, 1887 (Act I of 1887), any person may institute a suit in the District Court having jurisdiction, for a declaration that the use by him of any process, or the making, use, or sale of any article by him, does not or would not constitute an infringement of a claim of a patent against the patentee or the holder of an exclusive licence under the patent, notwithstanding that no assertion to the contrary has been made by the patentee or the licensee, if it is shown....."

719. **Sub-clause (2).**—This sub-clause follows sub-section (2) of Section 66 of the U.K. Act, 1949 which implemented the recommendation contained in paragraph 139 (2) of the report of the Swan Committee. The words "District Court" may be substituted by the word "Court".

720. **Sub-clause (3).**—This sub-clause reproduces substantially Section 66 (3) of the U.K. Act of 1949 and Section 120 (5) of the Australian Act. The last portion of the sub-clause, however, needs revision. An implication which might be raised by the granting of a declaration as to non-infringement in favour of the plaintiff might be that the patent is not valid. It is this implication which is stated to be negatived by the words at the end of the sub-clause. Similarly the possible implication that would arise when the plaintiff's suit for declaration as to infringement is dismissed might be that the patent is valid. The clause should expressly seek to negative this implication also as in the case of the other one. Accordingly, I would suggest that the last portion of the sub-clause might run thus:

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"The making or refusal of such a declaration in the case of a patent shall not be deemed to imply that the patent is invalid or valid".

721. **Sub-clause (4).**—I would suggest that the words "date of advertisement of acceptance" be changed to "date of publication of the complete specification" as in the U.K. Act of 1949.

722. **Clause 58—Suits for infringement of patents: Sub-clause (1).**—I suggest that this sub-clause may follow the lines of Sections 105 and 106 of the Trade and Merchandise Marks Act, 1958 (Act 43 of 1958) and be in this form:

"(1) No suit by a patentee for infringement of a patent shall be instituted in any court inferior to the District Court having jurisdiction to try the suit.

(1A) The relief which a Court may grant in any suit for infringement includes an injunction (subject to such terms, if any, as the Court thinks fit) and at the option of the plaintiff, either damages or an account of profits".

723. It would be seen that in the redrafted sub-clause (1) the acts constituting infringement are not set out but these would have to be gathered from the provisions contained in Clause 27 read in the light of the patent grant.

724. The new sub-clause (1A) would merely define the reliefs which the Court may grant to the successful plaintiff in a suit for infringement.

725. In the United Kingdom before 1919 it was open to the successful plaintiff in an infringement action to obtain in addition to ah injunction either damages or an account of profits. The latter alternative, namely, an account of profits was taken away by Section 10 of the U.K. Amending Act of 1919 (amending Section 34 of the Act of 1907) and the plaintiff's rights were restricted to an injunction and damages. The Swan Committee recommended the restoration of the law as it was before 1919 and this recommendation has been implemented in Section 60 of the U.K. Act, 1949. Under the Indian Patents and Designs Act, 1911 the successful plaintiff in an infringement action may, in addition to an injunction, obtain either damages or an account of profits. The same position obtains under the Trade and Merchandise Marks Act, 1958 also. My redraft adopts the form in Section 106 of the Trade and Merchandise Marks Act, 1958.

726. **Sub-clauses (2) and (3).**—These sub-clauses reproduce substantially sub-sections (1) and (2) respectively of Section 63 of the U.K. Act, 1949. The only change I would suggest is the addition of the words "or an account of profits" after the words "in awarding damages" in sub-clause (2).

727. With regard to sub-clause (4), the corresponding provision in the U.K. Act of 1949 is to be found in sub-section (4) of Section 32 which deals with revocation of patents. I have in my redraft of Clause 37 included this provision as sub-clause (5). Besides, a provision on these lines in this clause might unless properly phrased be interpreted as enabling a defence to be raised on the ground that the patent is liable to be revoked under Chapter VIII which is not intended. Hence sub-clause (4) may be deleted.

728. **Sub-clause (5).**—In the scheme which I have outlined earlier (*vide* paragraph 284 *et seq ante),* every District Court and every High Court having original jurisdiction would be competent to entertain suits in relation to infringement of patents. In such suits, it would be open to the defendant to raise a plea attacking the validity of the patent, and such courts would be

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competent to decide that issue and pronounce upon the validity or otherwise of the patent. Such a decision however would have no effect on the patent as such; it would only be binding as *res judicata* between the parties to that litigation.

729. If the defendant desires to have a patent revoked, the proceedings for the purpose would have to be initiated in the competent High Court which would have jurisdiction over the patent in question. In view of this scheme the provision for a counter-claim as is provided for in sub-clause (5) is out of place and might therefore be deleted.

730. In this connection the only other point to be considered is whether there is any necessity for making a provision for a defence by way of counter-claim for the revocation of a patent where the suit for infringement is filed in a High Court which is competent to entertain a petition for the revocation of that patent. I do not consider it necessary to make any specific provision for this purpose. The competent High Court might be one of the three chartered High Courts, namely, Madras, Bombay and Calcutta and these Courts have by their rules made provision for the entertainment of counter-claims. In the case of these courts therefore, without any provision therefor in the Patents Act, a counter-claim for revocation would be open as supplemental to a defence raising the validity of the patent.

731. In regard to the other High Courts, as they do not have, under their Letters Patent any original jurisdiction, suits for infringement could come up for trial before them only if such suits are transferred under the powers contained in Section 24 of the Civil Procedure Code. In cases of such transfers, these Courts would be bound to follow the procedure which would have applied if the suits were tried in the Courts in which they were originally filed, with the result that the procedure by way of counter-claim might not be applicable. But even here no real inconvenience would be felt because in such a contingency, the transferred suit for infringement and any substantive petition for revocation filed before that competent court could be heard and disposed of together and the High Courts might be expected to order a joint trial of connected proceedings. I need hardly point out that if the suit remains in the District Court, there is no question of a counter-claim because the District Courts would be incompetent to entertain petitions for revocation of patents.

## Clause 59—Innocent infringement—Liability for Damages

732. Under the Bill, a successful plaintiff in an action for infringement is entitled to damages or an account of profits made by the infringing defendant. Clause 59 embodies the rule imposing the restriction on the recovery of damages where the infringement is innocent, its language being modelled on Section 30 of the Indian Patents and Designs Act, 1911. Based on this language an argument was addressed to me in a case relating to the infringement of a patent regarding Sulphathiazole, that the statutory protection afforded to innocent infringers was confined to claims for damages and did not extend to a claim for an account of profits. This argument was possible because Section 30 of the Indian Patents and Designs Act, 1911 while referring to claims to damages, did not refer to the relief of an account of profits and a similar argument would be open on the terms of Clause 59. I would therefore suggest the inclusion of the words "or an account of profits" after the words "damages" in sub-clauses (1), (2) and (3). The marginal heading also might be similarly modified.

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733. There is one further matter to be noticed in regard to the language used in sub-clause (1) to indicate the state of mind of the innocent infringer to qualify for the statutory protection. The words used in the sub-clause are: "he was not aware *nor had reasonable means of making himself aware of the existence* of the patent". The italicized words are repeated in the explanation to the sub-section. The words used in the corresponding section 59 of the U.K. Act, 1949 are: "had no reasonable grounds for supposing", while the Australian Act [Section 124 (2)], uses the expression "had no reasons to believe". The distinction between the Australian and the U.K. forms appears to be that "belief" implies a higher degree of awareness than "supposing". For the purposes of this clause, it would be necessary for the infringer to establish that the infringement was committed in good faith. There would be a lack of good faith only if there are no reasonable grounds for belief that the patent existed. The words used in the Bill "nor had reasonable means of making himself aware of the existence of the patent" equates means of knowledge with knowledge itself which does not appear to me to be either just or proper. I consider the Australian form more appropriate and would recommend its adoption. This would mean the substitution of the words "and had no reasonable grounds for believing that the patent existed" for the words "nor had reasonable means of making himself aware of the existence of the patent". I would only add that this would bring the scope of the protection afforded by clause 59 into line with that contained in Section 106 (1) (b) (i) of the Trade and Merchandise Marks Act, 1958, which deals with the case of an innocent infringer of a registered trade mark. The phraseology of the explanation should be suitably modified to make it accord with the change in sub-clause (1).

## Clause 60—Order of inspection etc. in suit

734. This clause corresponds to the provisions of Section 31 of the Indian Patents and Designs Act, 1911. In the U.K. there is no corresponding provision but in conducting an enquiry and granting interim relief the court adopts the procedure laid down in rule 20 of Order 53-A of the Supreme Court Rules. As the Civil Courts in India are governed by the provisions of the Civil Procedure Code, which confers upon them power to pass interim orders by way of inspection, injunction, accounts or the imposition of other terms, there is no necessity for this provision in the Bill. The clause may be deleted.

## Clause 61—Certificate of contested validity of specification

735. The clause is derived from Section 32 of the Indian Patents and Designs Act of 1911 which follows Section 35 of the U.K. Patents and Designs Act, 1907, a section which underwent modification in the U.K. Patents Act of 1949. The power to grant certificates of validity was before 1949 confined to actions for infringement and did not extend to cases where the validity of a claim was unsuccessfully challenged in a petition for revocation. The law was altered in 1949 and under Section 64 (1) of the U.K. Act of 1949, certificates of validity could be granted *in any proceeding* in which the validity of a claim of a specification was challenged and was upheld. Section 169 of the Australian Act follows in this respect the provision contained in Section 64 of the U.K. Act of 1949. Undoubtedly there is logic in the change effected by the U.K. Patents Act of 1949 but for reasons which I shall set out presently I would recommend that the proceedings in which certificate of validity could be granted be confined to petitions for revocation.

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736. Under the scheme which I have dealt with in detail earlier (*vide* paragraph 291 *ante*) I have suggested that while the validity of the claims of a patent could be challenged in any suit for infringement the same would not affect the patent as such but only have effect as a proceeding *inter partes* between the parties to the infringement action. If the validity of a claim of a patent is desired to be challenged so as to affect the patent itself, this should be done only in a petition for revocation which could be entertained by that High Court, which would have territorial jurisdiction over the office in which that patent is registered or is deemed to be registered. As infringement actions could be filed in any District Court which has territorial jurisdiction to entertain the suit and as the result of the proceeding is not binding on any person not a party to that proceeding, there is the possibility of the validity of a claim being upheld in one court and pronounced against by a different court trying another infringement action. If the validity of the claim should come up for consideration on a third occasion and there are conflicting earlier decisions touching the validity of the claim it would not be possible for that Court to grant any relief on the basis of the certificate of validity. In the U.K. such a conflict of decisions cannot arise as both infringement actions and petitions for revocation would be filed in and disposed of, only by the High Court. In view, therefore, of the multiplicity of courts which would have jurisdiction to entertain suits for infringement in which the validity of the claim might come into question, I would recommend that the power to grant certificates of validity might be confined to the competent High Courts trying petitions for revocation.

737. **Sub-clause (2).**—This follows in general Section 64 (2) of the U.K. Act of 1949 but its language and scope is, however, open to some ambiguity. In this connection the following matters require attention:—

(i) In any subsequent suit for infringement, the penalty of costs on the higher scale should be visited only if the defendant contests the validity of the claim in regard to which the certificate was granted in a previous suit.

(ii) Such a penalty should be imposed only if the party, raising the plea as to validity of a claim, is proved to have been aware of the grant of such a certificate, and that notwithstanding such knowledge, unsuccessfully disputed the validity of the claim.

(iii) Sub-clause (2) refers to 'infringement of patent', 'revocation of patent' and 'party relying on the validity of the patent', whereas certificate under sub-clause (1) refers only to the 'validity' of a claim that was contested in those proceedings. The words used in the Australian Act, Section 169, are to be preferred as they avoid this difficulty.

(iv) Whereas the concluding words of Section 64 (2) of the U.K. Act as well as Section 169 of the Australian Act entitle the successful plaintiff in an action for infringement or the successful respondent in a revocation proceeding to a higher scale of costs "so far as concerns a claim in respect of which certificate was granted", the last words of Clause 61 (2) of the Bill direct the grant to the patentee of "all costs on the higher scale incidental to the suit" and do not restrict it to the costs so far as concerns the claim, as in the U.K. and the Australian statutes. It is clear that the costs payable on the higher scale should be confined to the costs incidental to the claim whose validity was improperly and unsuccessfully contested in the later proceeding. The proviso is taken from the U.K. Act of 1949 [Section 64 (2)] but

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substitutes the word 'decree' for the word 'proceedings'. The effect of this change would be that the proviso would apply only to appeals in suits for infringement and would not apply to appeals against orders in petitions for revocation. This is presumably not what was intended. The proviso may be amended on the lines of the U.K. statute so as to cover appeals both in suits for infringement and petitions for revocation.

738. One other matter may be considered with regard to this proviso. The proviso even as amended as suggested above, will apply only to costs in the appellate court and the effect of the proviso will be that when an unsuccessful defendant or an unsuccessful petitioner for revocation files an appeal against the order of the first court, the costs of any appeal would be on the ordinary scale and not on the higher scale. In cases, however, where the patentee is unsuccessful in the first court (in the 2nd proceeding) but succeeds on appeal the question is, whether the appellate court should be bound to order costs on the higher scale in so far as it relates to the costs of the first court. It would seem from the language of the proviso in the U.K. Act that this matter is not free from doubt although the payment of the costs on the higher scale as regards the trial court would not in such cases appear to be reasonable or just. The award of costs on the higher scale is to discourage and penalise frivolous attacks on patents, the validity of the claim of which has been pronounced by a competent court. Where, however, the trial court in the 2nd action finds against the patentee, the action of the party who attacks the validity of the claim cannot be said to be frivolous or unreasonable and hence there is no justification for penalising him with the higher scale of costs because he fails in the appellate court. In such cases if the defendant in the infringement action or the plaintiff in the revocation proceeding is finally unsuccessful, he should be made to pay only the costs under the Civil Procedure Code and not the special costs provided under Clause 61(2). If this view is accepted, the proviso should be amended suitably.

739. In the appended redraft I have endeavoured to give effect to the above suggestions:—

"61. *Certificate of contested validity of specification.*—(1) If in any proceedings before a High Court for the revocation of a patent under Section 37, the validity of any claim of a specification is contested, and that claim is found by the court to be valid, the Court may certify that the validity of that claim was contested in those proceedings and was upheld.

(2) Where any such certificate has been granted, then, if in any subsequent suit before a court for infringement of that claim of the patent, or if in any subsequent proceeding for revocation of the patent, in so far as it relates to that claim, the patentee or other person relying on the validity of the claim, obtains a final order or judgment in his favour, he shall be entitled to an order for the payment of his full costs, charges and expenses of and incidental to, any such suit or proceeding properly incurred so far as they concern the claim in respect of which the certificate was granted unless the Court trying the suit or proceeding otherwise directs:

Provided that the costs as specified in this sub-section shall not be ordered when the party disputing the validity of the claim satisfies the court that he was not aware of the grant of the certificate when he raised the dispute and withdrew forthwith such defence, when he became aware of such a certificate:

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Provided further that courts hearing appeals from decrees or orders in suits for infringement or petitions for revocation shall not be held to be empowered by virtue of this sub-section to pass orders for costs on the scale referred to therein."

## Clause 62—Relief for infringement of partially valid specification

740. This Clause enlarges the present section 35-A of the Indian Patents and Designs Act, 1911 and is substantially a reproduction of Section 62 of the U.K. Act, 1949. The explanation which occurs at the end of the clause does not appear in the corresponding section of the U.K. Act but appears at the end of section 35-A of the present Indian Patents and Designs Act of 1911 and may be retained.

741. I have already pointed out in my notes under Clause 58 that in the U.K., relief by way of account of profits which was deleted under the amending U.K. Act of 1919 has now been restored under the U.K. Act of 1949 (Section 60) and that the applicant has now the option to claim either damages or an account of profits in addition to injunction. In view of the new clause [Sub-clause 58 (1)] proposed by me, the proviso has to be suitably modified, say, as—

"Provided that the court shall not grant relief except by way of injunction save in the circumstances mentioned in sub-section (2)".

742. **Sub-clause (2).**—For reasons already stated, the words "or an account of profits" should be added after the word "damages".

743. **Sub-clause (3).**—Should be deleted as it would be inconsistent with the scheme I have recommended under which amendments of specification of a patent could be ordered only by the competent High Courts and when dealing with petitions for revocation (*vide* Clause 34-A). The explanation should appear at the end of sub-clause (2), modified by the addition of the words "or an account of profits" after "damages".

## Clause 63—Transmission of orders of the High Court to the Controller

744. This is a reproduction of Section 33 of the Indian Patents and Designs Act, 1911. There is no corresponding provision in the U.K. Patents Act of 1949 but there are some parallel provisions in the Australian Patents Act [Sections 104, 119 and 172(2)] and in the Canadian Act (Section 64). Under the procedure which I have suggested in regard to the determination of the validity of a patent in an action for infringement and for revocation of a patent, the transmission of orders to the Controller and the entry on the register would fall under two heads:

(1) **Petitions for revocation.**—In regard to each patent there would be only one competent court, namely, the High Court having territorial jurisdiction over the head office or the branch office, as the case may be, where the patent is registered or deemed to be registered. When a petition for revocation has been filed in that High Court, the following orders might be passed:—

(a) The patent might be revoked or some of the claims may be deleted. In that event the court passing the order might be enjoined to forward a copy to the Controller who would make entries in the Register conformably to it. The Australian Act makes provision for parties lodging copies of the orders of court

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with the Controller but I would prefer the courts themselves forwarding copies as being much simpler and on the ground that it saves time.

(b) The High Court may dismiss the petition for revocation *in toto*, holding that every claim of the patent challenged in the proceedings was valid, or might dismiss the petition for default or for non-prosecution or for other causes not touching the merits of the patent. In this case also it is necessary that the order of the court should be transmitted to the Controller and lodged in his office with entries in the Register showing the proceeding which has taken place in respect of the patent and its result.

(c) During the course of proceedings on a petition for revocation before the High Court the specification of a patent might be amended (*vide* Clause 34-A). In such cases also the final order allowing amendment should be entered in the Register so that thereafter the specification of the patent would read as amended. In my draft of Clause 34-A I have made specific provision for this purpose and therefore there is no need to include such orders under Clause 63.

(2) **Other proceedings**.—The other type of proceedings, namely, infringement actions or suits under Clause 66 of the Bill might be filed in any court not below a District Court within whose jurisdiction the cause of action to sue might arise. The opening words of Clause 63 include orders and decrees passed in suits for infringement and provide for these being entered on the Register.

745. On the scheme which I have recommended, however, though issues as to the validity of claims of a patent might be raised as a defence in these proceedings, the effect of any finding as to the invalidity by the Courts would not extend beyond that proceeding and the parties to that proceeding. In other words, it would have no effect whatsoever upon any of the claims of the patent entered on the Register. For this reason I would suggest that judgments and decrees passed in suits for infringement and in suits under clause 66 of the Bill where the validity of the claims of any patent is put in issue should be forwarded to the Controller and should be entered by him not in the Register of Patents but in a supplemental record.

746. My redraft of the clause gives effect to these recommendations—

"63. *Transmission of orders of the High Court to the Controller.*—(1) Every order of the High Court on a petition for revocation including orders granting certificates of validity of any claim shall be transmitted by that Court to the Controller who shall cause an entry thereof and reference thereto to be made in the Register of Patents.

(2) Where in any suit for infringement of a patent or in any suit under Section 66 of this Act, the validity of any claim or a specification is contested and that claim is found by the Court to be valid or not valid, as the case may be, the Court shall transmit a copy of its judgment and decree to the Controller who shall on receipt thereof cause an entry in relation to such proceeding to be made in the prescribed manner in a supplemental record.

(3) Where an appeal is preferred against the decision of the courts referred to in sub-section (1) or sub-section (2) the provisions of the said sub-sections shall also apply to the court or courts determining the appeal."

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### Clause 64—Power of High Court to stay proceedings etc.

747. This clause is unnecessary and may be deleted as in the scheme proposed by me a petition for revocation can be filed only before one High Court, *viz.* that having territorial jurisdiction.

### Clause 65—Hearing with assessor

748. This corresponds to Section 35 of the Indian Patents and Designs Act, 1911. Similar provisions are found in Sections 84 (2) and 84 (3) of the U.K. Patents Act, 1949 and Sections 149 (a) and 167 of the Australian Patents Act, 1952-55. The precise functions of the assessors, the manner of their appointment, the scale of remuneration and other details are not set out in the clause, nor is provision made for rules being framed for the purpose, as under Section 84 (2) of the U.K. Act. Order 37-A rule 12 of the Rules of the Supreme Court represent the rule made in the U.K. under this provision.

749. I would suggest that the material portions of the above rule 12 of Order 37-A may be incorporated as part of the statute itself, as owing to the multiplicity of court competent to hear suits for infringement, it would be desirable to have a uniform provision in the Act to be followed by the courts. The appended redraft seeks to carry out this suggestion:

> "65. *Scientific Advisers.*—(1) In any suit for infringement or in any proceeding before a court under this Act, the court may at any time, and whether or not an application has been made by any party for that purpose, appoint an independent Scientific Adviser to assist the court or to enquire and report upon any question of fact or of opinion not involving questions of law or construction.
>
> (2) The Court shall nominate the Scientific Adviser and shall settle the question or instructions to be submitted or given to him.
>
> (3) The remuneration of the Scientific Adviser shall be fixed by the Court and shall include the costs of making a report and a proper daily fee for any day on which the Scientific Adviser may be required to attend before the Court, and such remuneration shall be defrayed out of public funds."

### Clause 66—Remedy for groundless threats of infringement proceedings.

750. This clause corresponds to Section 36 of the Indian Patents and Designs Act of 1911 and follows the language of Section 65 of the U.K. Patents Act of 1949.

751. **Sub-Clause** (1).—The words "by circulars, advertisements or otherwise" in this sub-clause have appeared in the U.K. Acts since 1883 and have been considered in some cases. It has been held that the words "or otherwise" are not to be construed *ejusdem generis* with the proceeding words "circulars, advertisements". In *Skinner & Co.* v. *Perry*[44], Bowen L.J. in dealing with this point stated:

> "Using language in its ordinary sense, it is difficult to see that an intimation ceases to be a threat because it is addressed to a third person in answer to an inquiry, or because

44. 10 RPC 5.

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it is addressed to the person himself * * * If I threaten a man that I will bring an action against him, I threaten him none-the-less because I address that intimation to himself".

752. The words "or otherwise" have also been considered in the recent case of *Benmax* v. *Austin Motor Co. Ltd.*[45] by the Court of Appeal. Evershed M.R. observed thus—

> "* * * It seems, however, to be established that the words "or otherwise" must not be construed *ejusdem generis* so that the letter written, for example, by a patentee's solicitors before action brought and threatening to bring an action for infringement of the patent, must be regarded as within the formula "where any person otherwise threatens any other person"...."

In my redraft which I have appended I have substituted for the ambiguous word "otherwise" a detailed reference to communications which that word might signify.

753. **Sub-clause (2).**—Evershed M. R. pointed out in the above decision that the expression "the plaintiff shall be entitled to the following reliefs" in the corresponding Section 65 (2) of the U.K. Act of 1949 was ambiguous. It was urged before the court that on a proper construction of Section 65 (2) of that Act every party establishing threats and proving that they were unjustifiable was entitled as of right not merely to a declaration but to an injunction and damages. Dealing with this matter, the learned Master of the Rolls stated:

> "Now it is quite true that the terms of the second sub-section appear to be obligatory—"the plaintiff shall be entitled to the following relief"—But it would be startling if these words were obligatory. The remedy of an injunction is one that has always been regarded as essentially a matter for discretion.....If the defendants are right, in a case of this kind the court would be bound to grant an injunction, though the court considered it, as I should consider it in this case, both unjust and inconvenient. Moreover, it has never been the practice of this court to grant injunctions which are on the face of them futile or meaningless. What would be the point of granting an injunction to restrain the plaintiff from threatening to bring an infringement action in respect of a Letters Patent when by the same order the court had revoked the Letters Patent save perhaps to cast some doubt upon whether it really had been revoked? This section has emerged in the 1949 Act after considerable amendments in previous Acts. One of the problems which the Section had earlier presented, was solved by the removal from the present section of the former proviso that it had no application when an action for infringement was brought within a reasonable time after the alleged threat. I can see a sensible ground for removing that limitation. * * * There is this further point: from sub-section (1) it is plain that a person aggrieved may not seek more than one or other of the remedies set out in sub-section (2); yet, so far as I can see, if the defendants are correct, once the action has been brought and the party who has made the threats has failed to justify, the court is bound to grant all the reliefs regardless of what the plaintiff may ask for. That cannot be right, and indeed I go further and say that I cannot believe that Parliament intended in regard to the grant of an injunction to make it obligatory in any sense for a court, and particularly a Court of Enquiry, to grant an injunction. Unless the words are clear and beyond any possible doubt, I, for one, should absolutely decline to be so bound. In spite of the formula "the plaintiff shall be entitled", which in its context may not be quite happy, I am unable to construe and do not construe

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this section as compelling the court, given the premises, to grant all or indeed any of the relief set out in sub-section (2). In my judgment the phrase "the plaintiff shall be entitled" cannot mean more than this—that the plaintiff shall be entitled prima facie".

"In the circumstances of the case, having regard to the fact that in my judgment the patent should be revoked, and having regard also to the circumstances that Messrs. Austin now say that they make no claim to any inquiry as to damages, and do not seek damages, I am quite satisfied that the court should grant no relief whatever under Section 65".

Sub-clause (2) as redrafted by me seeks to obviate this criticism.

754. **Sub-clause (3).**—This sub-clause follows the language of sub-section (3) of Section 65 of the U.K. Act.

755. **Sub-clause (4).**—This sub-clause is a reproduction of the proviso to Section 36 of the Indian Patents and Designs Act, 1911 and is an anachronism. The corresponding proviso which had appeared in the U.K. Acts of 1883 and 1907 was omitted in the U.K. by the Amendment Act of 1932 as being unnecessary. I might recall that Evershed M. R. expressed the opinion in the Benmax case that the omission of this proviso in 1932 was proper. Sub-clause (4) might be deleted.

756. The clause would then read:

"**66.** *Remedy for groundless threats of infringement proceedings.*—(1) Where any person (whether or not entitled to or interested in a patent or an application for a patent) threatens any other person by circulars or advertisements or by communications, oral or in writing, addressed to that or any other person, with proceedings for infringement of a patent, any person aggrieved thereby may bring a suit in a District Court having jurisdiction to try it praying for a declaration that the threats are unjustifiable besides claiming relief by way of injunction against the continuance of the threats, for damages (if any) that the plaintiff has sustained thereby, and for costs.

(2) Unless in such suit the defendant proves that the acts in respect of which the proceedings were threatened constitute or, if done, would constitute, an infringement of a patent or of rights arising from the publication of a complete specification in respect of a claim of the specification not shown by the plaintiff to be invalid, the Court may grant to the plaintiff all or any of the reliefs prayed for.

(3) For the removal of doubt it is hereby declared that a mere notification of the existence of a patent does not constitute a threat of proceeding within the meaning of this Section".

## Clause-67—Register of Patents

757. This clause deals with the Register of Patents.

As I have already indicated, judgments deciding issues regarding the validity or invalidity of any claims of a patent in an infringement action or in a suit under Clause 66 are not to be entered in the Register of Patents since they affect only the parties to the respective litigation

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but they are to be entered in a separate supplemental record (*vide* Clause 63). But because of this no change need be made in the language of Clause 67 of the Bill.

The provisions in sub-clause (2) are more appropriate to Clause 68 and I would suggest its transfer to the later clause after sub-clause (4) of that clause as sub-clause (4a).

## Clause 68—Contents of the Register of Patents

758. It was submitted to the Swan Committee that the Register of Patents should be a record as complete as possible of all transactions in relation to patents and should also afford to the public complete information as regards the terms of the agreements relating to patents. The Committee observed that "so far as the proprietary interest in patents is concerned, it appears that the requirement of the Act is generally complied with. The same cannot, however, be said of the registration of licences, a substantial proportion of which, according to the evidence, remains unregistered. We fully support the view which has been put before us that this is an undesirable state of affairs". They considered several alternative suggestions for overcoming this evil but refrained from making any positive recommendation. I agree with the Swan Committee that every transaction which is registrable should be entered in the Register and as soon as possible after the transaction is entered into.

759. There is one other closely related matter and that is as regards registration of the agreements attached to licence grants. The Swan Committee considered that it was not expedient to provide for compulsory registration of such agreements, as they were of the view that the patentee and the licensee would normally desire to keep such agreements confidential and that it would not be in the interests of the trade that they should be made public. I do not share this view and I consider that where there is any dealing with a patent, (be it by way of title to the patent, or by way of the use of the patent) if the agreement in relation to it is embodied in a document, the law should insist upon the filing of that document with the Controller. The Swan Committee pointed out that there was no law against the grant of parol licences for the use of patents. But apart from the implied licences arising, say, from the sale of a product, I see no harm in insisting on every grant of an express licence being in writing. It is possible that parties might seek to avoid the provision as to registration of the agreement by splitting up contractual terms and keeping certain of the terms confidential, while offering for registration merely the formal ones. In such cases, there is always the danger of the collateral agreements not being admissible in evidence under sections 91 and 92 of the Evidence Act in the event of any dispute between the parties coming up before the Courts. That, in my opinion, is a sufficient safeguard against attempts at evasion of registration of the entirety of the agreement. I would suggest a reinforcing of this rule of evidence by express provision therefor in this clause.

760. To allay any fears regarding disclosure of trade secrets the clause might provide that the terms of the agreement filed before the Controller should be kept confidential and should not be open to public inspection except under the orders of Court on the lines of Section 49 (5) of the Trade and Merchandise Marks Act, 1958 in respect of agreements as to registered user. Needless to say that this last provision can possibly apply only to voluntary licences.

761. The position of a title conferred by an unregistered assignment is still somewhat obscure. It is not clear, for instance, whether an unregistered interest in or dealing with the

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patent is effective against a subsequent registered proprietor or licensee under a registered licence who took without notice of it. In *New Ixion Tyre Cycle Company Ltd.* v. *Spilsbury*[46], Mr. Justice Kekewich said:

> "Any person who registers an instrument, whether an assignment or otherwise, must register it subject to any rights appearing from the register to be vested in any other person."

This decision was upheld by the Court of Appeal, v*ide*[47]. The effect of this judgment would be that as between two documents of different dates, the document of a later date but which is registered earlier, has priority over an earlier transaction which is registered later. In other words, in order to determine the scope of two competing titles between two documents of different dates by the same individual, the inquiry to be made is as to which of the documents was registered earlier and not which of them was executed earlier. It would be seen that such a view runs counter to the ordinary notions of law that a person can only grant such rights as inhere in him. If he has already parted with his rights, and admittedly the unregistered documents was certainly effective to convey the title because the registration is a formality to be complied with only after the title passes, the assignor had already parted with his interest and was not therefore in a position to deal with the patent and in such circumstances to ascribe priority to the document of a later date would not appear to be in accordance with accepted principles of law.

762. The problem would appear to be more complicated in cases where a person claiming under a document of a later date but registered earlier, had notice of the earlier transaction. A question may also arise as to whether the claimant under the earlier transaction could be held to be estopped by any act or omission on the part of such a claimant to notify his title to the patent before the later transaction took place. These considerations are very relevant under the Indian law where the patent is treated as a species of intangible movable property. It would appear that under the Indian law relating to transfer of movable property it is the priority of the transaction and not the priority of registration that ought to determine the relative priority between competing titles derived from the same person in respect of a patent. I am of opinion that it is desirable that the statute should specifically provide for the priority of the earlier dated transactions in the absence of circumstances from which an estoppel could be founded, provided this is coupled with a provision requiring registration within a prescribed time limit of all transactions in relation to patents.

763. **Sub-clause (3).**—This provides for cases where the Controller is satisfied as to the proof of title of any person but there is no provision applicable to cases where the Controller is not satisfied as to the title of the person applying for registration of an assignment or transmission. Section 44 (1) of the Trade and Merchandise Marks Act, 1958 which deals with the registration of assignment and transmissions of trade marks contains a proviso in the following terms:

> "Provided that where the validity of an assignment or transmission is in dispute between the parties, the Registrar may refuse to register the assignment or transmission until the rights of the parties have been determined by a competent Court."

I would suggest the inclusion of a similar provision here.

46. 15 RPC 380.
47. 15 RPC 567.

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764. **Sub-clause** (5).—I have already pointed out that as between two competing titles the title based on the earlier transaction should have priority over the later transaction even though the later transaction is registered earlier. The language of the present sub-clause (5) is in absolute terms and does not exempt even an application for registration from the scope of the ban imposed by the clause. It should therefore be amended so as to read as "Except for the purposes of the application under sub-section (1) or of an application to rectify the Register". The following words must be added after "an application" and before "to rectify" in the present sub-clause (5):

"under sub-section (1) or of an application".

I would also suggest that the authority who shall not admit the unregistered document in evidence should be not merely the court but also the Controller. I suggest that for the words "any Court" in the sub-clause the words "by the Controller or by any Court" may be substituted.

765. The following amendments to Clause 68 would carry out the above recommendations:—

(1) After sub-clause (2) the following new sub-clause (2a) may be added:

" (2a) An assignment of a patent or of a share in a patent, a mortgage, licence or the creation of any other interest in a patent shall not be valid unless the same were in writing and the agreement between the parties concerned is reduced to the form of a document embodying all the terms and conditions governing their rights and obligations and the application for the registration of such document is filed in the prescribed manner with the Controller within three months or within such further period not exceeding three months in the aggregate as the Controller on application made in the prescribed manner allows from the execution thereof:

Provided that the document shall when registered have effect from the date of its execution."

(2) At the end of sub-clause (3) add the following proviso:

"Provided that when the validity of the transaction or transmission or of the mortgage, licence or other transaction referred to in sub-section (1) is in dispute between the parties, the Controller may refuse to register the assignment, transmission, mortgage, licence or other transaction until the rights of the parties have been determined by a competent Court."

(3) After sub-clause (4) insert the following as sub-clause (4a):

"(4a) Authenticated copies of all deeds, agreements, licences and other documents affecting the title to any patent or any licence thereunder and such other document as may be prescribed shall be supplied to the Controller in the prescribed manner for being filed in the Patent Office:

Provided that in the case of licences granted under a patent, the Controller shall, if so requested by the patentee or licensee, take steps for securing that the terms of the licence are not disclosed to any person except under orders of Court."

(4) Substitute for sub-clause (5) the following:

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"(5) Except for the purposes of an application under sub-section (1) or of an application to rectify the register of patents, a document or instrument in respect of which no entry has been made in the register of patents under sub-section (4) shall not be admitted by the Controller or by any Court, as evidence of the title of any person to a patent or share of or interest in a patent unless the Controller or the Court, for reasons to be recorded in writing otherwise directs."

## Clause 69—Rectification of the Register

766. This clause reproduces Section 64 of the Indian Patents and Designs Act, 1911.

767. In the U.K. the provision as to rectification of the Register is contained in two sections, one of which vests power in the Controller and the other in the Court. The power of the Controller is contained in Section 76 of the U.K. Act and is confined to the correction of clerical errors or obvious mistakes. The power of the Court to rectify is not so limited but extends to the rectification of a patent for proper cause. I see considerable advantage in the adoption of similar provisions conferring powers separately on the Controller and the Court.

768. Clause 69 as it stands omitting sub-clauses (3) and (5) (which would be obviously out of place) may suffice as a provision for rectification by the Court if the expression "Controller" is replaced by the words "High Court". The marginal heading of the clause may read: "Rectification of the Register by the High Court".

769. A new sub-clause may be added in the following terms providing for notice to the affected parties:

"(3) Notice of any application to the High Court under this section shall be given in the prescribed manner to the Controller who shall be entitled to appear and be heard on the application, and shall appear if so directed by the Court."

770. The following re-draft gives effect to the above recommendations:

"69. *Rectification of the Register by the High Court.*—(1) The High Court may, on the application of a person aggrieved—

"(a) by the absence or omission of any entry from the Register, or

(b) by any entry made in the Register without sufficient cause, or

(c) by any entry wrongly remaining on the Register, or

(d) by any error or defect in any entry in the Register, make such order for the making of any entry therein or the variation or the deletion of any entry therein as

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(4) Any order of the High Court under this section rectifying the Register shall direct that notice of the rectification shall be served upon the Controller in the prescribed manner who shall upon receipt of such notice rectify the Register accordingly."

### Clause 69A—Power of Controller to correct clerical errors etc.

771. I have appended a draft of a clause relating to the power of the Controller to correct clerical errors. As section 34 has made a special provision for the amendment of the complete specification it is necessary to except the provision of that section from the operation of the present clause. My draft follows in general Section 76 of the U.K. Patents Act, 1949.

"69A. *Correction of clerical errors and obvious mistakes by Controller.*—(1) Subject to the provisions of Section 34 and 35 as regards amendment of complete specifications filed in pursuance of an application for a patent, and subject to the provisions of Section 24A, the Controller may, in accordance with the provisions of this section, correct any clerical error in any patent or in any specification or other document filed in pursuance of such an application or in any application for a patent or any clerical error in any matter which is entered in the Register of patents.

(2) A correction may be made in pursuance of this section either upon a request in writing made by any person interested and accompanied by the prescribed fee, or without such a request.

(3) Where the Controller proposes to make any such correction as aforesaid otherwise than in pursuance of a request made under this section, he shall give notice of the proposal to the patentee or the applicant for the patent, as the case may be, and to any other person who appears to him to be concerned, and shall give them an opportunity to be heard before making the correction.

(4) Where a request is made under this section for the correction of any error in a patent or application for a patent or any document filed in pursuance of such an application, and it appears to the Controller that the correction would materially alter the meaning or scope of the document to which the request relates, and ought not to be made without notice to persons affected thereby, he shall require notice of the nature of the proposed correction to be advertised in the prescribed manner.

(5) Within the prescribed time after any such advertisement as aforesaid any person interested may give notice to the Controller of opposition to the request, and where such notice of opposition is given the Controller shall give notice thereof to the person by whom the request was made, and shall give to him and to the opponent an opportunity to be heard before he decides the case."

### Clause 70—Evidence of entries, documents, etc.

772. Sub-clauses (1) and (2) of this clause reproduce sections 71 and 71A of the Indian Patents and Designs Act, 1911. I would suggest, however, the deletion of the proviso to subclause (2) as being unnecessary. It may be mentioned that the corresponding Section 77 of the U.K. Act, 1949 does not contain any such proviso.

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773. I would also suggest the addition of a new sub-clause [sub-clause (3)] on the lines of Section 116 of the Trade and Merchandise Marks Act, 1958 in order to obviate the need for the presence of the Controller and other officials of the Patent Office to give evidence regarding the contents of documents.

774. This new sub-clause might read:

> "(3) The Controller or any other officer of the Patent Office shall not, in any legal proceeding to which he is not a party, be compellable to produce the register or any other document in his custody, the contents of which can be proved by the production of a certified copy issued under this Act or to appear as a witness to prove the matters therein recorded unless by order of Court made for special cause."

## Clause 71—Powers of the Controller

775. This clause corresponds to Section 65 of the Indian Patents and Designs Act, 1911 and Section 83 (2) of the U.K. Act, 1949. The clause does not contain any provision corresponding to Section 97 (c) of the Trade and Merchandise Marks Act, 1958 as to review by the Controller of his own decisions. Such a provision may be necessary where *ex parte* orders have to be set aside when a party who fails to appear establishes satisfactory cause for his non-appearance. I would accordingly propose two additional paragraphs to sub-clause 71 (1) reading as follows :

> " (ee) reviewing his own decision on application made in the prescribed manner;
>
> (eee) setting aside orders passed *ex parte*;"

776. Sub-clause (2) may be redrafted on the lines of Section 97(b) of the Trade and Merchandise Marks Act, 1958 when it would read:

> "(2) Any costs awarded by the Controller in exercise of the powers conferred upon him under sub-section (1) shall be executable as a decree of a civil Court."

777. The clause as re-drafted would run:

> '71. *Controller to have certain powers of a civil court.*—(1) Subject to any rules made in this behalf, the Controller in any proceedings before him under this Act shall have the powers of a civil court while trying a suit under the Code of Civil Procedure, 1908 (Act V of 1908) in respect of the following matters, namely:
>
> (a) summoning and enforcing the attendance of any person and examining him on oath;
>
> (b) requiring the discovery and production of any document;
>
> (c) receiving evidence on affidavits;
>
> (d) issuing commissions for the examination of witnesses or documents;
>
> (e) awarding costs;
>
> (f) reviewing his own decision on application made in the prescribed manner;
>
> (g) setting aside orders passed *ex-parte*; and

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(h) any other matter which may be prescribed.

(2) Any costs awarded by the Controller in exercise of the powers conferred upon him under sub-section (1) shall be executable as a decree of a civil Court."

### Clause 72—Evidence before the Controller

778. This clause reproduces Section 70A of the Indian Patents and Designs Act, 1911 and corresponds to Section 83 (1) of the U.K. Act, 1949. The clause might remain as it is.

### Clause 73—Exercise of discretionary power by Controller

779. This clause reproduces Section 67 of the Indian Patents and Designs Act, 1911 and corresponds to Section 81 of the U.K. Act. It is however, desirable to incorporate the opening words of Section 81 of the U.K. Act in order to make it clear that the powers under Clause 73 are "without prejudice" to the duty enjoined on the Controller by or under other sections of the Act, to give notice to the parties and hear them before deciding on the matters falling within his jurisdiction.

780. The clause may be redrafted to read:

"73. *Exercise of discretionary power by Controller.*—Without prejudice to any provisions of this Act, requiring the Controller to hear any party to the proceedings therein, or to give any such party an opportunity to be heard, the Controller shall give to any applicant for a patent, or for amendment of a specification (if within the prescribed period the applicant so requires) an opportunity to be heard before exercising adversely to the applicant any discretion vested in the Controller by or under this Act."

### Clause 73A—Disposal by Controller of applications for extension of time

781. The Bill confers on the Controller the power to extend the time to do various acts by

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## Clause 74 to 78—Patent Agents

781A. I have already dealt with this matter in detail in paragraphs 310 to 325 of Part I of this Report. My main recommendations in this connection are—

(1) that a register of Patent Agents should be established and that this register should be maintained at the Patent Office under the Controller of Patents & Designs;

(2) that no person whose name is not on the roll of Patent Agents should be permitted to describe or hold himself out as a Patent Agent, or to practice the profession of a Patent Agent, the transgression of the rule being penalised;

(3) that the following classes of persons should be entitled to to be registered as Patent Agents on application made in prescribed maner, namely,

(a) any legal practitioner entitled to act or plead before a High Court, who holds a university degree in physical science or in engineering or possesses an equivalent scientific or technical qualification;

(b) any person who is a graduate in physical science or engineering or possesses an equivalent scientific or and technical qualification and who has passed the qualifying examination prescribed under the Rules for registration as Patent Agents;

(c) any person who is a graduate in science or engineering or possesses an equivalent qualification and who has served as an Examiner of Patents for over 5 years, provided that no officer of the Patent office who has held a post involving duties as a hearing officer for more than twelve months shall be qualified to register or practice as a patent agent.

(d) any person who has been practising as a *bona fide* Patent Agent for at least five years before the 1st January, 1960, and has filed more than 30 complete specifications within that period and not less than five specifications in each of these five years;

(4) An alien shall not be registered as a Patent Agent provided however any alien who had been *bona fide* practising for at least five years before the 1st January, 1960 in the manner stated in para 3 (d) may be permitted to be entered on the roll;

(5) A Company or a Corporation shall not be capable of being registered as a Patent Agent;

(6) A firm may practise as Patent Agents provided that every member of the firm is individually registered as such Agent;

(7) Though only a person registered in the prescribed manner as a Patent Agent may describe or hold himself out as a Patent Agent, the profession of Patent Agents is not to be a closed one and there need not be any objection to allowing the applicant or a person duly authorised by him to draft the complete specification or act on his behalf before the Controller.

(8) A legal practitioner entitled to act or plead in any High Court in India, may appear before the Controller in all proceedings under the Act and may do any

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act on behalf of and for the applicant other than the drafting of the specification, which, however he would be entitled to do only if he were a registered Patent Agent.

(9) The name of a registered Patent Agent may be removed from the register by the Central Government on the ground of professional misconduct after giving him an opportunity to be heard.

The clauses relating to Patent Agents may be redrafted on the above lines.

## Clauses 79 to 85—International Agreements

782. I consider that the several matters dealt with in the provisions contained in these four clauses might be better arranged than in the Bill and I have redrafted them so as to achieve this purpose and incidentally to remove some verbal defects.

783. I have also included the following additional provisions in my redraft:—

(1) A provision on the lines of Section 132 of the Trade and Merchandise Marks Act, 1958 to provide for reciprocity between the law in India and that in other countries as regards the right of the respective nationals to apply for patents and as regards the protection of patents that may be granted— (new Clause 80).

(2) A provision for conferring multiple priorities in respect of each of the claims of the complete specification, where such specification is filed with a single convention application based on two or more separate applications in different convention countries for the same or cognate invention. Such a provision was recommended by the Dean Committee in Australia and Section 142 of the present Australian Act implements this recommendation. I am of opinion that such a provision would be in line with the general scheme of priorities I have recommended [*vide* new Clause 81(3)].

(3) A provision on the lines of Section 6 (3) (b) of the U.K. Patents Act, 1949 under which the power of the Comptroller to post-date an application is limited in the case of convention applications so as not to conflict with the 12 month-rule laid down by the proviso to Clause 8 (1). [*vide* new Clause 82 (3)].

(4) A provision on the lines of Section 14 (1) (h) of the U.K. Patents Act, 1949 by which one of the grounds of opposition to a convention application is that the application was made beyond 12 months from the date of the earliest application in a convention country [*vide* new Clause 82 (4)]. It would be noted that in the absence of such a ground, the limitation of 12 months would be very ineffective.

The U.K. Act contains no specific provision regarding the breach of the 12 months rule as a ground for revocation, because it would be covered by paragraph (j) of Section 32 (1) "that the patent was obtained on a false suggestion or representation". As there is a similarly worded ground in Clause 37, I have not thought it necessary to make any special provision therefor in Clause 82.

(5) A provision on the lines of Section 52 (2) of the U.K. Patents Act, 1949 under which publication of the invention after the priority date of the claim does not constitute

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anticipation entailing the rejection of an application or so as to invalidate a patent already granted [vide Clause 82 (5)]. The necessity for this provision is so obvious that it needs no explanation.

(6) A provision to give effect to the rule contained in Section 50 (2) (b) of the U.K. Act, 1949 relating to the determination of the reasonable time within which applications for patents should be made in the case of "obtaining".

(7) Lastly, a provision in Clause 84 on the lines of Section 143 (3) and (4) of the Australian Act, 1952 under which an applicant in a convention application has to furnish particulars of the specifications and dates of filing of the basic application properly authenticated to enable the Controller to verify whether the application is in conformity with the law and also to determine the priority dates of the several claims in the complete specification.

784. Besides this, I recommend the deletion of the following two provisions found in the Bill:—

(1) **Sub-clause 3 of Clause 82 of the Bill.**—This sub-clause corresponds to sub-section 4 of Section 91 of the U.K. Act, 1907 to 1946 which directed the "laying open to public inspection" of convention applications which were not accepted within eighteen months after they were filed. Dealing with this provision, the Swan Committee in paragraph 119 of their Final Report stated thus:

> "* * * This was considered desirable in order that convention applications should be citable as anticipations of later British applications within about the same period from their priority date as would apply to British applications filed in the first instance with a provisional specification. This procedure leads to considerable trouble and expense in practice and has other undesirable consequences. As we have already recommended that all patents whether or not claiming priority in respect of an application in a convention country should be dated as of the date of filing the complete specification in this country, any necessity for distinguishing between convention applications and others should disappear and the later part of Section 91 (4) which deals with laying open to inspection of the documents of convention applications should be cancelled."

The above provision was accordingly deleted in the U.K. Act of 1949. The present Bill like the U.K. Act of 1949 adopts the principle that the crucial date in regard to patent rights is the date on which the complete specification is filed, and this sub-clause therefore is not necessary.

(2) **Sub-clause (1) of Clause 84.**—This sub-clause has been taken from Section 69 (1) of the U.K. Patents Act, 1949. A provision in similar terms was introduced as sub-section (5) of Section 91 to the U.K. Patents Act, 1907 by an amendment effected in 1938. This was intended to give effect to Article 4-A (2) of the International Convention (ratified by that country in June 1938) reading as follows:—

> "2. Every application which, under the domestic law of any country of the Union, or under International treaties concluded between several countries of the Union, is equivalent to a regular national application, shall be recognised as giving rise to right of priority."

The convention now in force under which an application for protection outside a country is treated as equivalent to an application in the country does not apply to patents for inventions

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and as pointed out in *"La Soudure Electrique"* etc.[48], the cases where the provision would be attracted would be those relating to registration of designs under the Berne convention. In the usual agreements entered into by India, there are not any clauses making provision for what the sub-clause contemplates and I do not, therefore, consider there is any need for sub-clause (1) of Clause 84.

785. I have accordingly deleted sub-clause (3) and sub-clause (1) respectively from clauses 82 and 84 of the Bill.

786. The redrafted clauses might run in these terms:

> "79. *Notification as to declaration of convention country.*—(1) In this chapter, "convention application" means an application for a patent made by virtue of Section 81.
>
> (2) With a view to the fulfilment of a treaty convention or arrangement, with any country outside India which affords to applicants for patents in India or to citizens of India similar privileges as are granted to its own citizens, in respect of the grant of patents and the protection of patent rights, the Central Government may, by notification in the Official Gazette, declare such country to be a "convention country" for the purposes of this Act;
>
> Provided that a declaration may be made as aforesaid for the purposes either of all or of some only of the provisions of this Act, and a country in the case of which a declaration made for the purpose of some only of the provisions of this Act is in force, shall be deemed to be a convention country for the purpose of those provisions only."

787. **"80 Provision as to reciprocity.**—Where any country specified by the Central Government in this behalf by notification in the Official Gazette does not accord to the citizens of India, the same rights in respect of the grant of patents and protection of patent rights as it accords to its own nationals, no national of such country shall, not withstanding anything in this Act be entitled either solely or jointly with any other person—

(a) to apply for the grant of a patent or be registered as a proprietor of a patent,

(b) to be registered as the assignee of the proprietor of a patent, or

(c) to apply for a licence or hold any licence under a patent granted under this Act."

788. **"81.** *Convention applications.*—(1) Without prejudice to the provisions of Section 6 of this Act, an application for a patent for an invention in respect of which protection had been applied for in a convention country (hereinafter referred to as the basic application) may be made by the person by whom the application for protection was made or by the assignee of that person:

Provided that no such application shall be made by virtue of this sub-section after the expiration of twelve months from the date of the application for protection in a convention country, or where more than one such application for protection has been made from the date of the first application.

(2) Where applications for protection have been made in one or more convention countries in respect of two or more inventions which are cognate or of which one is a modification of another, a single convention application may, subject to the provisions of Section 9 of this

48. 56 RPC 218.

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Act, be made in respect of those inventions at any time within 12 months from the date of the earliest of the said applications for protection:

Provided that the fee payable on the making of any such application shall be the same as if separate applications have been made in respect of each of the said inventions; and the requirements of clause (b) of sub-section (1) of Section 8 shall, in the case of any such application apply separately to the applications for protection in respect of each of the said inventions."

789. "**82.** *Special provisions relating to convention applications.*—

(1) Every convention application shall,—

(a) be accompanied by a complete specification; and

(b) specify the date on which and the convention country in which the application for protection, or the first such application was made, and shall state that no application for protection in respect of the invention had been made in a convention country before that date by the applicant or any person from whom he derives title.

(2) Subject to the provisions of Section 9 of this Act, a complete specification filed with a convention application, may include claims in respect of developments of or additions to the invention in respect of which the application for protection was made in a convention country, being developments or additions in respect of which the applicant would be entitled under the provisions of Section 6 of this Act to make a separate application for a patent.

(3) A convention application shall not be post-dated under Section 16 (2) of this Act to a date later than the date on which under the provisions of this Act the application could have been made.

(4) In addition to the grounds of opposition set out in Section 21, a convention application shall be open to the following further ground of objection, namely, that the application was not made within 12 months from the date of the first application for protection for the invention made in a convention country by the applicant or a person from whom he derives title.

(5) Where a complete specification is filed in pursuance of a convention application then notwithstanding anything in this Act, the Controller shall not refuse to grant the patent and the patent shall not be revoked or invalidated by reason only that any matter disclosed in any application for protection in a convention country upon which the convention application is founded was used in India or published in India or elsewhere at any time after the date of that application for protection.

(6) In relation to a convention application, the provisions of Section 48 (2) (b) shall be read as if the reference to "the application being made as soon as practicable thereafter" were a reference to the filing of the application in a convention country."

790. "**83.** *Priority date of claims of complete specification in respect of convention application.*—(1) Where two or more applications for patents or similar protection in respect of inventions have been made in one or more convention countries and those inventions are so

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related as to constitute one invention, one application may be made by any or all of the persons referred to in sub-section (1) of Section 81 within twelve months from the date on which the earlier or earliest of those applications was made, in respect of the inventions disclosed in the basic applications.

(2) The priority date of a claim of the complete specification being a claim based on matter disclosed in one or more of the basic applications is the date on which that matter was first so disclosed.

(3) For the purposes of this Act, a matter shall be deemed to have been disclosed in a basic application for protection in a convention country, if it was claimed or disclosed (otherwise than by way of disclaimer or acknowledgement of prior art) in that application or any documents submitted by the applicant for protection in support of and at the same time as that application; but no account shall be taken of any disclosure effected by any such document unless a copy of the document is filed at the Patent Office with the convention application or within such period as may be prescribed after the filing of that application."

791. "**84.** *Supplementary provisions as to convention applications.*—(1) Where a convention application is made in accordance with the provisions of this chapter, the applicant shall furnish in addition to the complete specification, a copy or copies of the specification or specifications, or corresponding documents, filed or deposited by the applicant in the Patent Office of the convention country in which the basic application was made, certified by the Official Chief or head of the Patent Office of the convention country, or otherwise verified to the satisfaction of the Controller,

(a) along with the application or within three months thereafter, or

(b) within such further period after that time as the Controller allows.

(2) If any such specification or other document is in a foreign language, a translation into English of the specification or document, verified by affidavit or otherwise to the satisfaction of the Controller shall be annexed to the specification or document.

(3) For the purpose of this Act, the date on which an application was made in a convention country, is such date as the Controller is satisfied by a certificate of the Official Chief or head of the Patent Office of the convention country or otherwise, as the date on which the application was made in that convention country."

792. "**85.** *Other provisions of this Act to apply to convention application.*—Save as otherwise provided in this chapter, all the provisions of this Act shall apply in relation to a convention application and a patent granted in pursuance thereof as they apply in relation to an ordinary application and a patent granted in pursuance thereof."

## Clause 86—Special provisions as to vessels, aircraft and land vehicles

793. This clause is intended to replace Section 42 of the Indian Patents and Designs Act, 1911 which runs in these terms:—

> "42. *Foreign vessels in Indian waters.*—(1) A patent shall not prevent the use of an invention for the purposes of the navigation of a foreign vessel within the jurisdiction, of any Court in India, or the use of an invention in a foreign vessel within that

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jurisdiction, provided it is not used therein for or in connection with the manufacture or preparation of anything intended to be sold in or exported from india.

(2) This section shall not extend to vessels of any foreign State of which the laws do not confer corresponding rights with respect to the use of inventions in Indian vessels while in the ports of the State or in the waters within the jurisdiction of its courts."

By an amendment effected in 1934, the scope of the section was extended to aircraft found in Indian territory in similar circumstances.

794. It will be noticed that there are two points of difference between the present section and Clause 86, the latter being substantially a reproduction of Section 70 of the U.K. Patents Act, 1949:—

(1) Whereas Section 42 (1) of the Indian Patents and Designs Act applies to vessels and aircraft of all foreign countries, Clause 86 is confined to the vessels or aircraft of those foreign countries which happen to be in India for temporary purposes or accidentally and with which India has entered into a treaty or arrangement.

(2) There is no provision in clause 86 regarding reciprocity as is contained in sub-section (2) of section 42 of the Indian Patents and Designs Act, 1911, this feature being due to the fact that the provisions of the clause apply only to countries with whom a treaty, convention or arrangement is in force, (see Clause 80).

795. The countries with which convention arrangements exist up till now are only a few Commonwealth countries. In the circumstances I consider that a clause on the lines of sub-section (2) of Section 42 of the Indian Patents and Designs Act, 1911 applying to every foreign country which does not discriminate against the vessels or aircraft of Indian nationals or registered in this country, should be added to the clause as it stands.

796. I would therefore recommend that Clause 86 might run in these terms:

"86. *Special provisions as to vessels, aircraft and land vehicles.*—(1) Where a vessel or aircraft registered in a foreign country or a land vehicle owned by a person ordinarily resident in such country comes into India (including the territorial waters thereof) temporarily or accidentally only, the rights conferred by a patent for an invention shall not be deemed to be infringed by the use of the invention—

(a) in the body of the vessel or in the machinery, tackle, apparatus or other accessories thereof, so far as the invention is used on board the vessel and for its actual needs only; or

(b) in the construction or working of the aircraft or land vehicle or of the accessories thereof;

as the case may be.

(2) This section shall not extend to vessels of any foreign state of which the laws do not confer corresponding rights with respect to the use of inventions in Indian vessels, aircraft or land vehicles while in the ports or within the territorial waters of the State or otherwise within the jurisdiction of its courts".

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## Clause 87—Appeals

797. **Sub-clause (1).**—It seems desirable to provide in express terms that no appeal shall lie from the decisions or orders of the Central Government under this Act. A provision on the lines of Section 109 (1) of the Trade and Merchandise Marks Act, 1958 is accordingly suggested for inclusion as sub-clause (1).

798. The present sub-clause (1) might be numbered as sub-clause (2). The reference to the provisions contained in the various items (a) to (t) would have to be modified to keep in line with the changed numbering I have suggested.

799. **Sub-clause (3).**—I would suggest that the practice of the patent offices should be to transmit a copy of the order of the Controller in every case to the parties, either by personal delivery or to the agent or to the Advocate by registered post as is the practice of the Appellate Commissioner and the Income-tax Tribunal under the Income-tax Act. This would prevent objection being raised on the ground that the party did not receive intimation of the order sufficiently early to enable him to apply for the copy of the order for the purpose of appeal. If the procedure of sending copies of the orders direct to the parties is adopted, there would be no need for any provisions on the lines of sub-clause (3). If the copies served on the parties are themselves authenticated—certified copies—they might themselves be used for filing appeals. Certified copies would be needed only in the rare contingency of the copies served, being lost or mislaid. In those circumstances, there would be no need for a provision for excluding the period spent in obtaining copies in computing limitation for filing appeals.

800. Further, under the power given to the High Courts to frame rules for the procedure governing the hearing of appeals provision might be made for the extension of time in filing an appeal on the lines of Section 5 of the Limitation Act. This would suffice to cover cases where the order served on the party is lost, and he is unable to obtain a certified copy in time. Sub-clause (3) may therefore be deleted.

801. If the above suggestions are adopted, the clause would read:—

> "87. *Appeals.*—(1) No appeal shall lie from any decision, order or direction made or issued under this Act by the Central Government or from any act or order of the Controller for the purpose of giving effect to any such decision, order or direction.
>
> (2) An appeal shall lie to a High Court from any direction, decision or order of the Controller under any of the following provisions, that is to say,
>
> (a) any order under Section 14.
>
> (b) direction, decision or order under Section 16.
>
> (c) any direction under Section 17.
>
> (d) any decision under Section 21.
>
> (e) any order under Section 21-A.
>
> (f) any decision or order under Section 22.
>
> (g) any decision or order under Section 31.
>
> (h) any order under Section 32.

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(i) any order under Section 34.

(j) any order under Section 36(4).

(k) any order under Section 41.

(l) any order under Section 41-A.

(m) any order under Section 41-B.

(n) any order under Section 42-A.

(o) any order under Section 43.

(p) any order under Section 45(3).

(q) any order under Section 45A.

(r) any order under Section 45-B.

(s) any direction under Section 51(1), (2).

(t) any order refusing to register a document under Section 68 (3).

(u) any order under Section 69A.

(3) Every appeal under this Section shall be in writing and shall be made within three months from the date of the direction, decision or order as the case may be, of the Controller, or within such further time as the High Court may in accordance with rules framed under Section 88 allow.

## Clause 88—Procedure for hearing of appeals

802. The procedure for hearing appeals under this Clause follows Section 23 (G) of the Indian Patents and Designs Act, 1911 in providing that an appeal shall be heard by a Bench of two Judges. This was possibly because it was thought that no appeal would lie from the decisions of a single Judge hearing an appeal from the Controller. The view which was once entertained by the Calcutta High Court has since been overruled by the Supreme Court. Hence there is no need for a Bench on that ground. In the report relating to the revision of Trade Marks Law, I have considered the relative merits of appeals being heard by a single Judge or by a Bench in detail and suggested that it was sufficient if appeals were heard by a single Judge and Section 109 of the Trade and Merchandise Marks Act, 1958 gives effect to this. The clause may be redrafted on the lines of Section 109 (4) of the Trade and Merchandise Marks Act, 1958.

803. **Sub-clauses (2) and (3)** are a repetition of the provisions of Clause 65 and may therefore be omitted.

804. **Sub-clause (4).**—I would suggest the omission of the words "save as otherwise provided", as a rule inconsistent with the Act could not but be contrary to the provisions of this section as well.

805. If the above suggestions are accepted, the clause would read:

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"88. *Procedure for hearing of appeals.*—(1) Every appeal before a High Court under Section 87 shall be preferred by a petition in writing and shall be in such form and shall contain such particulars as may be prescribed.

(2) Every such appeal shall be heard by a single Judge of the High Court:

Provided that any such Judge may, if he thinks fit, refer the appeal at any stage of the proceedings to a Bench of the High Court.

(3) Where an appeal is heard by a single Judge, a further appeal shall lie to the Bench of the High Court.

(4) The High Court may make rules consistent with this Act as to the procedure to be followed in respect of appeals made to it under Section 87."

### Clause 89—Contravention of secrecy provisions relating to certain inventions

806. This clause reproduces substantially the provisions of Section 18 (6) of the U.K. Act, 1949 [*cf.* Section 131 (2) of the Australian Patents Act]. The offence in question is analogous to that punishable under Section 5 (4) of the Official Secrets Act of 1923 under which the punishment imposed may extend to two years imprisonment or fine without limit. I would suggest that the limitation of fine to Rs. 1,000 now appearing in Clause 89 may be deleted and the fine may be without limit.

807. In passing it may be pointed out that Section 20 (5) of the Canadian Patents Act treats an analogous misconduct as an offence under the Official Secrets Act of that country.

### Clause 90—Practice by non-registered patent agents

808. This clause is in line with Section 88 (2) of the U.K. Act of 1949 and Section 136 of the Australian Act and needs no change.

### Clause 91—Falsification of entries in register

809. A comparison with the corresponding provisions of Section 33 of the Australian Act or Section 90 of the U.K. Act, 1949 or Section 83 of the Trade and Merchandise Marks Act, 1958 as to the penalty for falsification of entries in the register shows that the punishment now provided under Clause 91 is insufficient. I would accordingly suggest that taking into account the gravity of the offence, the same punishment of 2 years imprisonment may be awarded under this clause as in Section 83 of the Trade and Merchandise Marks Act, 1958.

### Clause 92—Unauthorised claim of patent rights

810. The punishment provided for the offence appears to be much too severe for the transgression involved. Under the corresponding provision in the U.K. Act of 1949 [Section 91(1)], the penalty for the offence of false representation that an article sold is a patented article is a fine hot exceeding £ 5, while for the use of the words, "Patent Office" on the offender's place of business, the punishment is a fine not exceeding £ 20. Similarly under the Australian Act

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[Section 174 (2)], the punishment for this offence is £ 100. In the light of these precedents, I should consider that a fine which may extend to Rs. 500 would be reasonable and sufficient.

811. There is also one other matter which I desire to mention: The gravemen of the offence is a false representation that an article enjoys patent protection *under the law in India*. It has, however, to be remembered that imported articles sometimes bear the mark "Patent "or "Patented", words employed to indicate that the article has obtained patent protection in the country of its manufacture. On the clause as it stands, it is possible that even in these cases a person who sells such articles would be guilty of an offence because there is no subsisting patent for that article in India. In this respect, the provisions contained in Clause 174 of the Australian Act appear to me to be not open to this objection and therefore preferable to the form adopted in Section 91(1) of the U.K. Act on which the clause is based.

812. I would therefore redraft the clause to read:

> "92. *Unauthorised claim of patent rights.*—(1) If any person falsely represents that any article sold by him is patented in India or is the subject of an application for a patent in India, he shall be punishable with a fine which may extend to Rs. 500.
>
> (2) For the purposes of this section—
>
> (a) a person shall be deemed to represent that an article is patented in India if there are stamped, engraved or impressed on or otherwise applied to the article the word "patent" or "patented" or some other word or words expressing or implying that a patent for the article has been obtained in India, and
>
> (b) a person shall be deemed to represent that an article is the subject of an application for a patent in India, if there are stamped, engraved or impressed on, or otherwise applied to, the article the words, "patent applied for", "patent pending" or some other word or words implying that an application for a patent for the article has been made in India.
>
> *Explanation.*—The use of the words "patent", "patented", "patent applied for", "patent pending" or other word or words expressing or implying that an article is patented or that a patent has been applied for shall be deemed to refer to a patent in force in India, or to a pending application for a patent in India as the case may be, unless there is any accompanying indication that the patent has been obtained or applied for in any country outside India."

## Clause 93—Wrongful use of words "Patent Office"

813. Although under the corresponding section 91 (2) of the U.K. Act of 1949 and Section 173 of the Australian Act, 1952-1955, the penalty for the offence is limited to a mere fine, the punishment under Section 82 of the Trade and Merchandise Marks Act 1958 for the corresponding offence includes imprisonment for six months or fine or with both. Having regard to the prevailing conditions in India, I would suggest that the clause may be amended on the lines of Section 82 of the Trade and Merchandise Marks Act, 1958.

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## Clause 94—Refusal or failure to supply information

814. There are two points to which I would advert in connection with this clause. The first is as regards the penalty imposed. The second is as to what other consequences which a failure to supply information or the supplying of false information ought to have upon the continuance of the patent; in other words, whether the penal consequences of a failure to obey the directions of the Controller should he confined merely to the punishment of the offender or whether it ought not to extend to affect the patent itself in connection with which this refusal was made or incorrect information furnished, or the interest, if any, of the offender in the Patent.

815. In regard to the first matter, namely, the punishment, I would draw a distinction between a mere refusal or failure to supply information without lawful excuse, and the supplying of information which is known or has reason to be believed to be false. Whatever justification there might be to impose a punishment of imprisonment in the latter case, I do not consider that a mere refusal or a mere failure to furnish information which is called for by the Controller ought to subject the offender to a punishment of imprisonment. In that class of cases, I would consider that the imposition of a fine not exceeding Rs.1,000 would be ample.

816. In cases, however, where information is disclosed but is deliberately false, a punishment of imprisonment would seem to be called for on the analogy of a false statement on oath. For this purpose, the rules might prescribe that the patentee or a licensee— exclusive or non-exclusive—who is called upon to furnish information and who does so, should affirm the truth of that statement by having an affidavit sworn to before an officer competent to administer an oath. The information furnished should be in the form of an annexure to the affidavit affirmed before such an officer.

817. The next point is as to whether the failure to disclose the information or the furnishing of false information should not have consequences upon the continuance in force of a patent or on the interest in the patent of the person failing to give information or giving false information. Having considered the matter carefully I have reached the conclusion that it is not practicable to devise a scheme which would confine the effect of such an added penalty to the party responsible and that there would have to be an elaborate provision for the protection of innocent persons. I have therefore considered it proper to confine the penalty to the fine and imprisonment as already indicated.

818. The clause may be redrafted to read:—

> "94. *Refusal or failure to supply information.*—(1) Any person who refuses or fails to furnish to the Controller any information or statement which he is required to furnish under Section 105 shall be punishable with fine which may extend to Rs.1,000.
>
> (2) Any person who being required to furnish information referred to in sub-section (1) furnishes such information or statement which is false and which he either knows or has reason to believe to be false or does not believe to be true, shall be punishable with imprisonment which may extend to six months or with fine or with both".

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### Clause 95—Contravention of provisions of Section 98 by officers and employees of the Patent Office.

819. I do not consider there is any necessity for the provision in Clause 95. If there is a breach of discipline on the part of an officer or an employee of the Patent Office, he might be suitably dealt with departmentally and that ought to suffice. This clause may be deleted.

### Clause 96—Offences by Companies

820. This clause corresponds to Section 93 of the U.K. Act, 1949. I would however, suggest that the provision might be redrafted on the same terms as Section 88 of the Trade and Merchandise Marks Act, 1958.

### Clause 97—Restrictions on employees of Patent Office as to right or interest in patents.

821. The clause is in order.

### Clause 98—Officers and employees not to furnish information etc.

822. The clause is in order and may stand as it is.

### Clause 99—Avoidance of certain restrictive conditions

823. This clause in terms reproduces Section 57 of the U.K. Patents Act, 1949. The object of the provision which dates in the U.K. from 1907 (*vide* Section 38 of the Patents Act, 1907) is to ensure that patent rights are not made an instrument of a monopoly wider in scope or longer in duration than that afforded under the patent by the statute. In the United Kingdom it was however, found that the provision in the Patents Act was not by itself sufficient to meet the myriad forms in which restraints on trade which were injurious to public interest were devised and built around patent grants and even without reference to Patents. This evil has been sought to be countered by recourse to special legislation—The Monopolies and Restrictive Practices (Inquiry and Control) Act, 1948 and Restrictive Trade Practices Act, 1956.

824. In paragraph 203 *ante,* I have already indicated my opinion as regards the desirability and necessity for directing an investigation by a special commission as to the extent to which monopolies and restrictive trade practices prevail in this country in order to devise suitable machinery for eradicating the evil.

825. Leaving aside these larger questions, there is no doubt that a clause of this sort would operate to minimise certain forms in which patentees usually attempt improperly to extend their patent rights. It is therefore very essential that the clause should be framed so as to be free from ambiguity and leave as few loopholes as possible to evade its provisions.

826. Speaking of the language of Section 38 of the U.K. Act of 1907, the Swan Committee said:—

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"Section 38 proved of little value, owing to the ease with which its provisions can be evaded. The meaning of the section is far from clear, and its wording is so limited as to provide easy means of evading and defeating the object with which the section was inserted in the Acts. It is not difficult to frame a contract which is highly restrictive in its operation, while remaining within the letter of this section. An applicant for a licence may be confronted with the choice of accepting a licence on these restrictive terms or going without". (Second Interim Report paragraph 35).

827. Section 57 of the Act of 1949, however, which replaced this section is not very different though the scope and operation of the provision have been slightly extended. The criticism to which the Swan Committee subjected Section 38 of the U.K. Act of 1907 is, I should consider, applicable though not in the same measure to Section 57 of the U.K. Act of 1949.

828. I set out the provision of Clause 99 in a questionnaire which was circulated to persons interested in patents and I enquired as to whether this provision was (1) necessary or (2) sufficient. Almost unanimously the answer was that it was both necessary and sufficient. I am however, not persuaded that the precise implications of the provision, the ambiguity in its language and the ease with which it could be evaded were fully realised by those who answered the questionnaire.

829. There has been just one decision in which the language of this provision has been considered, *vide*[49] (*Tool Metal Manufacturing Coy. Ltd.* v. *Tungsten Electric Coy. Ltd.*). Keeping *in* mind the contentions that were urged in that case and the construction which Pearson, J., was inclined to adopt of the words used and also bearing in mind the loopholes pointed out by others (*vide e.g.* Blanco White, Patents for Inventions at pp. 266 to 270), I would redraft the clause as follows:

"99. *Avoidance of certain restrictive conditions.*—(1) It shall not be lawful to insert—

(i) in any contract for or in relation to the sale or lease of a patented article or of an article made by a patented process, or

(ii) in a licence to manufacture or use a patented article, or

(iii) in any lease or licence to work any process protected by a patent;

a condition the effect of which may be—

(a) to require the purchaser, lessee, or licensee to acquire from the vendor, lessor, or licensor, or his nominees, or to prohibit him from acquiring or to restrict in any manner or to any extent his right to acquire from any person or to prohibit him from acquiring except from the vendor, lessor, or licensor or his nominees, any article other than the patented article or an article other than that made by the patented process; or

(b) to prohibit the purchaser, lessee or licensee from using, or to restrict in any manner or to any extent the right of the purchaser, lessee or licensee, to use an article other than the patented article or an article other than that made by the patented process, or which is not supplied by the vendor, lessor or licensor or his nominees;

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(c) to prohibit the purchaser, lessee or licensee from using, or to restrict in any manner or to any extent the right of the purchaser, lessee or licensee to use any process other than the patented process;

and any such condition shall be null and void.

(2) An agreement between the vendor, lessor or licensor and the vendee, lessee and licensee respectively for or in relation to the purchase or use of the articles or processes specified in any of the foregoing sub-clauses (a), (b) or (c) shall be a restrictive condition falling within sub-section (1) notwithstanding that such agreement is made before or after the contract relating to the sale, lease or licence of the patented article or process, and whether or not the restrictive conditions are embodied in such sale-lease or licence as the case may be.

(3) In proceedings against any person for the infringement of a patent, it shall be a defence to prove that at the time of the infringement there was in force a contract relating to the patent and containing a condition declared unlawful by this section, provided however, that this sub-section shall not apply if the plaintiff is not a party to the contract and proves to the satisfaction of the court that the restrictive condition was inserted in the contract without his knowledge and consent, express or implied.

(4) Any contract for the sale or lease of a patented article or for licence to manufacture, use or work a patented article or process, or relating to any such sale, lease or licence whether made before or after the commencement of this Act, may at any time after the patent or all the patents by which the article or process was protected at the time of the making of the contract has or have ceased to be in force, and notwithstanding anything to the contrary in the contract or in any other contract, be determined by the purchaser, lessee, or licensee as the case may be, of the patent on giving three months' notice in writing to the other party.

The provisions of this sub-section shall be without prejudice to any right of determining the contract exercisable apart from this sub-section.

(5) Nothing in this section—

(a) affects a condition in a contract by which a person is prohibited from selling goods other than those of a particular person;

(b) validates a contract which, but for this section, would be invalid;

(c) affects a condition in a contract for the lease of, or licence to use, a patented article, by which the lessor or licensor reserves to himself or his nominee the right to supply such new parts of the patented article as may be required to put or keep it in repair.

(6) The provision of this section shall apply to contracts made before the commencement of this Act, in so far as any restrictive conditions declared unlawful by this section continue in force after that date."

830. The principal changes I have made in my redraft are:—

(1) The characterisation of the improper restrictive condition in the opening para of the clause as "unlawful" instead of as void. This was because it was doubtful if a

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condition which is void by virtue of a statute would avoid similar terms in a foreign contract, *i.e.,* those to which the proper law of contract would not be the Indian law. Bearing in mind that most of the Indian patents are held by foreigners, this appeared to me to be matter for serious consideration. The form I have adopted is derived from Section 38 of the U.K. Patents Act, 1907 the language of which has been adopted in Section 112 of the Australian Patents Act, 1952— 1955.

(2) Sub-clause (2) has been framed to counter any attempt to evade sub-clause (1) by resorting to different or separate contracts (1) for the sale, lease or licence of or under a patent and (2) the restrictive conditions regarding the acquisition or use of unpatented goods or processes.

(3) Sub-clause (3) has been strengthened as compared to sub-clause (2) of the Bill in that the onus of proving want of knowledge or consent is thrown on the plaintiff which is reasonable since he would be in a better position to lead evidence on the point than the infringer-defendant.

(4) Sub-clause (4) of my redraft is not in the Bill. Its language is derived from Section 58 (1) and (3) of the U.K. Patents Act, 1949 with, however, this variation that the option to determine the contract is not available to the patentee. As the rule embodied in Section 58 of the U.K. Act has been designed to counter attempts by patentees to extend the duration of their patent monopolies beyond that allowed by the statute, it stands to reason that the option to avoid such a contract should be confined to the other party. For the same reason, I have omitted the provision for compensation in the event of the determination of the contract to be found in Section 58 (2) of the U.K. Act, 1949.

(5) Sub-clause (6) makes provision for the retrospective operation of this clause to agreements which, having been made before the commencement of the Act, continue in force thereafter. In this respect, it makes a departure from the Bill which by Clause 115 (2) (d) expressly confines Clause 99 to agreements entered into after the new Act. I do not, however, consider this proper or necessary. When once it is conceded that these are restraints on trade which are contrary to public policy and public interest. I do not see any impropriety in enforcing the provision with retrospective effect. I would, however, suggest that Clause 99 might be brought into force some reasonable time, say three months after the rest of the Act so that parties might refashion their contracts so as to take them outside the provisions of the clause.

(6) I have omitted sub-clause (3) of the Bill. The basis of sub-clause (1) is that contracts containing such conditions are unreasonable restraints of trade and are, therefore, contrary to public policy. Such conditions are, however, agreed to by purchasers, lessees and licensees because of the superior bargaining power which patentees enjoy by virtue of the monopoly conferred on them by law. If this is so, it is somewhat illogical to provide what in effect is a loophole for such covenants being entered into and enforced. An unreasonable restraint on trade is not merely unfair as between the parties but is injurious to public interests and I, therefore, consider that sub-clause (3) of the Bill should be deleted. I have already pointed out that when the clause which ultimately became Section 38 of the U.K. Act of 1907

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was originally introduced into the House of Commons, and in the Bill as it emerged from that House, the matter contained in sub-clause (3) was absent, and that it was in the House of Lords that the two provisions were added. I have further stated that the existence of these provisions in the U.K. Act have practically nullified and rendered ineffective the provision contained in the main body of the Section. This is an additional reason why I recommend the deletion of sub-clause (3). Sub-clause (4) is only consequential on sub-clause (3) and should also be deleted.

### Clause 100—Fees

831. I would suggest a modification of sub-clause (2) on the lines of Section 127 (2) and (3) of the Trade and Merchandise Marks Act,1958.

### Clause 101—Privilege of reports of Controller

832. Clause 101 reproduces Section 60 of the Indian Patents and Designs Act, 1911 with a proviso which is taken from Section 79 (2) of the U.K. Act, 1949.

### Clause 102—Restriction Upon publication of specification

833. I would suggest that the provisions in Clauses 101 and 102 may be combined and the present Clause 102 be numbered as sub-clause (1) of the re-drafted Clause 101 and the present Clause 101 as sub-clause (2) of that clause on the lines of the U.K. Act with a slight change to meet the requirements of Clause 23. In my notes to Clause 23. I have indicated that in cases of applications for grant of patents in regard to which secrecy directions have been imposed by the Controller, the Central Government should have the right to inspect the complete specification at any time before its acceptance in order to decide as to whether the secrecy directions should continue or not. The clause may be redrafted as follows:—

"101. *Restriction upon publication of specifications, etc.*—(1) Subject to the provisions of Section 23 of the Act, an application for a patent, and any specification filed in pursuance thereof, shall not, except with the consent of the applicant, be published by the Controller or be open to public inspection at any time before the date of advertisement of acceptance of the application.

(2) Reports of or to the Controller made under this Act shall not be open to public inspection or be published by the Controller, and such reports shall not be liable to production or inspection in any legal proceeding unless the Court certifies that the production or inspection is desirable in the interests of justice, and ought to be allowed:

Provided that the Controller may, on application made in the prescribed manner, by any person, disclose the result of any search made under Section 12 of this Act in respect of any application for a patent where the complete specification has been published".

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### Clause 103—Publication of patented inventions

834. This clause is a reproduction of Section 36 of the Indian Patents and Designs Act, 1911 and corresponds to Section 94 (1) (d) of the U.K. Act, 1949 and Rule 145 of the U.K. Patent Rules, 1949. The provision corresponds to Section 175 of the Australian and Section 127 of the Canadian enactments.

835. In this connection, I would suggest that there might be as in the U.S.A. the publication of a combined journal for Patents, Designs and Trade marks as Government has now decided to amalgamate the Patent and Trade Marks Offices. (See section 4 of the Trade and Merchandise Marks Act, 1958). This official journal may contain all notifications, advertisements and other matters required to be published under the Patents Act, the Designs Act and the Trade and Merchandise Marks Act.

836. The following redraft of the clause seeks to give effect to this recommendation:—

> "103. *Publication of patented inventions.*—(1) The Controller shall issue periodically a journal to be called the Patent Office Journal and shall publish therein all such particulars of applications for patents as are required by this Act to be published and all such other matters as are directed by this Act or the Rules made thereunder to be published therein and such other matter and information relating to Patents, Designs and Trade Marks as may appear to him to be useful to the public.
>
> (2) The Controller may also prepare and publish in such form as he deems expedient indexes and abridgements of specifications, catalogues and other works relating to inventions and patents as may be prescribed or as he thinks fit."

### Clause 104—Powers of Controller to correct clerical errors

837. I have already discussed in my notes under Clause 69 the scope of the power to be vested in the Controller to correct clerical errors in connection with the application for a patent and other relevant documents. I have suggested a draft of the clause and it is numbered Clause 69A. In view of this, Clause 104 is unnecessary and may be deleted.

### Clause 105—Power of Controller to call for information from patentee

838. Opinion has been expressed that this provision enabling the Controller to call for periodical statements from the patentee or the exclusive licensee as to the commercial working of the invention in India might prove a burden rather than an advantage, and that for this reason this provision should be omitted. It is urged that the particulars as to the user submitted by the patentee or the exclusive licensee could not be the subject of scrutiny or cross-examination by the Controller so that one could not be sure that the statements furnished by the patentee or the exclusive licensee were correct. It was stated that it was possible that the patentee might furnish untrue or incorrect statements with a view to enable him to confront any applicant for compulsory licence with the incorrect statements when the time for this arose.

839. There were others who expressed the opinion that compliance with the provisions of this clause would compel manufacturers to disclose their trade secrets and that if this requirement were insisted upon, they would rather close down than to continue to work the patent.

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I am not inclined to take this threat seriously. I am also not satisfied that the provision would be either useless or would be of disadvantage to the general public. Most of the industries in which patents are worked are covered by the requirements of the Industries (Development and Regulation) Act of 1951 under which manufacturers are bound to furnish to Government particulars as to the working and other details of manufacture. Besides, Clause 94 provides for a sufficiently deterrent punishment for furnishing false statements as to the working of the invention by a patentee or the licensee. I feel that this provision will enable the Controller to have detailed particulars as to the actual working of the invention. It would enable him to dispose of quickly and efficiently applications for compulsory licences and endorsements of "licences of right" under the relevant clauses of the Bill.

840. Further, particulars as to working of the invention would be useful for statistical purposes as at present no estimate can be made of the extent to which patents are being worked.

841. The latter objection seems to be rather exaggerated. The information which the Controller requires under this clause is as to the "extent to which the patent is commercially worked in India", and such information is generally disclosed in the Directors' Report and the balance sheets of the companies and do not involve the disclosure of any trade secrets. No legitimate exception could therefore be taken to any provision under Section 105.

842. On the clause as it stands the Controller might require information as to working only from a patentee or an exclusive licensee. I consider this insufficient to achieve the purpose of the clause. The patent may be worked not by the patentee but by a non-exclusive licensee. In such case, it is possible that the patentee might not be in a position to furnish particulars as to the extent to which the patent has been commercially worked in India. If in such a case the Controller cannot require the non-exclusive licensee to furnish information the purpose of the clause would fail. There does not appear to be any logical principle behind the exclusion of the non-exclusive licensee from the operation of this clause. After all, the clause is designed to find out the extent of commercial working of every patent and as a patent could be worked by exclusive as well as non-exclusive licensees, there is no reason why the latter should be excluded from the scope of this clause. I would, therefore, suggest that for the words "an exclusive licensee", the words "a licensee, exclusive or otherwise" may be substituted.

843. I would also suggest that for the words "the patent has been commercially worked", the words "the patented invention has been commercially worked" may be substituted.

844. I would accordingly recommend the retention of this clause with the modification I have suggested which is carried out in the following draft.

> "105. *Power of Controller to call for information from patentee.*—The Controller may, at any time during the continuance of the patent, by notice in writing, require a patentee or a licensee, exclusive or otherwise, to furnish to him within two months from the date of such notice or within such further time as the Controller may allow, such information or such periodical statements as to the extent to which the patented invention has been commercially worked in India as may be specified in the notice."

## Clause 106—Service of notices, etc. by post

845. This clause is the same as Section 73 of the Indian Patents and Designs Act, 1911 and corresponds to Section 97 of the U.K. Patents Act of 1949.

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The word "pre-paid" may be inserted before the word "post".

### Clause 107—Declaration by infant, lunatic, etc.

846. I would suggest that sub-clause (1) might be amended by the substitution of the word "minority" for the word "infancy" in line 10 as the word used in the Indian Contract Act and in the Indian Majority Act is "minority" and not "infancy", and the addition of the word "lunacy" immediately after the word "minority".

### Clause 108—Security for costs

847. This clause corresponds to Section 74-A of the Indian Patents and Designs Act, 1911 and Section 82 (2) of the U.K. Act of 1949. The reference to the High Court may be deleted from this clause as in any event High Courts have the power to require any person to give security for the payment of costs under the Civil Procedure Code and that power will be attracted to proceedings under this Act and it is necessary to provide only for proceedings before the Controller.

### Clause 109—Transmission of copies of specification, etc., and inspection thereof

848. This clause reproduces Section 72 of the Indian Patents and Designs Act, 1911. I would suggest two minor drafting changes, namely, for the word "appointed" the word "specified" may be substituted and for the words "approved by" the words "with the approval of".

### Clause 110—Information relating to patents

849. This reproduces Section 59-A of the Indian Patents and Designs Act, 1911 and substantially Section 78 of the U.K. Act, 1949. The present clause may be retained and the documents which should be open to inspection and of which copies could be had may be specified in the rules as in rule 137 of the U.K. Patent Rules, 1949.

### Clause 111—Loss or destruction of patent

850. This corresponds to Section 39 of the Indian Patents and Designs Act, 1911, Section 80 of the U.K. Act of 1949 and Section 71 of the Australian Patents Act, 1952-55. I would suggest two minor drafting changes in this clause so as to make it read:—

> "111. *Loss or destruction of patent.*—If a patent is lost or destroyed, or its non-production is accounted for to the satisfaction of the Controller, the Controller may at any time, on application made in the prescribed manner, cause a duplicate thereof to be sealed and delivered to the applicant."

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### Clause 112—Models to be furnished to Indian Museum

851. This clause reproduces the present Section 41 of the Indian Patents and Designs Act, 1911 corresponding to Section 47 of the U.K. Act, 1907. There is however no corresponding provision in the present U.K. Act, 1949. It appears that little use has been made of this section and I would therefore suggest its deletion.

### Clause 112-A—High Court to make rules

852. I would add a new clause empowering the High Courts to make rules in respect of proceedings before them on the lines of Section 110 of the Trade and Merchandise Marks Act, 1958.

"853. **112A. High Court to make rules.**—The High Court may make rules consistent with this Act as to the conduct and procedure in respect of all proceedings under this Act before it."

### Clause 113—Power to make rules

854. This clause has to be revised in the light of the provisions contained in the several clauses of the Bill as finalised. Hence I am leaving it untouched.

### Clause 114—Special provisions relating to certain patents.

855. This clause contains special provisions as to patents granted before the relevant dates in Part B States and in merged territories may be retained.

### Clause 115—Repeal, saving and transitional provisions

856. **Sub-clause (2) (a).**—I would suggest the addition of the word "Registration" in the sub-clause to make it clear that except as specially provided, all patents in force would be governed by the provisions of this enactment.

857. **Sub-clause (2) (c).**—I would recommend the deletion of this sub-clause for reasons stated in the notes on Clause 50.

858. **Sub-clause (2) (d).**—For the reasons stated in my notes on Clause 99, I would recommend the deletion of this sub-clause.

859. **Sub-clause (2) (e).**—As I am recommending the continuation of the opposition proceedings before grant, this clause is unnecessary and may be deleted.

860. **Sub-clause (2) (g).**—I have recommended the deletion of Clause 30 making provisions for the extension of the term of a patent on the ground that the patentee had not made sufficient profits during the normal term of 16 years. Since there might be cases where patentees have had the term enlarged by having recourse to Section 15 of the Indian Patents and Designs Act, 1911 a saving might be inserted in their favour as sub-clause (gg)—saving their extended terms from the operation of the new Act.

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861. **Sub-clause 2(i).**—Sub-clause (2) and (3) of Clause 58 empower an exclusive licensee to institute a suit for infringement and to recover damages. But for these sub-clauses even in a case where a patentee has parted with his rights in favour of an exclusive licensee, the patentee alone could sue, with the result that, having suffered nominal damages he would recover only such nominal sum from the infringer, while the exclusive licensee who had sustained real and substantial damages by the infringement would be without a remedy—the only party benefiting by this state of the law being the infringer. It is to remedy this state of affairs that sub-clauses (2) and (3) of Clause 58 have been designed. I do not see any point in restricting the scope of these sub-clauses in the manner in which it is done by the saving clauses and would extend the scope of the provisions contained in sub-clauses (2) and (3) of Clause 58 to infringements committed before the commencement of this Act. Sub-clause (i) may therefore be deleted.

862. **Sub-clause (2) (j).**—There is no question of existing patentees having a vested right regarding the amount payable by them for obtaining a renewal. Payments which fall due after the commencement of the Act should be regulated by the new Act. The sub-clause may be suitably modified.

## FIRST SCHEDULE

863. **Fees.**—My recommendations include suggestions by which the Patent Office would render greatly increased service to the technical research workers, inventors, and the public generally. The suggestion made regarding the scope of examination, as well as the enlarged grounds of opposition, would also increase the work of the Patent Office which would need to be greatly strengthened both as regards quality as well as in the number of officers. All this would necessarily mean increased cost though I consider that the cost is well-worth incurring. There is justification therefore for increasing the fees payable for the several proceedings for which provision is made in the First Schedule. I might mention that in the U.K., the fees payable which were fixed by the Patents Rules, 1949 were recently increased in 1958.

864. In regard to the quantum of enhancement, I would refer to three matters:

(1) In general the fees might be fixed on the lines of the U.K. Rules of 1958.

(2) As regards renewal fees, I would prefer the amount being increased every year instead of the same being constant for 4 years as at present. I might mention that in the U.K. under the U.K. Patents Rules, 1958, as well as in Switzerland (Section 108 of the Act of 1954) the fee payable for renewal is increased every year. Further, I would recommend that renewal fees be made payable from the third year and not merely from the fifth year as in the Indian Patents and Designs Act, 1911. The rule relating to the payment of the renewal fee might contain a clause on the lines of that found in the section of the Swiss Act already referred to reading—

> "Where a principal patent is granted later than two years from the date of the patent application, the fees which have become due in the meantime may be paid within a term of three months from the official date of the recordal of the patent in the Register of patents."

Incidentally I would suggest that the "year" for the determination of the date when renewal fee should be paid might be a conventional year, say, the calendar year or preferably the year beginning with the 1st of April following the date of the patent instead of the year calculated

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from that date as at present. Such a computation would in great part reduce the need for specific notices to parties as to the date when the renewal fee is payable and would also tend to administrative convenience.

Even in regard to this item I would suggest in general the U.K. model for determining the quantum of the fee.

(3) As explained in the notes to clause 115(2) (j) I do not see any impropriety in an enhanced renewal fee being charged for a patent in force at the commencement of the Act.

Yours faithfully,

N. RAJAGOPALA AYYANGAR.

MADRAS;

The 14th September, 1959.

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# Appendix 'A'

Comparative Table of Applications for Patents in India during the periods (*a*) 1930—38: (*b*) 1949—58

| 1930—1938 | | | | 1949—1958 | | | |
|---|---|---|---|---|---|---|---|
| **Year** | **Total number of applications filed** | **By Indians** | **By other than Indians** | **Year** | **Total number of applications filed** | **By Indians** | **By other than Indians** |
| 1930 | 1,099 | 114 | 985 | 1949 | 1,725 | 345 | 1,380 |
| 1931 | 940 | 109 | 831 | 1950 | 1,851 | 352 | 1,499 |
| 1932 | 928 | 162 | 766 | 1951 | 2,108 | 422 | 1,686 |
| 1933 | 954 | 199 | 755 | 1952 | 2,272 | 473 | 1,799 |
| 1934 | 1,007 | 203 | 804 | 1953 | 2,235 | 406 | 1,829 |
| 1935 | 980 | 156 | 824 | 1954 | 2,497 | 403 | 2,094 |
| 1936 | 1,068 | 199 | 869 | 1955 | 2,736 | 403 | 2,333 |
| 1937 | 1,246 | 202 | 1,044 | 1956 | 3,067 | 482 | 2,585 |
| 1938 | 1,243 | 220 | 1,023 | 1957 | 3,456 | 527 | 2,929 |
| 1939 | 1,060 | 238 | 822 | 1958 | 3,572 | 539 | 3,043 |
| | 10,525 | 1,802 (17%) | 8,723 | | 25,519 | 4,342 (17%) | 21,177 |

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Patents Granted from 1950—57—analysed according to the subjects of the inventions

| | Chemical Industries | | | Metallurgy | | | Food etc. | | | Engineering | | | Textile Technology | | | Miscellaneous | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | Ind. | Forgn. | Total | Ind. | Forgn. | Total | Ind. | Forgn. | Total | Ind. | Forgn. | Total | Ind. | Forgn. | Total | Ind. | Forgn. | Total |
| 1950 | 13 | 271 | 284 | 10 | 72 | 82 | 22 | 111 | 133 | 48 | 560 | 608 | 4 | 90 | 94 | 48 | 275 | 323 |
| 1951 | 33 | 378 | 411 | 7 | 76 | 83 | 35 | 87 | 122 | 70 | 509 | 579 | 14 | 111 | 125 | 73 | 341 | 414 |
| 1952 | 36 | 414 | 450 | 7 | 91 | 98 | 18 | 77 | 95 | 45 | 409 | 454 | 10 | 114 | 124 | 50 | 294 | 344 |
| 1953 | 27 | 351 | 378 | 6 | 73 | 79 | 30 | 129 | 159 | 68 | 617 | 685 | 12 | 110 | 122 | 77 | 291 | 368 |
| 1954 | 44 | 409 | 453 | 15 | 131 | 146 | 31 | 341 | 372 | 50 | 339 | 389 | 25 | 146 | 171 | 92 | 209 | 301 |
| 1955 | 56 | 448 | 504 | 11 | 100 | 111 | 48 | 430 | 478 | 44 | 368 | 412 | 14 | 135 | 149 | 64 | 202 | 266 |
| 1956 | 34 | 479 | 513 | 2 | 80 | 82 | 30 | 402 | 432 | 37 | 467 | 504 | 7 | 114 | 121 | 42 | 278 | 320 |
| 1957 | 68 | 656 | 724 | 10 | 69 | 79 | 8 | 51 | 59 | 109 | 884 | 993 | 14 | 125 | 139 | 45 | 279 | 324 |
| Total | 311 | 3406 | 3717 | 68 | 692 | 760 | 222 | 1628 | 1850 | 471 | 4153 | 4624 | 100 | 945 | 1045 | 491 | 2169 | 2660 |

Total number of patents granted .... 14,656.

Total number of patents granted to Indians . . 1,663—(11.3 per cent).

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Applications for Patents relating to Drugs and Pharmaceuticals

| Year | Number of applications | | Total |
|---|---|---|---|
| | Indian | Foreign | |
| 1947 | 12 | 143 | 155 |
| 1948 | 7 | 121 | 128 |
| 1949 | 5 | 139 | 144 |
| 1950 | 8 | 151 | 159 |
| 1951 | 17 | 203 | 220 |
| 1952 | 18 | 224 | 242 |
| 1953 | 18 | 267 | 285 |
| 1954 | 13 | 300 | 313 |
| 1955 | 7 | 325 | 332 |
| 1956 | 13 | 476 | 489 |
| 1957 | 25 | 543 | 568 |

Number of Patents for inventions relating to antibiotics in force on the 1st April, 1959 analysed according to the nationality of the Patentees

| | |
|---|---|
| U. S. A. | 115 |
| U.K. | 32 |
| Switzerland | 11 |
| France | 8 |
| Germany | 8 |
| Denmark | 7 |
| India | 5 |
| Italy | 4 |
| Netherlands | 2 |
| Japan | 2 |
| Australia | 1 |
| Total | 195 |

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Number of Patents in force on the 1st January, 1958

| | |
|---|---|
| Total number . . . | 13,774 |
| Owned by Indians . . . | 1,157 |
| Owned by Indians and Foreigners jointly . . . | 21 |
| Owned by Foreigner . . | 12,596 |

Number of Patents more than four year old and in force on the 1st January, 1958

| Year | No. of Patents | Owned by | | |
|---|---|---|---|---|
| | | Indians | Indians and Foreigners jointly | Foreigners |
| 1932 | 2 | 2 | .. | .. |
| 1933 | .. | .. | .. | .. |
| 1934 | 1 | .. | .. | 1 |
| 1935 | 2 | .. | .. | 2 |
| 1936 | 1 | .. | .. | 1 |
| 1937 | 64 | 14 | .. | 50 |
| 1938 | 114 | 14 | 2 | 98 |
| 1939 | 127 | 30 | .. | 97 |
| 1940 | 86 | 16 | 1 | 69 |
| 1941 | 90 | 11 | 1 | 78 |
| 1942 | 72 | 9 | .. | 63 |
| 1943 | 136 | 4 | .. | 132 |
| 1944 | 226 | 17 | .. | 209 |
| 1945 | 363 | 27 | .. | 336 |
| 1946 | 556 | 26 | 7 | 523 |
| 1947 | 600 | 14 | .. | 586 |
| 1948 | 701 | 25 | .. | 676 |
| 1949 | 641 | 44 | .. | 597 |
| 1950 | 796 | 76 | .. | 720 |
| 1951 | 1019 | 69 | | 950 |
| 1952 | 1208 | 107 | 1 | 1100 |
| 1953 | 1366 | 102 | .. | 1263 |
| TOTAL | 8171 | 607 | 13 | 7551 |

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Applications for Patents made in the United Kingdom

| 1902—1913 | |
|---|---|
| Year | Applications |
| 1902 | 28,972 |
| 1903 | 28,854 |
| 1904 | 29,702 |
| 1905 | 27,577 |
| 1906 | 30,030 |
| 1907 | 28,915 |
| 1908 | 28,598 |
| 1909 | 30,603 |
| 1910 | 30,388 |
| 1911 | 29,353 |
| 1912 | 30,089 |
| 1913 | 30,077 |

Table showing applications for compulsory licences under Section 22 of the Indian Patents and Designs Act, 1911 during, 1950—57

| Year and Number of Applns | Nationality of Patentee | Nationality of Applicant | Nature of inventions | Remarks |
|---|---|---|---|---|
| 1950—4 | Indian | Indian | Machines for removing husk from dhall, etc. | All the 4 under same patent —2 . Allowed<br>2 Dismissed<br>Appeals pending in Calcutta High Court against orders of Controller granting licence. |
| 1951—5 | 4—U.K. 1—Ind. | Indian | 4—Improvements in Textile machinery<br>1—Pharmaceuticals | Textile machinery applications abandoned in view of the settlement between parties, during pendency of proceedings.<br>Appln. for pharmaceutical inventions withdrawn in view of a compromise under which licence was granted by voluntary arrangements. |
| 1952—2 | U.K. | Indian | Improvements in relation to train lighting and heating, etc. | Compulsory licence granted. |

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| Year and Number of Applns | Nationality of Patentee | Nationality of Applicant | Nature of inventions | Remarks |
|---|---|---|---|---|
| 1953 | } | No applications. | | |
| 1954 | | | | |
| 1955—I | U.S.A. | Indian | Capseals for pending container closures. | |
| 1956—3 | German | Indian | 1—Wrist Watch All three pending bracelets.<br>1—Process for dyeing.<br>1—for dyeing. | |
| 1957—2 | 1—Brit.<br>1—Ger. | Ind. | 1—Wrist watch Both pending bracelets.<br>1—Incandescent mantle fittings. | |

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Statement showing time taken from date of acceptance of an application to the printing of the specification etc.

| Year | Maximum time that has been taken from the date of acceptance of an application for a patent upto the date when the specification is printed | | | Maximum time that has been taken from the date of acceptance of an application for a patent upto the date when the printed specification becomes available to the public | | | Approximate time that has been taken from the date of acceptance of an application for a patent upto the date when the specification was printed | | | Approximate time that has been taken from the date of acceptance of an application for a patent upto the date when the printed specification becomes available to public | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Years | Months | Days | Years | Months | Days | Years | Months | Days | Years | Months | Days |
| 1950 | 2 | 6 | .. | 2 | 7 | 12 | 1 | .. | 9 | 1 | 2 | 2 |
| 1951 | 1 | 9 | .. | 1 | 11 | 10 | 1 | 1 | 4 | I | 2 | 24 |
| 1952 | 1 | 7 | 22 | 1 | 9 | 7 | 1 | 1 | 21 | 1 | 3. | 18 |
| 1953 | 1 | 3 | 28 | 1 | 4 | 17 | 1 | .. | .. | 1 | 1 | .. |
| 1954 | 1 | 8 | 9 | 1 | 9 | 7 | .. | 11 | 4 | 1 | .. | 4 |
| 1955 | 1 | 7 | 28 | 1 | 8 | 1 | | 11 | 6 | I | 1 | 21 |
| 1956 | 1 | 9 | 8 | 1 | 11 | 3 | 1 | 1 | 20 | 1 | 3 | 22 |
| 1957* | 1 | 5 | 3 | 1 | 8 | 10 | 1 | 1 | 2 | I | 4' | 2 |

*. Out of the 50 batches of specifications sent to Press for printing in 1957, only 15 batches have been received and made available to the public. The information furnished in respect of the year 1957 has been based on the said 15 batches only.

Note.—Patent specifications are accepted almost daily. The specifications accepted in a week are collected together and the MSS thereof are sent in one batch for printing. The above information is based on such batches.

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# Appendix 'B'

**TABLE (1)**

## Questionnaire

### RE: PATENTS FOR INVENTIONS RELATING TO CHEMICAL PRODUCTS ETC.

Patents relating to (a) chemical products used in industry and medicine, (b) substances used or capable of being used for food or medicine, and (c) insecticides, fungicides and disinfectants etc. are of vital importance to our national economy and public health and it is common ground that our Patent Law should be such that it should encourage indigenous research and foster Indian industry and enable the public to obtain the patented products at reasonable prices. The problems relating to these patents may be considered under two heads:

(1) the desirability of imposing restrictions on the patentability of such inventions;

(2) the desirability of and the nature of the restrictions to be imposed on patentees after the patents are granted.

### A. Patentability of inventions relating to chemical products etc.

The Indian Patents & Designs Act, 1911 contains no restrictions as regards the patentability of inventions relating to these substances. In several countries of the world, however, the law renders such inventions unpatentable or when this is permitted restricts patentability to the process by which the substance is obtained. In certain other countries where product claims for patent are allowed the claims are restricted to the product as produced by the process particularly specified.

In the United Kingdom whose laws have hitherto served as our model, there was no statutory restriction on the patentability of chemical products until 1919, when Section 38A was introduced into the Patents & Designs Act of 1907. During the late 19th and the early years of the present century, German scientists were foremost in the field of chemical research and

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as a result they applied for and obtained patents in England for several new chemical products. In a case decided under the earlier Acts it had been held that a patent for a new product (dye-stuff) covered that product when manufactured by any process whether the same was described by the patentee in his specification or not (*vide* Pearson, J. in *Badische Anilin Und Soda Fabrik* v. *Levinstein*[1]) approved by the House of Lords[2]. The result of this. decision was that when once a patent had been obtained for a new product, research into alternative methods of obtaining the same product was practically prevented. These patents for inventions which originated in Germany, were numerous and tended to hinder, if not to stifle, chemical research and the establishment of chemical industry in the United Kingdom. Some relief was no doubt afforded by the provision for compulsory licensing on proof of abuse of monopoly, which will be dealt with later, but owing to the narrowness of the language employed by the legislature and the strict conditions which had to be fulfilled before such licences could be obtained, as well as the heavy royalties which had to be paid, the intended object of this provision was not fulfilled. The next result of this was that at the commencement of the First World War in 1914, Germany had practically a monopoly in the chemical industry, particularly the dye-stuff industry of the United Kingdom.

In order to stimulate and encourage British research and invention in the chemical industry, the Patents & Designs Act, 1919 introduced a new provision [section 38(A)] into the principal Act of 1907. This section provided that in regard to patents for inventions relating to substances prepared or produced by chemical process or intended for food or medicine, there could be no claim of monopoly for the substance, per *se,* but only for the substance when prepared or produced by a process described or by its obvious chemical equivalents. Some criticism had been levelled against the terms of section 38 (A) on the ground that it was capable of evasion or circumvention by patentees or applicants for patents describing or specifying all or several possible alternative processes for obtaining the product claimed, so that virtually the patent protected the substance however obtained. Nevertheless the history of English chemical industry from 1919 upto the end of the Second World War shows a steady and phenomenal progress in both dye-stuff and drug industries; so much so, that that country attained by 1945 a position of world leadership in these industries, with a large and expanding export market. In 1945 the Swan Committee[3] which considered the revision of the patent laws, recommended that the restrictions on the patentability of chemical substances contained in the said section 38(A) (1) of the U.K. Act might be deleted and this has been carried out in the present U.K. Patents Act, 1949.

Though the Indian Patents & Designs Act, 1911 was amended several times from 1930 to 1953, a provision as in section 38(A) (1) of the U.K. Act of 1907—1932 which was considered essential for the protection and encouragement of the British chemical and pharmaceutical industry against competition by foreign patentees has not been introduced into the Indian enactment, although the position in India as regards patents for chemicals and drugs would seem to be much worse than what obtained in the United Kingdom prior to the commencement of the First World War, in view of the very predominant and the virtually monopolistic

1. 2 RPC 74.
2. 4 RPC 449.
3. A Committee appointed in April 1954 by the Board of Trade of the United Kingdom to consider and report on the changes desirable in the Patents & Designs Acts. The present U.K. Act of 1949 has been enacted in implementation of the recommendations of this Committee.

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position in these patents held by foreign patentees. To rectify the position two solutions appear to present themselves for consideration, namely,

(1) to deny patentability to inventions relating to chemical products and those capable of being used for food or medicine; or

(2) to incorporate in the Indian statute a provision on the lines of section 38A of the U.K. Acts of 1907 to 1932, now repealed.

The first alternative has been adopted in some countries which are still industrially undeveloped and whose economy is predominantly agricultural, *e.g.* Argentina, Chile, Denmark and Rumania, while the second alternative, namely, restricting the claims to process and to products only when prepared by the described process, has been adopted by a very large number of other countries, *e.g.* France, German, Austria, Canada, Czechoslovakia, Switzerland, Portugal, Spain, Mexico, Holland, Norway, Sweden, Japan, Yugoslovia and U.S.S.R.

In the light of the above:

I. (a) Would you consider it desirable to amend the law so as to prohibit altogether the grant of patents for inventions relating to chemical products used in industry or are capable of being used as articles of food or drink or medicine?, or,

(b) Would you consider it desirable to restrict the claims for such patents only to the processes described and deny patent rights to the products even if made by such processes?, or,

(c) Would you consider it desirable to introduce a provision in the Indian Statute on the lines of Section 38A(1) of the U.K. Acts, 1907—1932 (now repealed), i.e. to substances when prepared or produced by the methods or processes or manufacture particularly described or by their obvious chemical equivalents?

II. (a) Would you draw any distinction for the above purposes between different types of substances or articles, *e.g.*

(i) heavy chemicals and fine chemicals;

(ii) chemicals used or capable of being used in the pharmaceutical industry or as drugs;

(iii) articles of food or drink;

(iv) articles which could be used as insecticides, germicides, fungicides and disinfectants;

(v) inventions capable of being used as surgical and curative devices?

(b) If you are in favour of any special legislative provisions for patents relating to drugs and medicines, do you consider it desirable to make any further sub-division in this class of goods, *e.g.* into antibiotics, sulpha compounds, vitamin preparations, glandular and biological products, anti-malarials or others as regards the particular provision to be enacted?

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## B. Provisions in relation to compulsory licensing of patents relating to chemical products.

The history of this provision in the U.K. statutes briefly as follows:—

> Prior to 1883 there was no statutory provision whereby a patentee could be forced to grant a licence even if he abused his monopoly rights by not working the invention in the United Kingdom or by blocking other inventions or by demanding or charging unreasonably high royalties for licences to work or charging exorbitant prices for the patented products imported by him. By section 22 of the British Patents & Designs Act, 1883 the Board of Trade was given the power to order the grant of compulsory licences "where the patent was not being worked in the U.K. or the reasonable requirements of the public in respect of the invention were not satisfied or any person was prevented from working or using the invention of which he was possessed". Since that date, the grounds upon which compulsory licences could be applied for have become progressively enlarged to the benefit of applicants for licences. Nevertheless, there have been only a few applications for compulsory licensing under the U.K. Acts, but this may be due to the patentees voluntarily granting licences on reasonable terms because of the possibility of applications for compulsory licences. The provisions in the United Kingdom legislation as regards compulsory licensing of patents are general and are not confined to any particular class of inventions. Though there was some opposition to the provisions as to compulsory licensing, the Swan Committee recommended (paragraphs 54 and 55 of the second Interim Report) not only the retention of these provisions but that the concept of abuse of monopoly should be expanded further by treating any restrictions on the export market as an abuse of patent right [*vide* section 37(2) (d) of the Patents Act, 1949].

Apart from and without prejudice to the above general provisions for compulsory licensing, the U.K. Act of 1919 introduced a special provision for the grant of licences "as of right" without requiring any proof of abuse of monopoly in the case of inventions relating to food or medicine [*vide* section 38(A) (3) of the U.K. Act]. This provision in the U.K. Act of 1919 was also recommended to be retained by the Swan Committee and now appears as section 41 of the U.K. Patents Act, 1949.

A provision on the lines of section 41 of the U.K. Patents Act of 1949 was introduced into the Indian Patents and Designs Act, 1911 by an amendment effected in 1952 which with slight changes in 1953 now forms section 23CC of the Act. It will be noticed that these licences as of right are confined to articles of food or medicine and to insecticides etc. and do not extend to other products or articles. Section 23CC, however, contains a sub-clause (4) under which the Central Government has power to direct the provisions of that section to apply to other commodities besides food, medicine, insecticide etc. but this power does not appear to have been invoked, or exercised.

The Patents Bill introduced in Parliament in 1953 proposes to re-enact the provisions of the present section 23CC, which has been in force since 1953.

(1) In your opinion has this provision had any effect in promoting or fostering indigenous research in food, medicine, insecticides and surgical instruments or other articles mentioned in that section?

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(2) As a consequence of the compulsory licensing provisions under section 23CC have you noticed any tendency on the part of research workers or inventors to work inventions relating to foods and drugs in secret without obtaining patents therefor?

(3) Has any local food or pharmaceutical industry been to your knowledge started within the last four years to work any licence under section 23CC from patentees?

(4) Do you consider that it is advisable to expand the scope of the compulsory licensing provision now found in section 23CC to cover cases of all chemical substances used in Industry?

(5) Do you consider that the Indian chemical industry in general or any branch of the chemical industry in particular, has in recent years been suffering any handicap by reason of the existence of the patents of foreign nationals?

(6) Do you consider that the prices charged for patented chemicals or drugs are unduly high taking into account the cost of production and reasonable profit on the outlay by reason of the inability of the Indian manufacturers to compete with the foreign patentees?

(7) Do you consider that the compulsory grant of licences on reasonable terms to any one who applies for them would promote (a) research by Indian scientists, (b) the starting or development of chemical or pharmaceutical industry in India?

(8) If patentees are directed to grant licences, which in your opinion would be better in the interests of Indian industry as a whole—

  (a) exclusive licences; or

  (b) non-exclusive licence to any one willing to abide by reasonable terms as to royalty etc.

(9) If licences are to be granted on reasonable terms, which would you consider best suited to Indian requirements—

  (a) specifying in the Act or the rules the maximum and minimum royalty rates leaving it to the Controller (subject to appeal) to fix the figure which he considers reasonable in the circumstances of the case within the limits specified by law; or

  (b) specifying in the Act or the rules the minimum royalty as well as the scale of royalties to be charged, the latter to be based upon the total output or sales of the licensee, on a slab system with a decreasing percentage as the sales increase.

## C. Revocation of Patents for abuse of monopoly

Neither the Indian Patents and Designs Act, 1911 as amended uptodate nor the Patents Bill, 1953 contains any provision for the revocation of a patent grounded on continued abuse of monopoly rights by the patentee. Such a provision is enacted in section 42 of the U.K. Act of 1949 and is to be found in certain other countries also.

Do you consider that such a provision would be suitable or useful in India?

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### D. Other suggestions

Have you any further or other suggestions to make as regards the amendments to be effected to the law relating to patents which would render the enactment a potent instrument for fostering research and the establishment and development of the Indian chemical and pharmaceutical industries?

## TABLE (2)

## QUESTIONNAIRE

### RE: PATENTS FOR INVENTIONS RELATING TO CHEMICAL PRODUCTS USED IN INDUSTRY OR IN MEDICINE

Patents in relation to chemical products used in industry or in medicine are of vital importance to our national economy and the Patent law should be such that it should encourage indigenous research and foster Indian industry and enable the supply of patented products at reasonable prices. The problems relating to these patents may be considered under two heads:

(1) The desirability of imposing restrictions on the patentability of such inventions;

(2) The desirability of and the nature of the restrictions to be imposed on patentees after the patents are granted.

### A. Patentability of inventions relating to chemical products etc.

The Indian Patents and Designs Act, 1911 contains no restrictions as regards the patentability of inventions relating to chemical products. In several countries of the world, however, the law renders such inventions unpatentable or when this is permitted restricts patentability to the process by which the substance is obtained. In certain other countries where product claims for patent are allowed the claims are restricted to the product as produced by the process particularly specified.

In the United Kingdom whose laws have hitherto served as our model there was no statutory restriction on the patentability of chemical products until 1919, when section 38(A) was introduced into the Patents & Designs Act of 1907. During the late 19th and the early years of the present century, German scientists were foremost in the field of chemical research and as a result they applied for and obtained patents in England for several new chemical products. In a case decided under the earlier Acts it had been held that a patent for a new product (in that case a dye-stuff) covered that product when manufactured by any process whether the same was described by the patentee in his specification or not (*vide* Pearson, J. in *Badische Anilin Und Fabrik* v. *Levinstein*[4], approved by the House of Lords,[5]). The result of this decision was that when once a patent had been obtained for a new product, research into alternative methods of obtaining the same product was practically prevented. Such patents for chemical products for inventions originating in Germany, were numerous tended to hinder, if

4. 2 RPC 74.
5. 4 RPC 449.

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not to stifle, chemical research and the establishment of the chemical industry in the United Kingdom. Some relief was afforded by the provision for compulsory licences on proof of abuse of monopoly, but owing to the narrowness of the language employed by the legislature and the strict conditions which had to be fulfilled before such licences could be obtained, as well as the heavy royalties which had to be paid, the intended object of the licensing provision was not fulfilled. The net result of this was that at the commencement of the First World War in 1914, Germany had practically a monopoly in the chemical industry, particularly the dye-stuff industry, of the United Kingdom.

In order to stimulate and encourage British research and invention in the chemical industry, the Patents & Designs Act, 1919 introduced a new provision [Section 38 (a)] into the principal Act of 1907. This section provided that in regard to patents for inventions relating to substances prepared or produced by chemical processes there could be no claim of monopoly for the substance *per se* but only for the substance when prepared or produced by a process described or by its obvious chemical equivalents. Some criticism had been levelled against the terms of section 38(A) on the ground that it was capable of evasion or circumvention by patentees or applicants for patents describing or specifying all or several possible alternative processes for obtaining the product claimed, so that virtually the patent protected the substance however obtained. Nevertheless, the history of English chemical industry from 1919 upto the end of the Second World War shows a steady and phenomenal progress in chemical industry; so much so, that that country attained by 1945 a position of world leadership in this country. In 1945 the Swan Committee[6], which considered the revision of the Patents laws, recommended that the restrictions on the patentabiliy of chemical substances contained in the section 38(A) (1) of the U.K. Patents Act might be deleted and this has been carried out in the present U.K. Patents Act, 1949.

Though the Indian Patents & Designs Act, 1911 was amended several times from 1930 to 1953, a provision as in section 38 (A) (1) of the U.K. Act of 1907—1932 which was considered essential for the protection and encouragement of the British chemical and pharmaceutical industry against competition by foreign patentees, has not been introduced into the Indian enactment, although the position in India as regards patents for chemicals and drugs would seem to be much worse than what obtained in the United Kingdom prior to the commencement of the First World War, in view of the very predominant and the virtually monopolistic position in these patents held by foreign patentees. To rectify the position two solutions appear to present themselves for consideration, namely,

(1) to deny patentability to inventions relating to chemical products used in industry or in medicine; or

(2) to incorporate in the Indian statute a provision on the lines of section 38A of the U.K. Acts of 1907 to 1932, now repealed.

The first alternative has been adopted in some countries which are still industrially undeveloped and whose economy is predominantly agricultural, *e.g.* Argentina, Chile, Denmark and Rumania, while the second alternative, namely, restricting the claims to process and to products when prepared by the described process, has been adopted by a very large number

6. A committee appointed in April 1944 by the Board of Trade of the United Kingdom to consider and report on the changes desirable in the Patents & Designs Acts. The present U.K. Act of 1949 has been enacted in implementations of this Committee.

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of other countries, *e.g.* France, Germany, Austria, Canada, Czechoslovakia, Switzerland, Portugal, Spain, Mexico, Holland, Norway, Sweden, Japan, Yugoslovia and U.S.S.R.

In the light of the above:

I. (a) Would you consider it desirable to amend the law so as to prohibit altogether the grant of patents for inventions relating to chemical products used in industry or in medicine?, or

(b) Would you consider it desirable to restrict the claims for such patents only to the processes described, and deny patent rights to the products even if made by such processes?, or

(c) Would you consider it desirable to introduce a provision in the Indian Statute on the lines of section 38A(1) of the U.K. Acts, 1907-1932 (now repealed), *i.e.* to substances when prepared or produced by the methods or processes of manufacture particularly described or by their obvious chemical equivalents?

(d) Would you differentiate for the above purposes between heavy and fine chemicals and drugs?

## B. Restrictions on patentees—Compulsory licences etc.

1. The history of the provisions relating to compulsory licensing of patents in the U.K. statutes is briefly as follows:—

Prior to 1883 there was no statutory provision whereby a patentee could be forced to grant a licence even if he abused his monopoly rights by not working the invention in the United Kingdom or by blocking other inventions or by demanding or charging unreasonably high royalties for licences to work or charging exorbitant prices for the patented products imported by him. By section 22 of the British Patents & Designs Act, 1883 the Board of Trade was given the power to order the grant of compulsory licence "where the patent was not being worked in the U.K. or the reasonable requirements of the public in respect of the invention were not satisfied or any person was prevented from working or using the invention of which he was possessed". Since that date, the grounds upon which compulsory licence could be applied for have become progressively enlarged to the benefit of the applicants for licences. Nevertheless, there have been few applicacations for compulsory licensing under the U.K. Acts but this may be due to the patentees voluntarily granting licences on reasonable terms because of the possibility of applications for compulsory licences. The provisions in the United Kingdom legislation as regards compulsory licensing of patents are general and are not confined to any particular class of inventions. Though there was some opposition to the provisions as to compulsory licensing, the Swan Committee recommended (paragraphs 54 and 55 of the Second Interim Report) not only the retention of these provisions but that the concept of the abuse of monopoly should be expanded further by treating an adverse effect on the creation or expansion of an export market as an abuse of patent right [*vide* sections 37(2) (d) of the U.K. Patents Act, 1949].

Apart from and without prejudice to the above general provisions for compulsory licensing, the U.K. Act of 1919 introduced a special provision for the grant of licences as of right without requiring any proof of abuse of monopoly in the case of inventions relating to food or

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medicine [*vide* section 38(A) (3) of the U.K. Act]. This provision in the U.K. Act of 1919 was also recommended to be retained by the Swan Committee and now appears as section 41 of the U.K. Patents Act, 1949.

By amendments effected to the Indian Patents & Designs Act, 1911 by Act 32 of 1950 the grounds on which compulsory licences could be applied for were almost brought into line with the corresponding position in the United Kingdom. In addition, a special provision for foods and drugs on the lines of section 41 of the U.K. Act of 1949 was introduced into the Indian Patents and Designs Act, 1911 by an amendment effected in 1952 which with slight changes in 1953 now forms section 23(CC) of the Act. It will be noticed that the licences as of right under this section are confined to articles of food or medicine and to insecticides etc. and do not extend to chemical products used in other than pharmaceutical industries. Section 23CC, however, contains a sub-clause (4) under which the Central Government has power to direct the provisions of that section to apply to other commodities besides food, medicine and insecticide etc. but this power does not appear to have been invoked or exercised.

The argument urged against provisions for compulsory licensing is that by diminishing the income derived by patentees from the exploitation of patents, they have a tendency to act as a disincentive to patenting among research workers, leading inventors to prefer working their inventions in secret rather than obtain patents for them, since by patenting they would expose themselves to applications for compulsory licences.

Bearing in mind these considerations—

(1) Have you noticed any tendency on the part of the research workers or inventors to work inventions in secret without obtaining patents therefor as a consequence of the compulsory licensing provisions in the Indian Patents & Designs Act, 1911?

(2) Have these provisions in your opinion had or would have any effect in promoting or fostering indigenous research?

(3) Do you consider that Indian industry in general or any branch thereof in particular has in recent years been suffering from any handicap by reason of the large majority of the patents registered in India being owned by foreign nationals?

(4) Do you consider that the prices charged for patented products in India are unduly high taking into account the cost of production and reasonable profit on the outlay, by reason of the inability of Indian manufacturers to enter into competition with foreign patentees?

(5) Do you consider the grounds which are specified in section 22 as constituting abuse of monopoly, sufficient or if they have to be enlarged, what are the suggestions you would offer?

(6) Would you consider that failure on the part of a patentee to supply adequate quantities of the patented products at reasonable prices might be specifically enumerated as an abuse of monopoly?

(7) Do you consider that the grant of licences on reasonable terms to any one who applies for it would promote (a) research by Indian scientists, (b) the starting and development of Indian industry?

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(8) If the patentees are directed to grant licences, which would in your opinion be better in the interests of Indian industry as a whole,

(a) exclusive licences on agreed terms, and in default of agreement, on terms fixed by the Controller;

(b) non-exclusive licence to any one willing to abide by reasonable terms as to royalty etc.

(9) If licences are to be granted on reasonable terras, which would you consider best suited to Indian requirements—

(a) specifying in the Act or the Rules the maximum and minimum royalties leaving it to the Controller to fix the figure which he considers reasonable in the circumstances of the case within the limits specified by law; or

(b) specifying in the Act or the Rules the minimum royalty as well as the scale of royalties to be charged, the latter to be based upon the total output or sales of the licensee, on a slab system with a decreasing percentage as the sales increase.

In connection with the above, what would you consider reasonable terms and scale of royalty.

2. It is stated that any statutory provisions for the compulsory grant of licence do not fulfil their purpose because many inventions cannot be worked properly or successfully merely on the basis of the complete specification but that considerable further information touching the operation of the processes of manufacture usually termed "know-how" is necessary for the purpose. It is further stated that the patentees do not impart to the licensees forced upon them by the Controller the "know-how" for putting the invention into effective and profitable use and that in the absence of the importing of such knowledge the licensees find themselves unable to utilise the invention except after further prolonged and expensive research which most find themselves not in a position to undertake.

Do you consider that this handicap of the licensees could be obviated by the imposition of a statutory condition in every compulsory licence that on demand by the licensee, the patentee shall impart the "know-how" to enable the licensee to obtain the product? Do you consider that such statutory condition could be effectively enforced by suitable provisions in licences, such as,

(a) that the royalty fixed shall not be payable unless the 'know-how' was imparted; and

(b) that on failure of the patentee to comply with the licence condition as regards imparting of the 'know-how', so as to enable the licensee to work the invention within a reasonable interval after the grant of the licence, the patent may be revoked on application to the Controller by the licensee (subject to an appeal).

3. Notwithstanding the general similarity, the Indian Patents & Designs Act, 1911 as now amended differs somewhat from the corresponding provisions of the U.K. Act of 1949 as to compulsory licence and these points of difference are maintained in the Patents Bill, 1953. They are—

(1) The U.K. Act permits patentees voluntarily to have their patents endorsed "licences of right", on doing which the renewal fees payable are halved.

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(2) On proof of abuse of monopoly under the U.K. Patents Act, 1949 any person interested as also the Central Government, may apply for an endorsement of the patent with the words "licences of right" whereas under the Indian Act, an application for such relief can be preferred only by the Central Government.

(3) The statutory law of the United Kingdom includes the Monopolies and Restrictive Practices (Enquiry and Control Act), 1948, a piece of legislation on the lines of the Anti-Trust Statutes of the United States. When the Monopolies Commission appointed under the above U.K. Act reports that a condition of monoply prevails in regard to the supply of any particular patented articles or to a patented process and a resolution is passed by the House of Commons declaring that the conditions operate against the public interest, Government may apply to the Controller and the Controller may pass appropriate orders directing the patentee to grant licences or abrogating the offending provisions of the licences already granted [*vide* sections 40(3) and 43(6) of the U.K. Patents Act, 1949].

Do you consider that provisions on the lines of U.K. Act set out above or in any modified form will prove useful in India?

4. In addition to the provisions for compulsory licensing, the Patents Bill, 1953 in clause 99, in line with Section 57 of the U.K. Patents Act, 1949 enacts prohibitions against patentees imposing unreasonable conditions on those who deal with them either as buyers or hirers or licensees of their products in the course of trade.

Do you consider that provisions of clause 99 sufficient to cover all types of prevalent restrictive trade practices or would you suggest any enlargement and if so on what lines?

**5. Revocation of patent for abuse of monopoly.**—Neither the Indian Patents Act, 1911 as amended uptodate nor the Patents Bill, 1953 contains any provision for the revocation of a patent grounded on continued abuse of monopoly rights by the patentee even after the grant of compulsory licences. Such a provision is enacted in Section 42 of the U.K. Act of 1949 and is to be found in certain other countries also.

Do you consider that such a provision would be suitable or useful in India?

**6. Other suggestions.**—Have you any further or other suggestions to make as regards the amendments to be effected to the law relating to patents in India which would render the enactment, a potent instrument for fostering research and the establishment and development of the Indian industry?

## TABLE (3)

## SECRET PATENTS

### PATENTS RELEVANT FOR THE PURPOSE OF DEFENCE

The present law on the subject is contained in section 21A of the Indian Patents and Designs Act, 1911. The section which is identical in terms with section 30 of the U.K. Patents and Designs Act, 1907—1932 was introduced in the Indian Patents and Designs Act, 1911 by an

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amendment effected by Act VII of 1930. This section is confined to inventions for instruments or munitions of war assigned to Government by inventors for or without valuable consideration either before or after the patents therefor are granted. When an assignment has been so made the Central Government may at any time before the publication of the specification certify to the Controller in the interests of public service that the particulars of the invention and the manner in which it is to be performed should be kept secret. If such certificate issues, the specifications and drawings are to be kept in a packet sealed by Government (sub-section 4). Sub-section 10 enacts:

> (10) No copy of any specification or other document or drawing by this section required to be placed in a sealed packet shall in any manner whatever be published or open to the inspection of the public, but, save as otherwise provided in this section, the provisions of this Act shall apply in respect of any such invention and patent as aforesaid.

This is given effect to by the Secret Patent Rules, 1933 which provide that the application would be subjected to the usual examination but that the acceptance would not be advertised. The specification is not to be published and no opposition will lie against such application. On acceptance of the application a patent will be sealed by the Controller but the patent will be entered in a separate Secret Register. The packet containing the specification and drawings is not to be opened except on the orders of Government during the term of the patent (sub-section 5) and on the expiration of the term, the packet is to be delivered to Government (sub-section 7). Patents covered by the secrecy directions are not subject to revocation (sub-section 9). Government may at any time revoke the secrecy directions, in which event the patents will be covered by the rules applicable to other patents.

Although obviousy the secrecy directions would not be effective unless they provided against disclousure, not only by the Patent Office but also by the inventor, the section is defective in so far as it does not expressly prohibit the inventor from communicating the invention to others. This defect was rectified during the war both in the United Kingdom and in India by rule 3 of the Defence (Patents and Trade Marks Act) Regulation, 1939—41 framed under the Defence of the Realm Act, 1939 and by rule 42 of the Defence of India Rules, 1939 respectively. Rule 42 of the Defence of India Rules ran:

"42(1) For the purpose of this rule, the expression 'Controller' means the Controller of Patents and Designs appointed under the Indian Patents and Designs Act, 1911.

(2) Where, either before or after the coming into force of the Ordinance, an application has been made to the Controller for the grant of a patent or the registration of a design, the Controller, if he is satisfied that it is expedient for the defence of British India or the efficient prosecution of the war so to do, may notwithstanding anything contained in the Indian Patents and Designs Act, 1911, omit to do or delay the doing of anything which he would otherwise be required to do in relation to the application, and by order, prohibit or restrict the publication of information with respect to the subject matter of the application, or the communication of such information to particular persons or classes of persons.

(3) No person shall except under the authority of a written permit granted by the Controller make an application for the grant of a patent, or the registration of a design in any country or place not included in His Majesty's Dominions and not being an Indian State.

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(4) If, in the opinion of the Central Government, it is necessary or expedient for the defence of British India of the efficient prosecution of the war so to do, the Central Government may by order require any person to furnish to such authority or person as may be specified in the order, any such information in his possession relating to any invention, design or process as may be specified in the order or demanded of him by the said authority or person.

(5) The right of a person to apply for, or to obtain, a patent in respect of an invention or registration in respect of a design, shall not be prejudiced by reason only of the fact that the invention or design has previously been communicated to an authority or person in compliance with any order given under sub-rule (4), or used by an authority or person in consequence of such communication, and a patent in respect of an invention, or the registration of a design, shall not be held to be invalid by reason only of the fact that the invention or design has been communicated or used as aforesaid.

(6) In connection with the making, use or exercise of any invention or design on behalf of, or for the services of the Crown (whether by virtue of the Indian Patents and Designs Act, 1911, or otherwise), the Central Government may by order authorise the use of any drawing model, plan, specification, or other document or information in such manner as appears to the Central Government to be expedient for the defence of British India or the efficient prosecution of the war, notwithstanding anything to the contrary contained in any licence or agreement; and any licence or agreement, if and in so far as it confers on any person, otherwise than for the benefit of the Crown, the right to receive any payment in respect of the use of any document or information in pursuance of such an authorisation, shall be inoperative."

In the United Kingdom the provisions of the war-time Regulation were subsequently enacted as Section 18 of the Patents Act, 1949 but no such step was taken in India when the Defence of India Rules lapsed. The law in India was, however, sought to be brought into line with that of Section 18 of the U.K. Act of 1949 by clause 23 of the Patents Bill, 1953.

The second matter which requires to be noticed is as regards the provisions enabling Government to utilise inventions which are relevant for the purpose of the security of the country. Section 21(2) of the Indian Patents and Designs Act, 1911 empowers the Central Government or their authorised agents or contractors to make, use or exercise an invention in respect of which an application for a patent had been made whether before or after the grant of the patent. The terms for such use of the invention are to be fixed either by negotiation with the applicant or patentee, or failing agreement by an independent arbitrator [Section 21(2) to (4)]. This provision being very general in its terms applied equally to inventions in regard to which applications for patents were subjected to secrecy directions under rule 42 of the Defence of India Rules. But since rule 42 has now lapsed, there is no provision for a secrecy direction in regard to inventions which have not been acquired by Government—a state of affairs which also was sought to be remedied by clause 23 of the Patents Bill, 1953.

It might be mentioned that though the Swan Committee of the United Kingdom contemplated the retention of Section 30 of the U.K. Act of 1907 (corresponding to section 21A of the Indian Patents and Designs Act, 1911) with slight verbal amendments, the provision was dropped when the Patents Bill was drafted on the ground that it was not of much use and was cumbersome. In its place was substituted Section 18 which was a reproduction of the war time provision vesting in the Controller power to direct an applicant for a patent relating to inventions falling within a class notified to him by a competent authority as relevant for the

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defence, to keep the invention secret and not to publish or communicate information relating to it. No patent was to be granted in pursuance of such application so long as the secrecy orders continued. As stated earlier, clause 23 of the Patents Bill, 1953 sought to effect this change in India. Some points have been raised regarding the adequacy of the provision and also regarding the amendment of the clause with a view to making the provision more useful and less cumbersome. The suggestions made have mainly been in respect of two matters.

(1) The extent of scrutiny that should take place in the office of the Controller before an application was referred to the Defence Department for a more exhaustive examination and final orders.

(2) The authority that should issue the secrecy direction, whether it should be the Controller of his own motion or whether the Controller should be directed to act only on the initiative of the Defence Department.

In regard to the first point, there might be an apprehension that on the terms of the provision as it stood in the Bill of 1953, the Controller might send up to the Department for examination either too few or too many applications. The suggestion is that the sending up of too many applications, which are not of any real significance for defence, might be avoided if the Controller be required to examine each application with a view to satisfy himself that the invention disclosed therein is *prima facie* relevant for defence, instead of his merely looking to the title of the invention and deciding mechanically whether it fell within any notified class. For this purpose it has been suggested that the procedure of having "notified classes" might be omitted and the matter be left to the unfettered discretion of the Controller to examine each application and make up his mind whether *prima facie* the invention was of relevance for defence or not. If the system of having notified classes be retained it is suggested that it should be made clear that the Controller is not bound to refer each and every application for an invention falling within the notified classes, but that, even in regard to inventions within the notified classes, he should be directed to choose and send up only those applications which appear to him *prima facie* relevant for the purpose of defence. Along with this a suggestion has been made that in addition to sending up applications which fell within the notified classes, the Controller be vested with the discretion to send such other applications as he considered *prima facie* would be relevant for defence, even though they might not fall within the notified classes so as to avoid the possibility of any really valuable inventions escaping the secrecy ban. It has also been suggested that provision might also be made for the title of the inventions being periodically forwarded by the Controller to the Defence Department so that the latter might check up the inventions regarding which secrecy directions have been granted by the Controller and if it is thought that any invention might be of importance and required to be classed as secret, further directions might be called for and the Controller directed to impose secrecy directions on the applicant.....

It would be useful to refer to analogous provisions in the laws of other countries. The Australian Patents Act, 1952—56 departs from the English precedent and vests the discretion to choose applications for the imposition of the secrecy direction in the first instance in the Controller without any reference to notified classes. The relevant section 131(1) of the Australian Act, enacts:

> "The Commissioner may, if it appears to him to be necessary or expedient so to do in the interests of the defence of the Commonwealth.."

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The position with regard to secrecy provision in the Patent law of the United States is as follows:—

Where the invention is of such a kind that the disclosure or publication thereof is, in the opinion of the Commissioner of Patents detrimental to national security, he makes the application available for inspection to the Atomic Energy Commission or the Defence Department. If these authorities agree with the opinion of the Commissioner, the latter is notified and he is directed to order the invention to be kept secret and to withhold the grant of the patent for such period as national interest requires and notify the applicant thereof. The application and other connected documents are thereupon kept in a sealed condition. The order for secrecy is to be reviewed every year, each order not being in force for more than one year (Section 181). There are also other provisions applicable in the event of national emergencies such as war etc., but these may be left out of account for the present. If the applicant violated the secrecy conditions or made an application for a patent abroad without the permission of the Commissioner, the application for the patent before the Commissioner is deemed to be abandoned and the applicant also loses all rights to compensation against the United States based upon such invention (Section 182). Section 188 enables the Atomic Energy Commission and the Defence Department to issue rules and regulations to enable them to carry out the provisions to keep the inventions secret.

In Canada the law on the subject is contained in Section 20(15) and (16) of Patents Act. They run:—

> 20(15): "The Governor in Council, if satisfied that an invention relating to any instrument or munition of war, described in any specified application for patent not assigned to the Minister of National Defence, is vital to the defence of Canada and that the publication of a patent therefor should be prevented in order to preserve the safety of the State, may order that such invention and application and all the documents relating thereto shall be treated for all purposes of this section as if the invention had been assigned or agreed to be assigned to the Minister of National Defence."
>
> 20(16): "The Governor in Council may make rules under this section for the purpose of ensuring secrecy with respect to applications and patents to which this section applies and generally to give effect to the purpose and intent thereof. 1947, c. 23, s. 4".

The rules made under this provision are Rules 92 and 93.

> Rule 92: "Where the Governor in Council makes an order under sub-section (15) or (20) of the Act that an application shall be treated for the purpose of that section as if it had been assigned to the Minister, the Commissioner shall, as soon as he is informed of such order notify the applicant thereof by registered mail".
>
> Rule 93: "The Commissioner shall permit any public servant authorised in writing by the Minister of National Defence .. to inspect any pending application that in the opinion of the Commissioner relates to any instrument or munition of war and to obtain a copy of any such application."

It will be seen that the United Kingdom is the only country where the statute specifically refers to "notified classes" as relevant for defence purposes in respect of inventions for which secrecy orders are to be imposed. In other countries the matter is left to the discretion either of the Commissioner of Patents or of the concerned Governmental authority, without any

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designated or "notified classes" of inventions. Even so it is understood that in several of these countries, *e.g.* Australia, the defence department issues instructions as to classes of inventions which are relevant for the defence for the guidance of the Controller.

The above summary would also show that directions as to secrecy are imposed in the first instance by the Controller of Patents in the United Kingdom and Australia, while both in the United States as well as in Canada there is an examination by the defence authority on whose directions the Commissioner imposes the secrecy restrictions. It is, however, to be borne in mind that unless the examination by the defence authority for satisfying itself that the invention is of importance for defence is concluded within a short time, it would always be advantageous to Government to have a secrecy direction imposed by the Controller immediately after a preliminary examination of the application, this being subject to revocation or continuance at the instance of the Defence authorities. It would be realised that the technical assistance that a Controller gets from his examiners may not be sufficient for a proper assessment of the invention as being relevant for the defence as his staff could not be expected to be experts posted with the information as to the latest developments in the field of munitions of war and military weapons. At best the Controller can only from a very rough idea of the importance or significance of an invention. Possibly this sort of difficulty is not experienced in other countries by reason of the Patent Office as well as the seat of the Government being located in the same place enabling the Controller to seek the aid of defence experts wherever he is in doubt. In India, however, while the Patent Office is in Calcutta, the Defence Science Organisation is in Delhi and so the Controller cannot immediately obtain the assistance of the Defence personnel for investigating the character of the invention.

In the light of the above considerations and having regard to the special needs of the defence,

1. In regard to the selection of applications for patents which are relevant for defence and as regards the secrecy directions to be imposed—

(a) would you consider it advisable to adopt the form of section 131 of the Australian enactment, *viz.*, omitting all references to notified classes of inventions, leaving the matter entirely to the discretion of the Controller?

(b) if, however, you desire to retain the system of "notified classes", would you empower the Controller to issue secrecy directions in the first instance and refer to the Defence Department every invention which might be taken to fall within the notified classes or would you vest him with a wide discretion to make a preliminary examination of the application with the notified classes and send up only such cases as appear to him likely to be of some importance for the purpose of defence?

2. Even if there be no reference to "notified classes" in the statute, would you consider it advisable to draw up a list of classes of invention which are relevant for the purpose of defence merely to serve as a guide to the Controller in making up his mind as to the character of the invention. If you consider that it is desirable or necessary to draw up a list of the notified classes of inventions which are relevant for defence, would you desire to add a provision enabling the Controller to refer to the Defence Department inventions not falling within the notified classes, but which in his opinion are likely to be relevant for defence?

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3. It is possible that even with this mode of selection inventions which might have a bearing on the defence of the country might pass unnoticed. To avoid this, would you favour the insertion of a provision directing the Controller to furnish to the Defence Department periodically, say every fortnight, a list of all the applications for patents merely setting out their title and the name of the applicant, and empower the defence department to call for and inspect any application and on such examination require the Controller to direct secrecy in regard to applications where they consider the secrecy directions to be necessary?

4. Do you consider the provision in the Bill of 1953 under which secrecy directions were to be imposed in the first instance by the Controller proper or would you prefer the Controller acting in this matter only on the instructions of the Defence Ministry?

5. Under clause 23(5) of the Patents Bill, 1953, now lapsed, a person resident in India who makes an application for a patent in this country might file an application for a patent for the same invention in any foreign country if no secrecy direction is imposed within 6 weeks of his application here. It may be noted that an application for patent may be filed accompanied by a provisional specification only to be followed later by a complete specification or by a complete specification without prior filing of a provisional specification. If the applicant has filed in this country with his application only a provisional specification, the precise significance of the invention cannot be appreciated by Controller without looking into the complete specification. For this reason would you consider it advisable that the period of the ban on the application for patents abroad, should ensure a reasonable interval after the filing of the complete specification or do you consider the period of six weeks from the date of application with a provisional or complete specification sufficient?

6. Do you consider the provisions as to secrecy, namely, "prohibition or restriction on the publication of information or its communication" sufficient to effectuate its purpose?

7. What provision would you suggest to safeguard secrecy in cases where an applicant withdraws his application for patent. On clause 23 of the Patents Bill, 1953, as it stands, it would seem that in such cases the secrecy direction will lapse?

8. The imposition of the secrecy direction on the inventor on the terms of clause 23 of the Patents Bill, 1953 does not preclude the inventor from working the invention in secrecy. Although Government has a right to use the invention (clause 53 of the Bill, 1953) it enjoys no monopoly in that regard. Do you consider this position satisfactory or would you suggest any modification?

9. Under the Patents Bill of 1953 there is no obligation on any person who makes an invention which is relevant or important for the defence or security of the country to apply for a patent. The provisions of the existing Indian Patents and Designs Act, 1911 as well as those in the Patents Bill, 1953 in regard to secrecy directions or utilisation of patents for the service of the Government all come into play only when an application for a patent is made, would you favour a positive provision obliging persons who make inventions which they know are of value to defence or which fall within "notified classes" as relevant for the defence, to make applications for patents for their inventions or to disclose their inventions to Government in cases where no application for a patent is made. [It may be mentioned that a like obligation is cast by Section 151(c) of the U.S.A. Atomic Energy Act, 1954 (replacing Section 11(a)(3) of the Act of 1946) in regard to inventions relating to the production of Atomic fuel and their utilisation.]

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# Appendix 'C'

This is the Patents Bill of 1953, which is referred to in the report and whose clauses are the subject of comment in the notes on clauses in Part II of the Report.

Bill No. 59 of 1953

(As introduced in the House of the People)

BILL

*to amend and consolidate the law relating to patents*

Be it enacted by Parliament as follows.—

CHAPTER I

**Preliminary**

1. *Short title, extent and commencement.*—(1) This Act may be called the Patents Act, 1953.

(2) It extends to the whole of India except the State of Jammu and Kashmir.

(3) It shall come, into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

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**2.** *Definitions.*—In this Act, unless the context otherwise requires.—

(a) 'Advocate-General' means an Advocate-General appointed under the Constitution;

(b) 'assignee' includes the legal representative of a deceased assignee and references to the assignee of any person include references to the assignee of the legal representative or assignee of that person;

(c) 'Controller' means the Controller of Patents and Designs appointed under section 5;

(d) 'district court' has the meaning assigned to that expression by the Code of Civil Procedure, 1908 (Act V of 1908);

(e) 'exclusive licence' means a licence from a patentee which confers on the licensee or on the licensee and persons authorised by him, to the exclusion of all other persons (including the patentee), any right in respect of the patented invention, and 'exclusive licensee' shall be construed accordingly;

(f) 'High Court' means.—

(i) in relation to a Part A State or a Part B State, the High Court for that State;

(ii) in relation to the States of Ajmer and Vindhya Pradesh, the High Court at Allahabad;

(iii) in relation to the State of Bhopal, the High Court at Nagpur;

(iv) in relation to the States of Bilaspur, Delhi and Himachal Pradesh, the High Court of Punjab;

(v) in relation to the State of Coorg, the High Court of Mysore;

(vi) in relation to the State of Kutch, the High Court at Bombay;

(vii) in relation to the States of Manipur and Tripura, the High Court of Assam;

(viii) in relation to the Andaman and Nicobar Islands, the High Court at Calcutta;

(g) 'India' means the territory of India excluding the State of Jammu and Kashmir;

(h) 'invention' means.—

(i) any new and useful manufacture;

(ii) any new and useful composition of matter;

(iii) any new and useful improvement of any such manufacture or composition of matter;

which is capable of being used or applied in trade or industry and which is not previously known or used in India;

*Explanation I.*—An invention shall not be deemed to be new unless it involves an inventive step.

*Explanation II.*—An invention shall not be deemed to be useful unless it achieves the object which is claimed for it and makes a definite contribution to the existing stock of technical knowledge in India on the subject-matter of the invention;

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(i) 'legal representative' means a person who in law represents the estate of a deceased person;

(j) 'manufacture', include.—

(i) any art or proces.—

(a) for producing, preparing or making an article by subjecting a material to manual, mechanical, chemical, electrical or any other like operation, or

(b) for producing any new material or for preserving or modifying the properties of any known material;

(ii) any method or process of testing applicable to the improvement or control of manufacture;

(iii) any machine or apparatus used for any of the purposes specified in item (a) or item (b) of sub-clause (i); and

(iv) any article or material produced, prepared or made by manufacture;

(k) 'patent' means a patent granted under this Act;

(l) 'patented article' means an article in respect of which a patent has been granted;

(m) 'patentee' means the person for the time being entered on the register of patents kept under this Act as the grantee or proprietor of the patent;

(n) 'patent agent' means a person carrying on in India the business of acting as agent for other persons for the purpose of applying for or obtaining patents in India or elsewhere;

(o) 'patent of addition' means a patent granted in accordance with section 31;

(p) 'Patent Office' means the Patent Office established under section 4 and includes any branch thereof;

(q) 'prescribed' means prescribed by rules made under this Act;

(r) 'priority date' has the meaning assigned to it by section 10;

(s) 'true and first inventor' includes a person who first imports an invention into India, or to whom an invention is first communicated from outside India.

3. *What is not patentable.*—The following shall not be patentable under this Act.—

(a) an invention the use of which would be contrary to law or morality;

(b) the mere discovery of new properties of a known substance;

(c) a mere duplication of known devices or juxtaposition of known devices which function independently of one another;

(d) a substance prepared or produced by a chemical process or intended for food or medicine other than a substance prepared or produced by any method or process of manufacture particularly described in the complete specification of the invention or by its obvious chemical equivalent.

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*Explanation.*—In relation to a substance intended for food or medicine, a mere admixture resulting only in the aggregation of the known properties of the ingredients of that substance shall not be deemed to be a method or process of manufacture.

## CHAPTER II

## Patent Office and Establishment

**4.** *Patent Office and its branches.*—(1) There shall be established for the purposes of this Act an office to be called the Patent Office and such number of branch offices as the Central Government may deem fit.

(2) The Patent Office shall be under the immediate control of the Controller who shall act under the superintendence and direction of the Central Government.

(3) There shall be a seal for the Patent Office.

**5.** *Controller and other officers.*—(1) The Central Government may appoint a person to be the Controller of Patents and Designs and as many Deputy and Assistant Controllers as may be necessary.

(2) The Deputy and Assistant Controllers shall be under the superintendence and direction of the Controller and shall discharge such functions of the Controller under this Act as the Controller may from time to time authorise them to discharge; and any reference in this Act to the Controller shall include a reference to a Deputy Controller or an Assistant Controller when so discharging any such functions.

(3) The Central Government may appoint for the purposes of the Patent Office such number of Examiners, Assistant Examiners and other officers as it may deem fit for the purpose of carrying out the provisions of this Act.

## CHAPTER III

## Applications for Grant of Patents

**6.** *Persons entitled to apply for a patent.*—(1) An application for a patent for an invention may be made by any of the following persons, that is to say.—

(a) by any person claiming to be the true and first inventor of the invention;

(b) by any person being the assignee of the person claiming to be the true and first inventor in respect of the right to make such an application;

(c) by the legal representative of any deceased person who immediately before his death, was entitled to make such an application;

and may be made by that person or legal representative either alone or jointly with any other person.

**7.** *Form of application.*—(1) Every application for a patent shall be made in the prescribed form and shall be filed at the Patent Office in the prescribed manner.

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(2) Where the application is made by virtue of an assignment of the right to apply for a patent for the invention, there shall be furnished with the application or within such period as may be prescribed after the filing of the application either.—

(a) a declaration signed by the person claiming to be the true and first inventor or his legal representative, stating that he assents to the making of the application; or

(b) the original deed of assignment executed by the true and first inventor or his legal representative.

(3) Every application under this section shall state that the applicant is in possession of the invention and shall name the person claiming to be the true and first inventor; and where the person so claiming is not the applicant or one of the applicants, the application shall contain a declaration that the applicant believes the person so named to be the true and first inventor.

(4) Every such application shall be accompanied by.—

(a) a provisional or a complete specification; and

(b) the prescribed fee.

**8.** *Provisional and complete specifications.*—(1) Where an application for a patent is accompanied by a provisional specification, a complete specification shall be filed within nine months from the date of filing of the application and if the complete specification is not so filed, the application shall be deemed to be abandoned:

Provided that the complete specification may be filed at any time after nine months but within twelve months from the date aforesaid, if a request to that effect is made to the Controller and the prescribed fee is paid on or before the date on which the complete specification is filed.

(2) Where two or more applications in the name of the same applicant are accompanied by provisional specifications in respect of inventions which are cognate or of which one is a modification of another and the Controller is of opinion that the whole of such inventions are such as to constitute a single invention and may properly be included in one patent, he may allow one complete specification to be filed in respect of all such provisional specifications.

(3) Where an application for a patent is accompanied by a specification purporting to be a complete specification, the Controller may, if the applicant so requests at any time before the acceptance of the application, direct that such specification shall be treated for the purposes of this Act as a provisional specification and proceed with the application accordingly.

(4) Where a complete specification has been filed in pursuance of an application for a patent accompanied by a provisional specification or by a specification treated by virtue of a direction under sub-section (3) as a provisional specification, the Controller may, if the applicant so requests at any time before the acceptance of the application, cancel the provisional specification and post-date the application to the date of filing of the complete specification.

**9.** *Contents of specification.*—(1) Every specification, whether complete or provisional, shall describe the invention and shall begin with a title sufficiently indicating the subject-matter to which the invention relates.

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(2) Subject to any rules that may be made in this behalf under this Act, drawings may, and shall, if the Controller so requires, be supplied for the purposes of any specification, whether complete or provisional; and any drawings so supplied shall, unless the Controller otherwise directs, be deemed to form part of the specification and references in this Act to a specification shall be construed accordingly.

(3) Every complete specification.—

(a) shall particularly describe the invention and the method by which it is to be performed;

(b) shall disclose the best method of performing the invention which is known to the applicant and for which he is entitled to claim protection; and

(c) shall end with a claim or claims defining the scope of the invention claimed.

(4) The claim or claims of a complete specification shall relate to a single invention, shall be clear and succinct and shall be fairly based on the matter disclosed in the specification.

(5) A declaration as to the inventorship of the invention shall, in such cases as may be prescribed, be furnished in the prescribed form with the complete specification or within such period as may be prescribed after the filing of that specification.

(6) Subject to the foregoing provisions of this section, a complete specification filed after a provisional specification, may include claims in respect of developments of, or additions to, the invention which was described in the provisional specification, being developments or additions in respect of which the applicant would be entitled under the provisions of section 6 to make a separate application for a patent.

10. *Priority date of claims of complete specification.*—(1) Every claim of a complete specification shall have effect from the date specified in this section in relation to that claim, (in this Act referred to as the 'priority date'); and a patent shall not be invalidated by reason only of the publication or use of the invention so far as claimed in any claim of the complete specification, on or after the priority date of that claim, or by the grant of another patent upon a specification claiming the same invention in a claim of the same or later priority date.

(2) Where the complete specification is filed in pursuance of a single application accompanied by a provisional specification or by a specification which is treated by virtue of a direction under sub-section (3) of section 8 as a provisional specification, and the claim is fairly based on the matter disclosed in that specification, the priority date of that claim shall be the date of filing of the application.

(3) Where the complete specification is filed or proceeded with in pursuance of two or more applications accompanied by such specifications as are mentioned in sub-section (2), and the claim is fairly based on the matter disclosed in one of those specifications, the priority date of that claim shall be the date of filing of the application accompanied by that specification.

(4) Where, under the foregoing provisions of this section, any claim of a complete specification would, but for the provisions of this sub-section, have two or more priority dates, the priority date of that claim shall be the earlier or earliest of those dates.

(5) In any case to which sub-sections (2) to (4) do not apply, the priority date of a claim shall, subject to the provisions of section 83, be the date of filing of the complete specification.

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**11.** *Examination of application.*—When the complete specification has been filed in respect of an application for a patent, the application and the specification or specifications relating thereto shall be referred by the Controller to an Examiner for making a report to him in respect of the following matters, namely.—

(a) whether the subject-matter of the specification or specifications is an invention within the meaning of clause (h) of section 2;

(b) whether the application and the specification or specifications relating thereto are in accordance with the requirements of this Act and of any rules made thereunder;

(c) the result of investigations made under section 12; and

(d) any other matter which may be prescribed.

**12.** *Search for anticipation by previous publication and by prior claim.*—(1) The examiner to whom an application for a patent is referred under section 11, shall make investigation for the purpose of ascertaining whether the invention so far as claimed in any claim of the complete specification.—

(a) has been published before the date of filing of the applicant's complete specification in any specification filed in pursuance of an application for a patent made in India and dated within fifty years before that date; or

(b) is claimed in any claim of any other complete specification published on or after the date of filing of the applicant's complete specification, being a specification filed in pursuance of an application for a patent made in India and dated before that date.

(2) The Examiner may, in addition, make such investigation as the Controller may direct for the purpose of ascertaining whether the invention, so far as claimed in any claim of the complete specification, has been published in India before the date of filing of the applicant's complete specification in any other document.

(3) The investigations made under this section shall not be held in any way to guarantee the validity of any patent, and no liability shall be incurred by the Central Government or any officer by reason of, or in connection with, any such investigation or any proceeding consequent thereon.

**13.** *Controller to take into consideration the report of Examiner.*—When, in respect of any application for a patent, the Controller has received the report of the Examiner under section 11, he shall, after considering the report, dispose of the application in accordance with the provisions hereinafter appearing.

**14.** *Refusal of application in certain cases.*—Where the Controller is satisfied that the subject-matter of the specifications relating to an application is not an 'invention' within the meaning of clause (h) of section 2 or is not patentable under section 3, he shall refuse the application.

**15.** *Order of refusal or amendment of application in certain cases.*—Where the Controller is satisfied that the application and the specifications relating thereto do not comply with the requirements of this Act or of any rules made thereunder, the Controller may, subject to

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the other provisions of this Act, refuse to proceed with the application or require that the application or the specification be amended to his satisfaction before he proceeds with the application.

**16.** *Other orders on application.*—(1) Where a specification relates to more than one invention, the application shall, if the Controller or the applicant so requires, be restricted to one invention and the other inventions may be made the subject-matter of fresh applications; and any such fresh application shall be proceeded with as a substantive application, but the Controller may direct that any such fresh application made before the acceptance of the original application shall bear the date of the original application or such later date as he may fix, and the fresh application shall be deemed, for the purposes of this Act, to have been made on the date which it bears in accordance with such direction.

(2) At any time after an application has been filed under this Act and before acceptance of the application, the Controller may, at the request of the applicant and upon payment of the prescribed fee, direct that the application shall be post-dated to such date as may be specified in the request, and proceed with the application accordingly:

Provided that no application shall be post-dated under this sub-section to a date later than six months from the date on which it was actually made or would, but for the provisions of this sub-section, be deemed to have been made.

(3) Where an application or specification filed under this Act is amended before acceptance of the application, the Controller may direct that the application or specification shall be post-dated to the date on which it is amended, or if it has been returned to the applicant, to the date on which it is refiled.

(4) Where it appears to the Controller that the invention so far as claimed in any claim of the complete specification has been published in the manner referred to in sub-section (1) or sub-section (2) of section 12, he may refuse to accept the application unless the applicant either.—

(a) shows to the satisfaction of the Controller that the priority date of the claim of his complete specification is not later than the date on which the relevant document was published in India; or

(b) amends his complete specification to the satisfaction of the Controller.

(5) If it appears to the Controller that the invention is claimed in a claim of any other complete specification referred to in clause (b) of sub-section (1) of section 12, he may, subject to the provisions hereinafter contained, direct that a reference to that other specification shall be inserted by way of notice to the public in the applicant's complete specification unless within such time as may be prescribed either.—

(a) the applicant shows to the satisfaction of the Controller that the priority date of his claim is not later than the priority date of the claim of the said other specification; or

(b) the complete specification is amended to the satisfaction of the Controller.

(6) If it appears to the Controller as a result of an investigation under section 12 or otherwise.—

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(a) that the invention so far as claimed in any claim of the applicant's complete specification has been claimed in any other complete specification referred to in clause (a) of sub-section (1) of section 12; and

(b) that such other complete specification was published on or after the priority date of the applicant's claim;

then, unless it has been shown to the satisfaction of the Controller that the priority date of the applicant's claim is not later than the priority date of the claim of that specification, the provisions of sub-section (5) shall apply in the same manner as they apply to a specification published on or after the date of filing of the applicant's complete specification.

(7) The power of the Controller under sub-sections (5) and (6) to direct the insertion of a reference to another specification may be exercised either before or after a patent has been granted for an invention claimed in that other specification, but any direction given before the grant of such a patent shall be of no effect unless and until such a patent is granted.

**17.** *Substitution of applicants.*—(1) If the Controller is satisfied, on a claim made in the prescribed manner at any time before a patent has been granted, that by virtue of any assignment or agreement made by the applicant or one of the applicants for the patent or by operation of law, the claimant would, if the patent were then granted, be entitled thereto or to the interest of the applicant therein, or to an undivided share of the patent or of that interest, the Controller may, subject to the provisions of this section, direct that the application shall proceed in the name of the claimant or in the names of the claimant and the applicant or the other joint applicant or applicants, according as the case may require.

(2) No such direction as aforesaid shall be given by virtue of any assignment or agreement made by one of two joint applicants for a patent except with the consent of the other joint applicant or applicants.

(3) No such direction as aforesaid shall be given by virtue of any assignment or agreement for the assignment of the benefit of any invention unless either.—

(a) the invention is identified therein by reference to the number of the application for the patent; or

(b) there is produced to the Controller an acknowledgment by the person by whom the assignment or agreement was made that the assignment or agreement relates to the invention in respect of which that application is made; or

(c) the rights of the claimant in respect of the invention have been finally established under the provisions of this Act.

(4) Where one of two or more joint applicants for a patent lies at any time before the patent has been granted, the Controller may, upon a request in that behalf made by the survivor or survivors, and with the consent of the personal representative of the deceased, direct that the application shall proceed in the name of the survivor or survivors alone.

(5) If any dispute arises between joint applicants for a patent whether or in what manner the application should be proceeded with, the Controller may, upon application made to him in the prescribed manner by any of the parties, and after giving to all parties concerned an opportunity to be heard, give such directions as he thinks fit for enabling the application to

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proceed in the name of one or more of the parties alone or for regulating the manner in which it should be proceeded with, or for both those purposes, according as the case may require.

**18.** *Acceptance of application.*—(1) Where in respect of an application for a patent no order is passed by the Controller under section 14 or section 15 or section 16, or where an order is passed by the Controller under section 15 or section 16 which is complied with by the applicant, the Controller may, subject to the provisions of sub-section (2), accept the application.

(2) Unless an application for a patent is accepted within eighteen months from the date of the application, the application shall (except where an appeal has been lodged) be deemed to have been refused:

Provided that where, before, or within three months after, the expiration of the said period of eighteen months a request is made to the Controller for an extension of time, the application shall, on payment of the prescribed fee, be continued for any period so requested not exceeding in all three months from the expiration of the said period of eighteen months.

**19.** *Advertisement of acceptance of application.*—On the acceptance of an application, the Controller shall give notice thereof to the applicant and shall advertise the acceptance in the Official Gazette; and the application and the specification with the drawings (if any) shall be open to public inspection.

**20.** *Effect of acceptance of application.*—After the acceptance of an application and until the date of sealing a patent in respect thereof or the expiration of the time for sealing, the applicant shall have the like privileges and rights as if a patent for the invention had been sealed on the date of advertisement of acceptance of the application:

Provided that the applicant shall not be entitled to institute any proceedings for infringement until the patent has been sealed.

**21.** *Objections to sealing of patent.*—(1) At any time within four months from the date of advertisement of the acceptance of an application in the Official Gazette, any person interested may, on payment of the prescribed fee, file before the Controller objections in writing to the sealing of the patent on the application such objections being restricted to the matters specified in clauses (a) to (d) of section 11.

(2) Where any objections have been filed under sub-section (1), the Controller shall, after hearing the applicant and, if necessary, the person filing the objections and after making such further enquiry, if any, as he may deem fit, may.—

(a) dismiss the objections; or

(b) direct the applicant to amend the complete specification to the satisfaction of the Controller and within such time as may be specified in the direction; or

(c) direct that the reference to any other specification shall be inserted by way of notice to the public in the applicant's complete specification.

(3) Where the applicant refuses or fails to carry out any directions of the Controller under clause (b) or clause (c) of sub-section (2), the Controller may refuse to seal the patent.

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**22.** *Mention of inventor as such in patent.*—(1) If the Controller is satisfied, upon a request or claim made in accordance with the provisions of this section.—

(a) that the person in respect of or by whom the request or claim is made is the inventor of an invention in respect of which application for a patent has been made or of a substantial part of that invention; and

(b) that the application for the patent is a direct consequence of his being the inventor;

the Controller shall, subject to the provisions of this section, cause him to be mentioned as inventor in any patent granted in pursuance of the application, in the complete specification, and in the register of patents:

Provided that the mention of any person as inventor under this section shall not confer or derogate from any rights under the patent.

(2) For the purposes of this section, the actual deviser of an invention or a part of an invention shall be deemed to be the inventor, notwithstanding that any other person is for any of the other purposes of this Act treated as the true and first inventor; and no person shall be deemed to be the inventor of an invention or a part of an invention by reason only that it was imported by him into India or that it was communicated to him from outside India.

(3) A request that any person shall be mentioned as aforesaid may be made in the prescribed manner by the applicant for the patent or (where the person alleged to be the inventor is not the applicant or one of the applicants) by the applicant and that person.

(4) If any person [other than a person in respect of whom a request in relation to the application in question has been made under sub-section (3)] desires to be mentioned as aforesaid, he may make a claim in the prescribed manner in that behalf.

(5) A request under the foregoing provisions of this section shall be made not later than two months after the date of advertisement of acceptance of the application or within such further period (not exceeding one month) as the Controller may, on an application made to him in that behalf before the expiration of the said period of two months and subject to the payment of the prescribed fee, allow.

(6) Where a claim is made under sub-section (4), the Controller shall give notice of the claim to every applicant for the patent (not being the claimant) and to any other person whom the Controller may consider to be interested; and before deciding upon any request or claim made under sub-section (3) or sub-section (4), the Controller shall, if required, hear the person in respect of or by whom the request or claim is made, and, in the case of a claim under the said sub-section (4), any person to whom notice of the claim has been given as aforesaid.

(7) Where any person has been mentioned as inventor in pursuance of this section, any other person who alleges that he ought not to have been so mentioned may at any time apply to the Controller for a certificate to that effect and the Controller may after hearing, if required, any person whom he may consider to be interested, issue such a certificate, and if he does so, he shall rectify the specification and the register accordingly.

**23.** *Provision for secrecy of certain inventions.*—(1) Where, either before or after the commencement of this Act, an application for a patent has been made in respect of an invention, and it appears to the Controller that the invention is one of a class notified to him by the

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Central Government as relevant for defence purposes, he may give directions for prohibiting or restricting the publication of information with respect to the invention, or the communication of such information to any person or class of persons specified in the directions; and while such directions are in force, the application may, subject to the directions, proceed up to the stage of the acceptance of the application, but the acceptance shall not be advertised nor the specification published, and no patent shall be granted in pursuance of the application.

(2) Where the Controller gives any such directions as aforesaid, he shall give notice of the application and of the direction to the Central Government, and thereupon the following provisions shall have effect, that is to say.—

(a) the Central Government shall, upon receipt of such notice consider whether the publication of the invention would be prejudicial to the defence of India and unless a notice under paragraph (c) of this sub-section has been previously given by the Central Government, to the Controller, shall reconsider that question before the expiration of nine months from the date of filing of the application for the patent and at least once in every subsequent year;

(b) for the purpose aforesaid, the Central Government may, at any time after the application has been accepted or, with the consent of the applicant, at any time before the application has been accepted inspect the application and any documents furnished to the Controller in connection therewith;

(c) if upon consideration of the invention at any time it appears to the Central Government that the publication of the invention would not, or would no longer, be prejudicial to the defence of India, the Central Government, shall give notice to the Controller to that effect;

(d) on receipt of any such notice the Controller shall revoke the directions and may, subject to such conditions, if any as he thinks fit, extend the time for doing anything required or authorised to be done by or under this Act in connection with the application, whether or not that time has previously expired.

(3) Where an application for a patent for an invention in respect of which directions have been given under this section or under section 12 of the Atomic Energy Act, 1948 (XXIX of 1948), is accepted during the continuance in force of the directions, then.—

(a) if any use of the invention is made during the continuance in force of the directions by or on behalf of or to the order of the Government, the provisions of sections 53, 54 and 55 shall apply in relation to that use as if the patent had been granted for the invention; and

(b) if it appears to the Central Government that the applicant for the patent has suffered hardship by reason of the continuance in force of the directions, the Central Government may make to him such payment (if any) by way of compensation as appears to be reasonable having regard to the novelty and utility of the invention and the purpose for which it is designed, and to any other relevant circumstances.

(4) Where a patent is granted in pursuance of an application in respect of which directions have been given under this section or under section 12 of the Atomic Energy Act, 1948 (XXIX of 1948), no renewal fees shall be payable in respect of any period during which those directions are in force.

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(5) No person resident in India shall, except under the authority of a written permit granted by or on behalf of the Controller, make or cause to be made any application outside India for the grant of a patent for an invention unless.—

(a) an application for a patent for the same invention has been made in India not less than six weeks before the application outside India; and

(b) either no directions have been given under sub-section (1) of this section or under section 12 of the Atomic Energy Act, 1948 (XXIX of 1948), in relation to the application in India, or all such directions have been revoked:

Provided that this sub-section shall not apply in relation to an invention for which an application for protection has first been filed in a country outside India by a person resident outside India.

## CHAPTER IV

## Grant and Sealing of Patent

**24.** *Grant and sealing of patent.*—(1) Where an application in respect of a patent is accepted, and no objections have been filed under section 21 or where such objections have been filed but have been dismissed, or where the applicant has carried out the directions of the Controller under clause (b) or clause (c) of sub-section (2) of section 21, a patent shall on the prescribed request and on payment of the prescribed fee, be granted subject to such conditions (if any) as the Central Government thinks expedient to the applicant, or in the case of a joint application to the applicants jointly, and the Controller shall cause the patent to be sealed with the seal of the Patent Office.

(2) A patent shall be sealed as soon as may be but not after the expiration of a period of twenty-four months from the date of the application:

Provided that.—

(a) where the Controller has allowed an extension of time within which an application may be accepted, a further extension of four months after the said period of twenty-four months shall be allowed for the sealing of the patent;

(b) where the sealing is delayed by an appeal against the direction, decision or order of the Controller under section 14, section 15, section 16 or section 17 or by any proceeding taken for obtaining such direction, decision or order, the patent may be sealed at such time as the Controller may direct;

(c) where the patent is granted to the legal representative of an applicant who has died before the expiration of the time which would otherwise be allowed for sealing the patent, the patent may be sealed at any time within twelve months after the date of his death or at such later time as the Controller may think fit;

(d) where for any reason a patent cannot be sealed within the period allowed by any of the foregoing provisions of this section, that period may, on payment of the prescribed fee and on compliance with the prescribed conditions, be extended to the extent applied for but not exceeding three months.

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**25.** *Date of patent.*—(1) Except as otherwise expressly provided in this Act, every patent shall be dated and sealed as of the date of filing of the complete specification:

Provided that no proceedings shall be taken in respect of an infringement committed before the date of advertisement of acceptance of the application.

(2) The date of every patent shall be entered in the register of patents.

**26.** *Form and effect of patent.*—(1) Every patent shall be in the prescribed form and shall have effect throughout India.

(2) A patent shall be granted for one invention only; but the specification may contain more than one claim:

Provided that it shall not be competent for any person in a suit or other proceeding to take any objection to a patent on the ground that it has been granted for more than one invention.

(3) Subject to the provisions of Chapter XI, a patent shall have the same effect against Government as it has against any person.

**27.** *Rights of patentee.*—A patent sealed with the seal of the Patent Office shall, subject to the other provisions of this Act, confer on the patentee.—

(a) in the case of a patented article, the exclusive right to make use or sell such article in India and of authorising others so to do;

(b) in the case of a patent relating to a process, the exclusive privilege of using and exercising such process in India and of using or selling articles in India made by such process and of authorising others so to do;

**28.** *Patent obtained in fraud of true and first inventor.*—Where a patent has been revoked by a High Court or the Controller on the ground that it has been obtained in fraud of the true and first inventor, the Controller may, on the application of the true and first inventor or his legal representative or assignee made in accordance with the provisions of this Act, grant to him a patent for the whole or any part of the invention, and the patent so granted shall bear the same date as the patent so revoked:

Provided that no suit shall be brought for any infringement of the patent so granted committed before the actual date on which such patent was granted.

**29.** *Term of patent.*—(1) The term limited in every patent for the duration thereof shall, save as otherwise expressly provided by this Act, be sixteen years from its date.

(2) A patent shall, notwithstanding anything contained therein or in this Act, cease if the patentee fails to pay the prescribed fees within the prescribed times:

Provided that the period prescribed for the payment of any fees shall be extended to such period not being more than three months longer than the prescribed period as may be specified in a request made to the Controller, if the request is made and the prescribed fees and the prescribed additional fees are paid.

**30.** *Extension of term of patent.*—(1) A patentee may make an application to the Controller that his patent may be extended for a further term.

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(2) Every application made under sub-section (1)—

(a) shall be filed at the Patent Office at least six months before the time limited for expiration of the patent;

(b) shall be accompanied by the prescribed fee; and

(c) shall be advertised by the patentee within the prescribed time and in the prescribed manner.

(3) Any interested person may within such time as may be prescribed and on payment of the prescribed fee, give notice in the prescribed manner to the Controller of opposition to the application.

(4) The patentee and any person who has given notice of opposition under sub-section (3) shall be made parties to the proceedings before the Controller.

(5) The Controller having regard to—

(a) the nature and merits of the invention in relation to the public;

(b) the profits made on the patent; and

(c) such other circumstances as may be relevant;

and after hearing the parties may grant or refuse the application.

(6) If upon application made by a patentee in accordance with this section the Controller is satisfied that the patentee has not been adequately remunerated by the patent, the Controller may by order extend the term of the patent, subject to such restrictions, conditions and provisions, if any, as may be specified in the order, for such period not exceeding five years, or in an exceptional case, ten years as may be so specified; and any such order may be made notwithstanding that the term of the patent has previously expired.

**31.** *Patents of addition.*—(1) Subject to the provisions of this section, where an application is made for a patent in respect of any improvement or modification of an invention (in this Act referred to as the 'main invention') and the applicant also applies or has applied for a patent for that invention or is the patentee in respect thereof, the Controller may, if the applicant so requests, grant a patent for the improvement or modification as a patent of addition.

(2) Subject to the provisions of this section, where an invention being an improvement in or modification of another invention is the subject of an independent patent and the patentee in respect of that patent is also the patentee in respect of the patent for the main invention, the Controller may, if the patentee so requests by order revoke the patent for the improvement or modification and grant to the patentee a patent of addition in respect thereof, bearing the same date as the date of the patent so revoked.

(3) A patent shall not be granted as a patent of addition unless the date of filing of the complete specification was the same as or later than the date of filing of the complete specification in respect of the main invention.

(4) A patent of addition shall not be sealed before the sealing of the patent for the main invention; and if the period within which, but for the provisions of this sub-section, a request for the sealing of a patent could be made under section 24 expires before the period within

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which a request for the sealing of the patent for the main invention may be so made, the request for the sealing of the patent of addition may be made at any time within the last mentioned period.

(5) A patent of addition shall be granted for a term equal to that of the patent for the main invention, or so much thereof as has not expired, and shall remain in force during that term or until the previous cesser of the patent for the main invention and no longer:

Provided that.—

(a) if the term of the patent for the main invention is extended under section 30, the term of the patent of addition may also be extended accordingly;

(b) if the patent for the main invention is revoked under this Act, the Court or the Controller, as the case may be, may order that the patent of addition shall become an independent patent for the remainder of the term of the patent for the main invention and thereupon the patent shall continue in force as an independent patent accordingly.

(6) No renewal fees shall be payable in respect of a patent of addition, but if any such patent becomes an independent patent under sub-section (5), the same fees shall thereafter be payable upon the same dates as if the patent had been originally granted as an independent patent.

(7) The grant of a patent of addition shall not be refused, and a patent granted as a patent of addition shall not be revoked or invalidated, on the ground only that the invention claimed in the complete specification does not involve any inventive step having regard to any publication or use of.—

(a) the main invention described in the complete specification relating thereto; or

(b) any improvement in or modification of the main invention described in the complete specification of a patent of addition to the patent for the main invention or of an application for such a patent of addition;

and the validity of a patent of addition shall not be questioned on the ground that the invention ought to have been the subject of an independent patent.

## CHAPTER V

## Restoration of lapsed patents and patent applications

**32.** *Restoration of lapsed patents.*—(1) Where a patent has ceased to have effect by reason of failure to pay any prescribed fee within the prescribed period or within that period as extended under section 30, and the Controller is satisfied upon application made within the prescribed period from the date on which the patent has ceased to have effect that the failure was unintentional and that no undue delay has occurred in the making or prosecution of the application, he shall, by order, restore the patent and any patent of addition specified in the application which has ceased to have effect on the cesser of the patent.

(2) An application under this section may be made by the person who was the patentee or by his legal representative; and where the patent was held by two or more persons jointly, the

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application may, with the leave of the Controller, be made by one or more of them without joining the others.

(3) An application under this section shall contain a statement (to be verified in such manner as may be prescribed) fully setting out the circumstances which led to the failure to pay the prescribed fee; and the Controller may require from the applicant such further evidence as he may think necessary.

(4) If after hearing the applicant (where the applicant so requires or the Controller thinks fit) the Controller is satisfied that a *prima facie* case has been made out for an order under this section, he shall advertise the application in the prescribed manner; and within the prescribed period any person may give notice to the Controller of opposition thereto on either or both of the following grounds, that is to say.—

(a) that the failure to pay the prescribed fee was not unintentional; or

(b) that there has been undue delay in the making of the application.

(5) If notice of opposition is given within the period aforesaid, the Controller shall notify the applicant and shall give to him and to the opponent an opportunity to be heard before he decides the case.

(6) If no notice of opposition is given within the period aforesaid or if in the case of opposition the decision of the Controller is in favour of the applicant, the Controller shall upon payment of any unpaid prescribed fee and such additional fee as may be prescribed make an order in accordance with the application.

(7) An order under this section for the restoration of the patent.—

(a) may be made subject to such conditions as the Controller thinks fit including in particular a condition requiring the registration in the Register of Patents of any matter in respect of which the provisions of this Act as to the entries in that Register have not been complied with; and

(b) shall contain such provisions as may be prescribed for the protection of persons who may have begun to avail themselves of the patented invention between the date when the patent ceased to have effect and the date of the advertisement of the application under this section; and if any condition of an order under this section is not complied with by the patentee, the Controller may, after giving to the patentee or his legal representative an opportunity to be heard, revoke the order and give such directions consequential on the revocation as he thinks fit.

**33.** *Restoration of lapsed applications for patents.*—(1) Where a patent has not been sealed by reason only that the prescribed request was not made within the time allowed for that purpose by or under sub-section (2) of section 24, then, if the Controller is satisfied upon application made within the prescribed period after the expiration of that time by the applicant for the patent that the failure to make the request was unintentional, he may order the patent to be sealed notwithstanding that the prescribed request was not made as aforesaid.

(2) An application under this section shall contain a statement (to be verified in such manner as may be prescribed) fully setting out the circumstances which led to the failure to make

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the prescribed request and the Controller may require from the applicant such further evidence as he thinks necessary.

(3) If after hearing the applicant (where the applicant so requires or the Controller thinks fit) the Controller is satisfied that a *prima facie* case has been made out for an order under this section, he shall advertise the application in the prescribed manner; and within the prescribed period any person may give notice to the Controller of opposition thereto on the ground that the failure to make the prescribed request was not unintentional.

(4) If notice of opposition is given within the period aforesaid the Controller shall notify the applicant and shall give to him and to the opponent an opportunity to be heard before he decides the case.

(5) If no notice of opposition is given within the period aforesaid or in the case of opposition the decision of the Controller is in favour of the applicant, the Controller shall upon payment of the prescribed fee in respect of the making of the request for sealing and of such additional fee as may be prescribed, make an order in accordance with the application.

(6) An order under this section shall contain such provisions as may be prescribed for the protection of persons who may have begun to avail themselves of the invention between the date when the time allowed by or under sub-section (2) of section 24 for the making of the prescribed request expired and the date of the advertisement of the application under this section.

## CHAPTER VI

## Amendment of application or specification

**34.** *Amendment of application or specification by Controller.*—(1) An applicant or a patentee may at any time, by request in writing lodged at the Patent Office and accompanied by the prescribed fee, seek leave to amend his application, or specification, including drawings, if any, by way of disclaimer, correction or explanation, stating the nature of, and the reasons for, the proposed amendment.

(2) If the application for a patent has not been accepted, the Controller shall determine whether and subject to what conditions (if any) the amendment shall be allowed.

(3) In any other case the request and the nature of the proposed amendment shall be advertised in the prescribed manner and at any time within three months from its first advertisement any person may give notice at the Patent Office of opposition to the amendment.

(4) Where such a notice is given, the Controller shall give notice of the opposition to the person making the request, and shall hear and decide the case.

(5) Where no notice of opposition is given, or the person so giving notice of opposition does not appear, the Controller shall determine whether and subject to what conditions, if any, the amendment may be allowed.

(6) No amendment shall be allowed that would make the application or specification, as amended, claim an invention substantially larger than, or substantially different from, the invention claimed by the application or specification as it stood before amendment.

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(7) Leave to amend shall be conclusive as to the right of the party allowed to make the amendment, except in case of fraud; and the amendment shall be advertised in the prescribed manner, and shall in all courts and for all purposes be deemed to form part of the application or specification.

(8) No application or specification shall be amended under this section when and so long as any suit for infringement or a proceeding for the revocation of the patent is pending before a court.

**35.** *Amendment of specification by the court.*—In any suit for infringement of a patent or proceeding before a court for the revocation of a patent, the court may by order allow the patentee to amend his specification by way of disclaimer, correction or explanation in such manner, and subject to such terms as to costs, advertisement or otherwise, as the court may think fit:

Provided that no amendment shall be so allowed as to make the specification as amended, claim an invention substantially larger than, or substantially different from, the invention claimed by the specification as it stood before the amendment:

Provided further that notice of the application shall be given to the Controller, and the Controller shall have the right to appear and be heard.

## CHAPTER VII

## Surrender and revocation of Patents

**36.** *Surrender of patent.*—(1) A patentee may, at any time by giving notice in the prescribed manner to the Controller, offer to surrender his patent.

(2) Where such an offer is made, the Controller shall advertise the offer in the prescribed manner; and within the prescribed period after such advertisement any person interested may give notice to the Controller of opposition to the surrender.

(3) Where any such notice of opposition is duly given, the Controller shall notify the patentee.

(4) If the Controller is satisfied after hearing the patentee and any opponent, if desirous of being heard, that the patent may properly be surrendered, he may accept the offer and by order revoke the patent.

**37.** *Revocation of Patents.*—(1) Revocation of a patent in whole or in part may be obtained on a petition to a High Court or the Controller or on a counter-claim in a suit for infringement before a High Court, on all or any of the grounds specified in clause (a) of sub-section (2).

(2) A petition for the revocation of a patent, may be presented.—

(a) at any time after the sealing of the patent to a High Court on any of the following grounds.—

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(i) that the invention, so far as claimed in any claim of the complete specification, was claimed in a valid claim of earlier priority date contained in the complete specification of another patent granted in India;

(ii) that the patent was granted on the application of a person not entitled under the provisions of this Act to apply therefor;

(iii) that the patent was obtained in contravention of the rights of the petitioner or any person under or through whom he claims;

(iv) that the subject-matter of the complete specification is not an 'invention' within the meaning of clause (h) of section 2;

(v) that the invention is not patentable under section 3;

(vi) that the complete specification does not sufficiently and fairly describe the invention and the method by which it is to be performed or does not disclose the best method of performing it which was known to the applicant for a patent and for which he was entitled to claim protection;

(vii) that the scope of any claim of the complete specification is not sufficiently and clearly defined or that any claim of the complete specification is not fairly based on the matter disclosed in the specification;

(viii) that the patent was obtained on a false suggestion or representation;

(ix) that the primary or intended use or exercise of the invention is contrary to law;

(x) that the patentee has contravened, or has not complied with, the conditions, if any, contained in the patent;

(xi) that prior to the date of the patent, the patentee or other person (not being the Government or any person authorised in that behalf by the Government) secretly worked the invention on a commercial scale (and not merely by way of reasonable trial or experiment) in India and thereby made direct or indirect profits in excess of such amount as the court or the Controller may in consideration of all the circumstances of the case deem reasonable;

(b) within one year from the date of sealing of the patent to the Controller on any of the grounds specified in clause (a).

(3) A notice of any petition for revocation of a patent under this section shall be served on all persons appearing from the register to be proprietors of that patent or to have shares or interests therein and it shall not be necessary to serve a notice on any other person.

(4) Without prejudice to the provisions of sub-section (2), a patent may be revoked on the petition of the Government if a High Court or the Controller, as the case may be, is satisfied that the patentee has without reasonable cause failed to comply with the request of the Government to make, use or exercise the patented invention for the purposes of the Union or of the State, as the case may be, upon reasonable terms:

Provided that when a suit for infringement or a proceeding for the revocation of a patent is pending in any court, a petition to the Controller under the section shall not be made except with the leave of the Court:

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Provided further that this section shall have effect in relation to the ground of revocation specified in sub-clause (ii) of clause (a) of sub-section (2) subject to the provisions of section 81.

**38.** *Procedure for petition of revocation to High Court.*—(1) A petition for revocation of a patent to a High Court may be presented.—

(a) by the Attorney General for India or by the Advocate General of a State or any person authorised by either of them; or

(b) by any person alleging.—

(i) that the patent was obtained in fraud of his rights, or of the rights of any person under or through whom he claims; or

(ii) that he, or any person under or through whom he claims, was the true and first inventor of any invention included in the claim of the patentee; or

(iii) that he, or any person under or through whom he claims an interest in any trade, business or manufacture, had publicly manufactured, used or sold, within India before the date of the patent, anything claimed by the patentee as his invention.

(2) The High Court may, notwithstanding anything contained in the Code of Civil Procedure, 1908 (Act V of 1908), require any person, other than the Attorney General, the Advocate General or any person authorised by either of them, applying for the revocation of a patent to give security for the payment of all costs incurred or likely to be incurred by any person appearing to oppose the petition.

(3) The High Court may, if it thinks fit, direct an issue for the trial before itself or any district court subordinate to it, of any question arising upon a petition to itself under section 37, and the issue shall be tried accordingly.

(4) If the issue is directed to such district court, the finding of that court shall not be subject to appeal, but the evidence taken upon the trial shall be recorded and a copy thereof, certified by the Judge of the court, shall be transmitted, together with any remarks which he may think fit to make thereupon, to the High Court directing the issue, and the High Court may thereupon act upon the finding of the district court or dispose of the petition upon the evidence recorded, or direct a new trial, as the justice of the case may require.

**39.** *Procedure for petition of revocation to Controller.*—(1) Where a petition is made to the Controller under section 37, the Controller shall give to all persons to whom a notice is issued under sub-section (3) of that section and the petitioner an opportunity to be heard before deciding the case.

(2) If on a petition under section 37, the Controller is satisfied that any of the grounds specified in clause (a) of sub-section (2) of that section are established, he may by order direct that the patent shall be revoked either unconditionally or unless within such time as may be specified in the order the complete specification is amended to his satisfaction.

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CHAPTER VIII

## Compulsory Licences

40. *Application for licence.*—(1) fl-0-1 14535 re 1(e)-17(s)-13(t wa)-nleeme21(e )-32(a1 тfl[illegible]

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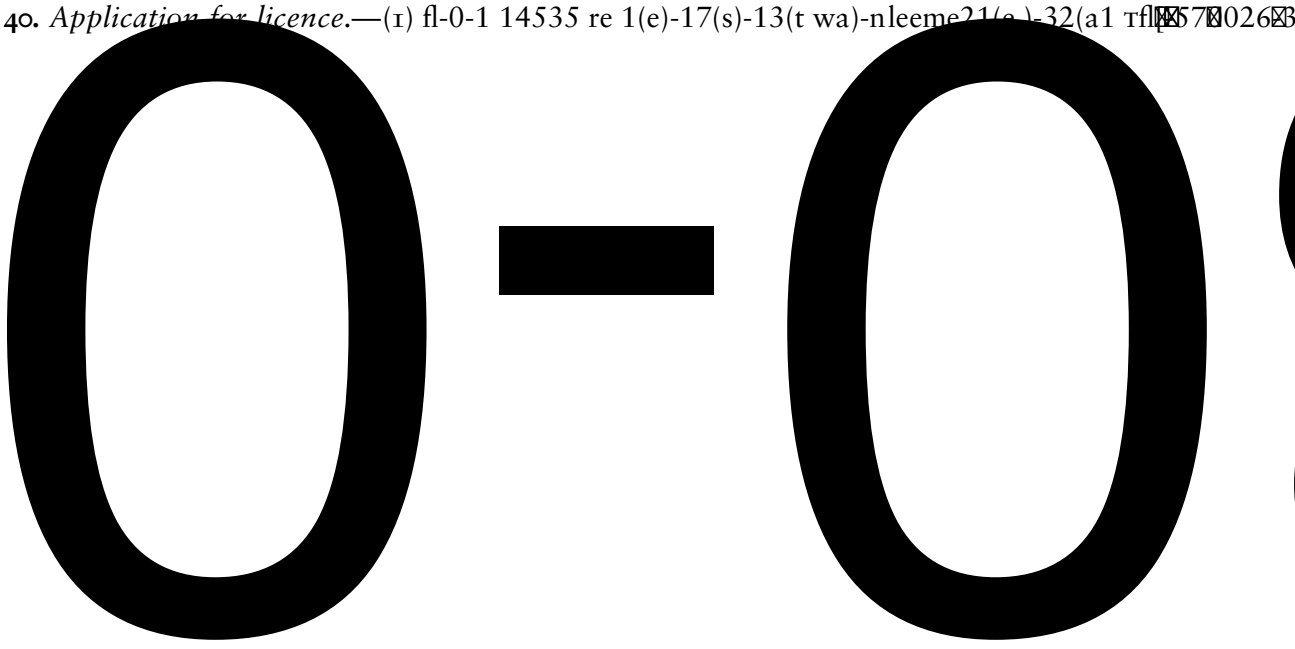

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shall forfeit any right which he may have as a patentee, to make, use, exercise or vend the invention or to grant licences under the patent;

(b) revoke any existing licence held by the applicant and grant a new licence upon such terms as the Controller thinks fit, or amend any licence held by the applicant in such manner as the Controller may think fit;

(c) grant a licence under the patent to such customers of the applicant and on such terms as the Controller thinks fit, if the Controller is satisfied that the manufacture, use or sale of materials not protected by the patent is unfairly prejudiced by reason of conditions imposed by the patentee upon the grant of licences under the patent or upon the purchase, hire or use of the patented article or process:

Provided that where the application is made on the ground that the patented invention is not being commercially worked in India or is not being worked to the fullest extent that is reasonably practicable and it appears to the Controller that the time which has elapsed since the granting of the patent has for any reason been insufficient to enable it to be so worked, he may, by order, adjourn the application for such period as will, in his opinion, give sufficient time for the invention to be so worked.

(2) Except in cases where the terms of a licence have been settled by mutual agreement and such terms otherwise provide, any person to whom a licence has been granted under sub-section (1) shall be entitled to call upon the patentee to take proceedings to prevent any infringement of the patent and if the patentee refuses or neglects to do so within two months after being so called upon, the licensee may institute proceedings for the infringement in his own name as though he were the patentee, making the patentee a defendant but a patentee so added as defendant shall not be liable for any costs unless he enters an appearance and takes part in the proceedings.

**42.** *Endorsement of patent on application by Government.*—(1) At any time after the expiration of three years from the date of the sealing of a patent, the Central Government may apply to the Controller upon any one or more of the grounds specified in sub-section (2) of section 40 for the endorsement of the patent with the words 'Licences of Right'.

(2) An application under this section may also be made on the ground that by the refusal of the patentee to grant a licence or licences on reasonable terms the establishment or development of commercial or industrial activities in India is unfairly prejudiced or the development of an industry, the control of which by the Union is declared by Parliament by law to be expedient in the public interest, is being prevented or hindered.

(3) Where a patent of addition is in force, any application under sub-section (1) either for the endorsement of the original patent or the patent of addition shall be deemed to be an application for the endorsement of both the patents and where any such application is granted or refused, it shall be deemed to have been granted or refused in respect of both the patents.

(4) All endorsements of patents made under this section shall be entered in the Register of Patents maintained under section 67.

(5) For the removal of doubts it is hereby declared that nothing in this section shall affect the right of the Central Government or any State Government to make an application for the

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grant of a licence in respect of any industrial undertaking or trading activity owned or carried on by such Government.

**43.** *Provision as to patents endorsed 'Licences of Right'.*— (1

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(b) the ability of any person to whom a licence is to be granted under the order to work the invention to the public advantage; and

(c) the risks to be undertaken by that person in providing capital and working the invention if the application is granted

but shall not take account of matters subsequent to the making of the application.

**45.** *Invention relating to food, medicines, insecticides, etc.*—(1) Without prejudice to the foregoing provisions of this Act where a patent is in force in respect of.—

(a) a substance capable of being used as food, medicine, insecticide, germicide or fungicide or in the production of food, medicine, insecticide, germicide or fungicide, or

(b) a process for producing such a substance as aforesaid, or

(c) any invention capable of being used as or as part of a surgical or curative device,

the Controller shall, on application made to him by any person interested, order the grant to the applicant of a licence under the patent on such terms as he thinks fit, unless it appears to him that there are good reasons for refusing the application.

(2) In setting the terms of licences under this section, the Controller shall endeavour to secure that food, medicines, insecticide, germicide or fungicide and surgical and curative devices shall be available to the public at the lowest prices consistent with the patentees' deriving a reasonable advantage from their patent rights.

(3) A licence granted under this section shall entitle the licensee to make, use, exercise and vend the invention as food, medicine,. insecticide, germicide or fungicide or for the purposes of the production of food, medicine, insecticide, germicide, or fungicide or as part of a surgical or curative device, but for no other purposes.

(4) Where a patent other than a patent referred to in sub-section (1) is in force in respect of a substance or process for producing a substance and the Central Government is satisfied that it is expedient or necessary in the public interest that a licence under such a patent should be granted, the Central Government may, by notification in the Official Gazette, direct that the provisions of sub-section (1), sub-section (2) and sub-section (3) respecting the grant of licences shall apply to such a patent, and on the issue of such a notification, the said provisions shall apply to the patent as they apply to a patent referred to in sub-section (1).

**46.** *Procedure on application under section 40 or section 42 or section 45.*—(1) Every applicaiton under section 40 or section 42 or section 45 shall specify the nature of the order sought by the applicant and shall contain a statement setting out the nature of the applicant's interest, if any, and the facts upon which the application is based.

(2) Where the Controller is satisfied, upon consideration of any such application, that a *prima facie* case has been made out for the making of an order, he shall direct the applicant to serve copies of the application upon the patentee and any other persons appearing from the Register of Patents to be interested in the patent in respect of which the application is made and shall advertise the application.

(3) The patentee or any other person desiring to oppose the application may, within such time as may be prescribed or within such further time as the Controller may, on application

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made either before or after the expiration of the prescribed time allow, give to the Controller notice of opposition.

(4) Any such notice of opposition shall contain a statement setting out the grounds on which the application is opposed.

(5) Where any such notice of opposition is duly given, the Controller shall notify the applicant and shall give to the applicant and the opponent an opportunity to be heard before deciding the case.

**47.** *Supplementary provisions with respect to orders under this Chapter.*—(1) Any order made by the Controller under this Chapter for the grant of a licence shall, without prejudice to any other mode of enforcement have effect as if it were a deed, executed by the patentee and all other necessary parties, granting a licence in accordance with the order.

(2) Notwithstanding anything contained in this Act, no order shall be made in pursuance of an application under section 40 or section 42 which would be at variance with any treaty, convention, arrangement or engagement applying to India and any other country.

## CHAPTER IX

## Anticipations

**48.** *Previous use and publication.*—(1) An invention claimed in a complete specification shall not be deemed to have been anticipated by reason only of the public use or knowledge of the invention if such knowledge has been obtained surreptitiously or in fraud of the true and first inventor or his legal representative or assignee or has been communicated to the public in fraud of such inventor or his legal representative or assignee or in breach of confidence:

Provided that such inventor or his legal representative or assignee has not acquiesced in the public use of his invention and that he applies for a patent within six months after the commencement of such use.

(2) An invention claimed in a complete specification shall not be deemed to have been anticipated.—

(a) by the secret use of the invention except where such secret use has been on a commercial scale by, or on behalf of, the applicant for the patent or any person deriving title from him, or

(b) by reason only that the invention was published in India.—

(i) in a specification filed in pursuance of an application for a patent made in India and dated more than fifty years before the date of filing of the complete specification; or

(ii) in a specification describing the invention for the purposes of an application for protection in any country outside India made more than fifty years before the date of filing of the complete specification; or

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(iii) in any abridgement of, or extract from, any such specification published under the authority of the Controller or of the Government of any country outside India.

(3) Notwithstanding anything in this Act, the Controller shall not refuse to accept the complete specification or to grant a patent and the patent shall not be revoked or invalidated, by reason only of any circumstances which by virtue of this section do not constitute an anticipation for the invention claimed in the specification.

**49.** *Previous communication, display or working.*—(1) An invention claimed in a complete specification shall not be deemed to have been anticipated by reason only of the communication of the invention to the Government or to any person authorised by the Government to investigate the invention or its merits or of anything done, in consequence of such a communication for the purpose of the investigation.

(2) An invention claimed in a complete specification shall not be deemed to have been anticipated by reason only of.—

(a) the display of the invention with the consent of the true and first inventor at an industrial or other exhibition to which the provisions of this section have been extended by the Central Government by notification in the Official Gazette, or the use thereof with his consent for the purposes of such an exhibition in the place where it is held; or

(b) the publication of any description of the invention in consequence of the display or use of the invention at any such exhibition as aforesaid; or

(c) the use of the invention, after it has been displayed or used at any such exhibition as aforesaid, and during the period of exhibition, by any person without the consent of the true and first inventor; or

(d) the description of the invention in a paper read by the true and first inventor before a learned society or published with his consent in the transactions of such a society;

if the application for the patent is made by the true and first inventor or a person deriving title from him not later than six months after the opening of the exhibition or the reading or publication of the paper, as the case may be.

(3) An invention claimed in a complete specification shall not be deemed to have been anticipated by reason only that at any time within one year before the priority date of the relevant claim of the specification, the invention was publicly worked in India.—

(a) by the patentee or applicant for the patent or any person from whom he derives title; or

(b) by any other person with the consent of the patentee or applicant for the patent or any person from whom he derives title;

if the working was effected for the purpose of reasonable trial only and if it was reasonably necessary, having regard to the nature of the invention, that the working for that purpose should be effected in public.

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(4) Notwithstanding anything in this Act, the Controller shall not refuse to accept an application for a patent or to grant a patent, and a patent shall not be revoked or invalidated, by reason only of the circumstances which, by virtue of this section, do not constitute an anticipation of the invention claimed in the specification.

## CHAPTER X

## Joint Patentees

**50.** *Co-ownership of patents.*—(1) Where after the commencement of this Act a patent is granted to two or more persons, each of those persons shall, unless an agreement to the contrary is in force, be entitled to an equal undivided share in the patent.

(2) Subject to the provisions of this section and section 51, where two or more persons are registered as grantee or proprietor of a patent, then, unless an agreement to the contrary is in force, each of those persons shall be entitled, by himself or his agents, to make, use, exercise and vend the patented invention for his own benefit without accounting to the other person or persons.

(3) Subject to the provisions of this section and section 51, and to any agreement for the time being in force, a licence under a patent shall not be granted, and a share in a patent shall not be assigned except with the consent of all persons, other than the licensor or assignor, who are registered as grantee or proprietor of the patent.

(4) Where an article is sold by one of two or more persons registered as grantee or proprietor of a patent, the purchaser and any person claiming through him shall be entitled to deal with the article in the same manner as if the article had been sold by a sole patentee.

(5) Subject to the provisions of this section, the rules of law applicable to the ownership and devolution of movable property generally, shall apply in relation to patents as they apply in relation to other choses in action; and nothing in sub-section (1) or sub-section (2) shall affect the mutual rights or obligations of trustees or of the legal representatives of a deceased person, or their rights or obligations as such.

**51.** *Power of Controller to give directions.*—(1) Where two or more persons are registered as grantee or proprietor of a patent, the Controller may, upon application made to him in the prescribed manner by any of those persons, give such directions in accordance with the application with respect to the sale or lease of the patent or any interest therein, the grant of licences under the patent, or the exercise of any right under section 50 in relation thereto, as he thinks fit.

(2) If any person registered as grantee or proprietor of a patent fails to execute any instrument or to do any other thing required for the carrying out of any direction given under this section within fourteen days after being requested in writing so to do by any of the other persons so registered, the Controller may, upon application made to him in the prescribed manner by any such other person, give directions empowering any person to execute that instrument or to do that thing in the name and on behalf of the person in default.

(3) Before giving directions in pursuance of an application under this section, the Controller shall give an opportunity to be heard.—

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(a) in the case of an application under sub-section (1) to the other person or persons registered as grantee or proprietor of the patent;

(b) in the case of an application under sub-section (2) to the person in default.

(4) No direction shall be given under this section so as to affect the mutual rights or obligations of trustees or of the legal representatives of a deceased person, or their rights or obligations as such.

## CHAPTER XI

## Use of patented inventions by Government in certain cases

**52.** *Definitions.*—In this Chapter, unless the context otherwise requires.—

(a) 'purposes of the Government' means purposes of the Union or of a State, as the case may be;

(b) 'Government' means.—

(i) in relation to the purposes of the Union, the Central Government; and

(ii) in relation to the purposes of a State, the State Government.

**53.** *Use of inventions for Government purposes.*—(1) Notwithstanding anything in this Act, the Government and any person authorised in writing by it may make, use and exercise any patented invention for the purposes of the Government in accordance with the provisions of this Chapter.

(2) If and so far as the invention has, before the priority date of relevant claim of the complete specification, been duly recorded by or tried by or on behalf of the Government otherwise than in consequence of the communication thereof directly or indirectly by the applicant or the patentee or any person from whom he derives title, any use of the invention by virtue of this section may be made free of any royalty or other payment to the patentee.

(3) If and so far as the invention has not been so recorded or tried as aforesaid, any use of the invention made by virtue of this section at any time after the acceptance of the application in respect of the patent or in consequence of any such communication as aforesaid, shall be made upon such terms as may be agreed upon, other before or after the use, between the Government and the applicant or the patentee, as the case may be, or may in default of agreement be determined by the High Court on a reference under section 55.

(4) The authority of the Government in respect of an invention may be given under this section either before or after the patent is granted and either before or after the acts in respect of which the authority is given are done, and may be given to any person whether or not he is authorised directly or indirectly by the applicant or the patentee to make, use, exercise or vend the invention.

(5) Where any use of an invention is made by or with the authority of the Government under this section, then unless it appears to the Government that it would be contrary to the public interest so to do, the Government shall notify the applicant or the patentee as soon as

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practicable after the use is begun and furnish him with such information as to the extent of the use as he may, from time to time require.

(6) The right to use an invention conferred upon the Government under this section, or any provision for which this section is substituted shall include the power to sell any article made in pursuance of such right which is no longer required for the purposes of the Government.

(7) The purchaser of any article sold in exercise of the powers conferred by this section and any person claiming through him shall have power to deal with them in the same manner as if the patent were held on behalf of the Government.

**54.** *Rights of third parties in respect of Government use.*—(1) In relation to any use of a patented invention or an invention in respect of which an application for a patent is pending, made for the purposes of the Government.—

(a) by the Government or any person authorised by the Government under section 53, or

(b) by the patentee or applicant for the patent to the order made by the Government,

the provisions of any licence, assignment or agreement made whether before or after the commencement of this Act, between the patentee or applicant for the patent, or any person who derives title from him or from whom he derives title, and any person other than the Government shall be of no effect so far as those provisions restrict or regulate the use of the invention, or any model, document or information relating thereto, or provide for the making of payments in respect of any such use, or calculated by reference thereto; and the reproduction or publication of any model or document in connection with the said use shall be deemed to be an infringement of any copyright subsisting in the model or document.

(2) Where an exclusive licence granted otherwise than for royalties or other benefits determined by reference to the use of the invention is in force under the patent, then.—

(a) in relation to any use of the invention which, but for the provisions of this section and section 53, would constitute an infringement of the rights of the licensee, sub-section (3) of section 53 shall have effect as if for the reference to the patentee there were substituted a reference to the licensee; and

(b) in relation to any use of the invention by the licensee by virtue of an authority given under section 53, that section shall have effect as if the said sub-section (3) were omitted.

(3) Subject to the provisions of sub-section (2), where the patent, or the right to apply for or obtain the patent, has been assigned to the patentee in consideration of royalties or other benefits determined by reference to the use of the invention, then.—

(a) in relation to any use of the invention by virtue of section 53, sub-section (3) of that section shall have effect as if the reference to the patentee included a reference to the assignor, and any sum payable by virtue of that sub-section shall be divided between the patentee and the assignor in such proportion as may be agreed upon between them or as may in default of agreement be determined by the High Court on a reference made under section 55; and

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(b) in relation to any use of the invention made for the purposes of the Government by the patentee to the order of the Government, sub-section (3) of section 53 shall have effect as if that use were made by virtue of an authority given under that section.

(4) Where, under sub-section (3) of section 53, payments are required to be made by the Government to a patentee in respect of any use of an invention, any person being the holder of an exclusive licence under patent [not being such a licence as is mentioned in sub-section (2) of this section] authorising him to make that use of the invention, shall be entitled to recover from the patentee such part (if any) of those payments as may be agreed upon between that person and the patentee or the applicant, or as may in default of agreement be determined by the High Court under section 55 to be just having regard to any expenditure incurred by that person.—

(a) in developing the said invention; or

(b) in making payments to the patentee, other than royalties or other payments determined by reference to the use of the invention, in consideration of the licence;

and if, at any time before the amount of any such payment has been agreed upon between the Government and the patentee or the applicant, that person gives notice in writing of his interest to the Government, any agreement as to the amount of that payment shall be of no effect unless it is made with his consent.

55. *Reference of disputes as to Government use.*—(1) Any dispute as to the exercise by the Government or a person authorised by it of the powers conferred by section 53, or as to terms for the use of an invention for the purposes of the Government thereunder, or as to the right of any person to receive any part of a payment made in pursuance of sub-section (3) of that section, may be referred to a High Court by either party to the dispute in such manner as may be prescribed by the rules of the High Court:

Provided that, if the inventor or the patentee is a Government servant, or the subject-matter of the invention is certified by the Government to be connected with work done in the course of the normal duties of a Government servant, any such dispute shall be settled by the Government after hearing the applicant or the patentee and any other person having an interest in the invention or patent.

(2) In any proceedings under this section to which the Government is a party, the Government may.—

(a) if the patentee is a party to the proceedings, apply for revocation of the patent upon any ground upon which a patent may be revoked under section 37; and

(b) in any case, put in issue the validity of the patent without applying for its revocation.

(3) If in such proceedings as aforesaid any question arises whether an invention has been recorded or tried as is mentioned in section 53, and the disclosure of any document recording the invention, or of any evidence of the trial thereof, would in the opinion of the Government be prejudicial to the public interest, the disclosure may be made confidentially to counsel of the other party or to an independent expert mutually agreed upon.

(4) In determining under this section any dispute between the Government and any person as to terms for the use of an invention for the purposes of the Government, the High Court

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shall have regard to any benefit or compensation which that person or any person from whom he derives title may have received, or may be entitled to receive, directly or indirectly from the Government in respect of the invention in question.

(5) In any proceedings under this section, the High Court may at any time order the whole proceedings or any question or issue of fact arising therein to be referred to an official referee, Commissioner or an arbitrator on such terms as the High Court may direct; and references to the High Court in the foregoing provisions of this section shall be construed accordingly.

**56.** *Saving.*—Nothing in this Chapter shall affect the power of the Government or of any person deriving title directly or indirectly from the Government to sell or use any articles forfeited under any law for the time being in force relating to customs or excise.

## CHAPTER XII

## Declaratory Suits and Suits for Infringement of Patents

**57.** *Power of Court to make declaration as to non-infringement.*—(1) Notwithstanding anything contained in section 42 of the Specific Relief Act, 1877 (I of 1877), any person who has reasonable cause to doubt whether the use of a process or the making or using or selling of any article would constitute an infringement of a claim of a patent, may institute a declaratory suit in the district court having jurisdiction, if it is shown.—

(a) that the plaintiff has applied in writing to the patentee or exclusive licensee for a written acknowledgment to the effect of the declaration claimed, and has furnished him with full particulars in writing of the process or article in question; and

(b) that the patentee or licensee has refused or neglected to give such an acknowledgment.

(2) The costs of all parties in a suit for a declaration brought by virtue of this section shall, unless for special reasons the district court thinks fit to order otherwise, be paid by the plaintiff.

(3) The validity of a claim of the specification of a patent shall not be called in question in a suit for a declaration brought by virtue of this section, and accordingly the making or refusal of such a declaration in the case of a patent shall not be deemed to imply that the patent is valid.

(4) A suit for a declaration may be brought by virtue of this section at any time after the date of advertisement of acceptance of the application for a patent and references in this section to the patentee shall be construed accordingly.

**58.** *Suit for infringement of patents.*—(1) A patentee may institute a suit in the district court having jurisdiction to try the suit against any person who, during the continuance of a patent acquired by him under this Act in respect of an invention, makes, sells or uses the invention without his licence, or counterfeits it; or imitates it.

(2) The holder of an exclusive licence shall have the like right as the patentee to institute a suit in respect of any infringement of the patent committed after the date of the licence, and in awarding damages or granting any other relief in any such suit the court shall take into

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consideration any loss suffered or likely to be suffered by the exclusive licensee as such or, as the case may be, the profits earned by means of the infringement so far as it constitutes an infringement of the rights of the exclusive licensee as such.

(3) In any suit for infringement of patent by the holder of an exclusive licence under sub-section (2), the patentee shall, unless he has joined as a plaintiff in the suit, be added as a defendant:

Provided that a patentee so added as defendant shall not be liable for any costs unless he enters an appearance and takes part in the proceedings.

(4) Every ground on which a patent may be revoked under section 37 shall be available by way of defence to a suit for infringement of a patent instituted under this section.

(5) A defendant in a suit for infringement of a patent may apply for revocation of the patent by way of counter-claim in the suit:

Provided that where such a counter-claim is made, the suit along with the counter-claim shall be transferred to a High Court for decision.

**59.** *Restriction on recovery of damages for infringement.*—(1) In a suit for the infringement of a patent damages shall not be awarded against the defendant who proves that at the date of infringement he was not aware, nor had reasonable means of making himself aware, of the existence of the patent.

*Explanation.*—A person shall not be deemed to have been aware or to have had reasonable means of making himself aware as aforesaid by reason only of the application to an article of the word "patent", "patented" or any word or words expressing or implying that a patent has been obtained for the article, unless the number of the patent accompanied the word or words in question.

(2) In any proceeding for infringement of a patent the court may, if it thinks fit, refuse to award any damages in respect of any infringement committed after a failure to pay any renewal fee within the prescribed period and before any extension of that period.

(3) Where an amendment of a specification by way of disclaimer, correction or explanation has been allowed under this Act after the publication of the specification, no damages shall be awarded in any proceeding in respect of the use of the invention before the date of the decision allowing the amendment, unless the court is satisfied that the specification as originally published was framed in good faith and with reasonable skill and knowledge.

(4) Nothing in this section shall affect the power of the court to grant an injunction in any proceedings for infringement of a patent.

**60.** *Order of inspection, etc., in suit.*—In a suit for infringement of a patent, the court may, on the application of one party make such order for an injunction or inspection of accounts, and impose such terms and give such directions respecting the same and the proceedings thereon, as the court may deem fit.

**61.** *Certificate of contested validity of specification.*—(1) If in any suit for infringement of a patent the validity of any claim of a specification is contested, and that claim is found by

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the court to be valid, the court may certify that the validity of that claim was contested in that suit.

(2) Where any such certificate has been granted, if in any subsequent suit before the court for infringement of the patent or for revocation of the patent, a final order or judgment is made or given in favour of the party relying on the validity of the patent, that party shall, unless the court otherwise directs, be entitled to all costs, charges and expenses of, and incidental to, the said suit properly incurred:

Provided that this sub-section shall not apply to the costs of any appeal against a decree in any such suit.

**62.** *Relief for infringement of partially valid specification.*—(1) If in proceedings for infringement of a patent it is found that any claim of the specification being a claim in respect of which infringement is alleged, is valid, but that any other claim is invalid, the court may grant relief in respect of any valid claim which is infringed:

Provided that the court shall not grant relief by way of damages or costs except in the circumstances mentioned in sub-section (2).

(2) Where the plaintiff proves that the invalid claim was framed in good faith and with reasonable skill and knowledge, the court shall grant relief in respect of any valid claim which is infringed subject to the discretion of the court as to costs and as to the date from which damages should be reckoned.

(3) For the purpose of granting any relief under sub-section (1) or sub-section (2), the court may direct that the specification shall be amended to its satisfaction upon an application made for that purpose under section 35, and such an application may be made accordingly whether or not all other issues in the proceeding have been determined.

*Explanation.*—In exercising the discretion as to costs and as to the date from which the damages should be reckoned, the court may take into consideration the conduct of the parties in inserting such invalid claims in the specification or permitting them to remain there.

## CHAPTER XIII

## Miscellaneous provisions relating to revocation and infringement of patents

**63.** *Transmission of decrees and orders to the Controller.*—A court making a decree in a suit for infringement of patent under section 58 or an order on a petition under section 37 shall send a copy of the decree or order, as the case may be, to the Controller, who shall cause an entry thereof and reference thereto be made in the register of patents.

**64.** *Power of High Court to stay proceedings, etc.*—A High Court to which a petition has been presented under section 37 may stay proceedings on, or dismiss the petition if in its opinion the petition would be disposed of more justly or conveniently by another High Court.

**65.** *Hearing with assessor.*—(1) In a suit or proceeding for infringement or revocation of a patent, the court may, if it thinks fit, and shall on the request of all the parties to the

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proceedings, call in the aid of an assessor specially qualified, and try the case wholly or partially with his assistance.

(2) A court exercising appellate jurisdiction in respect of such suit or proceeding may, if it thinks fit, call in the aid of an assessor as aforesaid,

(3) The remuneration, if any, to be paid to an assessor under this section shall in every case be determined by the court and be paid by it as part of the expense of the execution of this Act.

**66.** *Remedy for groundless threats of infringement proceedings.*— (1) Where any person (whether entitled to or interested in a patent or an application for a patent or not) by circulars, advertisements or otherwise threatens any other person with proceedings for infringement of a patent, any person aggrieved thereby may bring a suit against him in a district court having jurisdiction to try the suit for any such relief as is mentioned in sub-section (2).

(2) Unless in any action brought by virtue of this section the defendant proves that the acts in respect of which the proceedings were threatened constitute or, if done, would constitute, an infringement of a patent or of rights arising from the publication of a complete specification in respect of a claim of the specification not shown by the plaintiff to be invalid, the plaintiff shall be entitled to the following reliefs, that is to say.—

(a) a declaration to the effect that the threats are unjustifiable;

(b) an injunction against the continuance of the threats; and

(c) such damages, if any, as the plaintiff has sustained thereby.

(3) For the removal of doubts it is hereby declared that a mere notification of the existence of a patent does not constitute a threat of proceedings within the meaning of this section.

(4) Nothing in this section shall apply if a suit for infringement of a patent is commenced and prosecuted with due diligence.

## CHAPTER XIV

## Register of patents, etc.

**67.** *Register of patents.*—(1) There shall be kept at the Patent Office a register of patents wherein shall be entered.—

(a) the names and addresses of grantees of patents;

(b) notifications of assignments and of transmissions of patents, of licences under patents, and of amendments, extensions, and revocations of patents; and

(c) particulars of such other matters affecting the validity or proprietorship of patents as may be prescribed.

(2) Copies of all deeds, agreements, licences and other documents affecting the proprietorship in any patent or in any licence thereunder shall be supplied to the Controller in the prescribed manner for filing in the Patent Office.

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(3) Subject to the provisions of this Act and any rules made thereunder, the register of patents shall, at all convenient times be open to inspection by public; and certified copies sealed with the seal of the Patent Office, of any entry in the register shall be given to any person requiring them on payment of the prescribed fee.

(4) The register of patents shall be *prima facie* evidence of any matters required or authorised by or under this Act to be entered therein.

(5) No notice of any trust, whether express, implied or constructive shall be entered in the register of patents, and the Controller shall not be affected by any such notice.

(6) For the removal of doubts, it is hereby declared that the register of patents existing at the commencement of this Act shall be incorporated in, and form part of, the register of patents under this Act.

**68.** *Entry of assignments and transmissions in register.*—(1) Where any person becomes entitled by assignment, transmission or operation of law to a patent or to a share in a patent, or becomes entitled as a mortgagee, licensee or otherwise to any other interest in a patent, he shall apply in writing in the prescribed manner to the Controller for the registration of his title, or, as the case may be, of notice of his interest in the register of patents,

(2) Without prejudice to the provisions of sub-section (1), an application for the registration of the title of any person becoming entitled by assignment to a patent or a share in a patent, or becoming entitled by virtue of a mortgage, licence or other instrument to any other interest in a patent, may be made in the prescribed manner by the assignor, mortgagor, licensor or other party to that instrument, as the case may be.

(3) Where an application is made under this section for the registration of the title of any person, the Controller shall upon proof of title to his satisfaction.—

(a) where that person is entitled to a patent or a share in a patent, register him in the register of patents as proprietor or co-proprietor of the patent, and enter in that register particulars of the instrument or event by which he derives title; or

(b) where that person is entitled to any other interest in the patent, enter in that register notice of his interest, with particulars of the instrument (if any) creating it.

(4) Subject to the provisions of this Act relating to co-ownership of patents, and subject also to any rights vested in any other person of which notice is entered in the register of patents, the person or persons registered as grantee or proprietor of a patent shall have power to assign, grant licences under, or otherwise deal with, the patent and to give effectual receipts for any consideration for any such assignment, licence or dealing:

Provided that any equities in respect of the patent may be enforced in like manner as in respect of any other movable property.

(5) Except for the purposes of an application to rectify the register of patents, a document or instrument in respect of which no entry has been made in the register of patents under sub-section (3), shall not be admitted in any court as evidence of the title of any person to a patent or share of or interest in a patent unless the court, for reasons to be recorded in writing otherwise directs.

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**69.** *Rectification of register.*—(1) The Controller may, on the application in the prescribed manner of any person aggrieved by the non-insertion in, or omission from, the register of patents of any entry, or of any entry made in such a register without sufficient cause, or of any entry wrongly remaining in such register, or by an error or defect in any entry in such register, make such order for making, expunging or varying such entry as he thinks fit and rectify the register accordingly.

(2) In proceedings under this section the Controller may determine any question which it may be necessary or expedient to decide in connection with the rectification of the register.

(3). The Controller may refer any application under this section to a High Court for decision, and the High

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(c) receiving evidence on affidavits;

(d) issuing commissions for the examination of witnesses or documents;

(e) awarding costs; and

(f) any other matter which may be prescribed.

(2) Any costs awarded by the Controller in exercise of the powers conferred upon him by clause (e) of sub-section (1) shall be executable in any court having jurisdiction as if it were a decree of that court.

**72.** *Evidence before the Controller.*—Subject to any rules made in this behalf, in any proceeding under this Act before the Controller, the evidence shall be given by affidavit in the absence of directions by the Controller to the contrary; but in any case in which the Controller thinks it right so to do, he may take evidence *viva voce* in lieu of, or in addition to, evidence by affidavit or may allow any party to be cross-examined on the contents of his affidavit.

**73.** *Exercise of discretionary, power by Controller.*—Where any discretionary power is by or under this Act given to the Controller, he shall not exercise that power adversely, to the applicant for a patent, or for amendment of an application or of a specification without (if so required within the prescribed time by the applicant) giving the applicant an opportunity of being heard.

## CHAPTER XVI

## Patent Agents

**74.** *Patent agents.*—Save as otherwise provided in this Chapter where by or under this Act any act other than the making of an affidavit is required to be done by any person, the act may subject to prescribed conditions or in special cases with the consent of the Central Government be done in lieu of that person himself, by a duly authorised agent, being a person registered in the prescribed manner as a patent agent.

**75.** *Subscription and verification of certain documents.*—The following documents, namely.—

(i) applications for a patent,

(ii) applications for extension of term of a patent,

(iii) applications for the restoration of lapsed patents,

(iv) applications for the sealing of a patent after the time allowed for that purpose by or under sub-section (2) of section 24 has expired,

(v) applications for leave to amend,

(vi) applications for compulsory licence or revocation,

(vii) notices of surrender of patents, and

(viii) applications for endorsement of patent with the words 'Licences of Right',

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shall be signed and verified, in the manner prescribed by the person making such applications or giving such notices:

Provided that if such person is absent from India, they may be signed and verified on his behalf by a patent agent authorised by him in writing in that behalf.

**76.** *Restrictions on practice as patent agents.*—An individual shall not, either alone or in partnership with any other person, practise, describe himself or hold himself out as a patent agent, or permit himself to be so described or held out, unless he is registered as a patent agent in the register of patent agents or, as the case may be, unless he and all his partners are so registered and a company shall not practise, describe itself or hold itself out or permit itself to be described or held out as aforesaid unless every director of the company and the manager (if he is not a director) or the managing agents, if any, of the company are registered as aforesaid.

**77.** *Power of Controller to refuse to deal with certain agents.*—(1) Subject to any rules made in this behalf, the Controller may refuse to recognise as agent in respect of any business under this Act.—

(a) any individual whose name has been removed from, and not restored to, the register of patent agents, or who is for the time being suspended from acting as a patent agent;

(b) any person who has been convicted of an offence under section 90;

(c) any person who has been found by the Central Government (after being given an opportunity to be heard) to have been convicted of any offence or to have been guilty of any such misconduct as, in the case of an individual registered in the register of patent agents, would render him liable to have his name removed therefrom;

(d) any person, not being registered as a patent agent, who in the opinion of the Controller is engaged wholly or mainly in acting as agent in applying for patents in India or elsewhere in the name or for the benefit of a person by whom he is employed;

(e) any company or firm, if any person whom the Controller could refuse to recognise as agent in respect of any business under the Act is acting as a director or manager of the company or is a partner in the firm.

(2) The Controller shall refuse to recognise as agent in respect of any business under this Act, any person who neither resides nor has a place of busines in India.

**78.** *Saving.*—Nothing in this Chapter shall be deemed to prohibit a legal practitioner from taking part in any proceeding under this Act.

## CHAPTER XVII

## International Agreements

**79.** *Definitions.*—In this Chapter, 'convention application' means an application for a patent made by virtue of section 81.

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**80.** *Notification as to the declaration of a convention country.*—The Central Government may, with a view to the fulfilment of a treaty, convention or arrangement, by notification in the Official Gazette, declare that any country specified in the notification is a convention country for the purposes of this Act:

Provided that a declaration may be made as aforesaid for the purposes either of all or of some only of the provisions of this Act, and a country in the case of which a declaration made, for the purposes of some only of the provisions of this Act is in force shall be deemed to be a convention country for the purpose of those provisions only.

**81.** *Convention application.*—(1) Without prejudice to the provisions of section 6 an application for a patent for an invention in respect of which protection has been applied for in a convention country may be made by the person by whom the application for protection was made or by his legal representative or assignee either alone or jointly with any other person:

Provided that no such application shall be made after the expiration of twelve months from the date of the application for protection in a convention country or where more than one such application for protection have been made, from the date of the first application.

(2) Where applications for protection have been made in one or more convention countries in respect of two or more inventions which are cognate or of which one is a modification of another, a single convention application may be made in respect of those inventions at any time within twelve months from the date of the earliest of the said applications for protection:

Provided that the fee payable on the making of any such application shall be the same as if separate applications had been made in respect of each of the said inventions; and the requirements of clause (b) of sub-section (1) of section 82 shall, in the case of any such application, apply separately to the applications for protection in respect of each of the said inventions.

**82.** *Special provisions relating to convention application.*—(1) A convention application shall.—

(a) be accompanied by a complete specification; and

(b) specify the date on which and the convention country in which the application for protection or the first such application was made and shall state that no application for protection in respect of the invention had been made in a convention country before that date by the applicant or any person from whom he derives title.

(2) A complete specification filed in pursuance of a convention application may include claims in respect of development of, or additions to, the invention in respect of which the application for protection was made in a convention country, being developments or additions in respect of which the applicant would be entitled under the provisions of section 6 to make a separate application for a patent.

(3) If a convention application is not accepted within eighteen months from the date of the application for protection in a convention country or where more than one such application for protection have been made from the date of the first application, the specification shall with drawings (if any) supplied therewith be open to public inspection at the expiration of such period.

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**83.** *Priority date of claims of complete specification in respect of convention application.*— Where a claim in a complete specification filed in pursuance of a convention application is fairly based on the matter disclosed in the application for protection in a convention country of where the convention application is founded upon more than one such application for protection, in one of those applications, the priority date of that claim shall be the date of the relevant application for protection.

**84.** *Supplementary provisions as to convention applications.*— (1) Where a person has applied for protection for an invention by an application which.—

(a) in accordance with the terms of a treaty subsisting between any two or more convention countries, is equivalent to an application duly made in any one of those convention countries; or

(b) in accordance with the law of any convention country is equivalent to an application duly made in that convention country;

he shall be deemed for the purposes of this Act to have applied in that convention country.

(2) For the purposes of this Act, a matter shall be deemed to have been disclosed in an application for protection in a convention country if it was claimed or disclosed (otherwise than by way of disclaimer or acknowledgement of prior art) in that application or in documents submitted by the applicant for protection in support of and at the same time as that application; but no account shall be taken of any disclosure effected by any such document unless a copy of the document is filed at the Patent Office with the convention application or within such period as may be prescribed after the filing of that application.

**85.** *Other provisions of this Act to apply to convention application.*—Save as otherwise provided in this Chapter, all the provisions of this Act shall apply in relation to a convention application and a patent granted in pursuance thereof as they apply in relation to an ordinary application and a patent granted in pursuance thereof.

**86.** *Special provisions as to vessels, aircraft and land Vehicles.*— Where a vessel or aircraft registered in a convention country or a land vehicle owned by a person ordinarily resident in such country, comes into India (including the territorial waters thereof) temporarily or accidentally only, the rights conferred by a patent for an invention shall not be deemed to be infringed by the use of the invention.—

(a) in the body of the vessel or in the machinery, tackle, apparatus or other accessories thereof, so far as the invention is used on board the vessel and for its actual needs only: or

(b) in the construction or working of the aircraft or land vehicle or of the accessories thereof;

as the case may be.

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CHAPTER XVIII

## Appeals

87. *Appeals.*—(1) An appeal shall lie to a High Court from any direction, decision or order of the Controller under any of the following provisions, that is to say.—

(a) any order under section 14;

(b) any order under section 15;

(c) any direction, decision or order under section 16;

(d) any direction under section. 17;

(e) any direction or decision under section 21;

(f) any decision under section 22;

(g) any order under section 30;

(h) any decision or order under section 31;

(i) any order under section 32;

(j) any order under section 33;

(k) any decision under sub-section (4) or sub-section (5) of section 84;

(l) any order under sub-section (4) of section 36;

(m) any order under sub-section (4) of section 37;

(n) any order under sub-section (2) of section 39;

(o) any order under sub-section (1) of section 41;

(p) any order directing an endorsement of a patent with the words 'Licences of Right' under section 42;

(q) any decision or order under clause (a) or clause (b) of sub-section (1) of section 43;

(r) any order under sub-section (1) of section 45;

(s) any direction under sub-section (1) or sub-section (2) of section 51;

(t) any order or decision under sub-section (1) or sub-section (2) of section 69.

(2) Every appeal under this section shall be in writing and shall be made within three months from the date of the direction, decision or order, as the case may be, of the Controller.

(3) In calculating the said period of three months the time, if any, occupied in granting a copy of the direction, decision or order appealed against shall be excluded.

88. *Procedure for hearing of appeals.*—(1) When an appeal has been preferred to a High Court under section 87, it shall be heard by a Bench of not less than two Judges.

(2) The Bench hearing the appeal may, if it thinks fit, and shall, on the request of the parties to the appeal, call in the aid of an assessor specially qualified for the purpose, and hear the appeal wholly or partially with his assistance.

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(3) The remuneration, if any, to be paid to an assessor under this section shall in every case be determined by the High Court and be paid as part of the expenses of the execution of this Act.

(4) Save as otherwise provided in this section, the High Court may make rules consistent with this Act as to the procedure to be followed in respect of appeals made to it Under section 87.

## CHAPTER XIX

## Penalties

**89.** *Contravention of secrecy provisions relating to certain inventions.*—If any person fails to comply with any direction given under section 23 or makes or causes to be made an application for the grant of a patent in contravention of that section, he shall be punishable with imprisonment which may extend to two years, or with fine which may extend to one thousand rupees, or with both.

**90.** *Practice by non-registered patent agents.*—Any person who contravenes the provisions of section 76 shall be punishable with fine not exceeding two hundred rupees in the case of a first offence and five hundred rupees in the case of a second or subsequent offence.

**91.** *Falsification of entries in register.*—If any person makes of causes to be made a false entry in any register kept under this Act, or a writing falsely purporting to be a copy of an entry in such a register, or produces or tenders or causes to be produced or tendered in evidence any such writing, knowing the entry or writing to be false, he shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

**92.** *Unauthorised claim of patent rights.*—If any person falsely represents that any article sold by him is a patented article, he shall be punishable with imprisonment which may extend to six months, or with fine Which may extend to one thousand rupees, or with both.

**93.** *Wrongful use of words "Patent Office".*—If any person uses on his place of business or on any document issued by him, or otherwise, the words "Patent Office" or any other words suggesting that his place of business is, or is officially connected with, the Patent Office, he shall be punishable with fine which may extend to one thousand rupees, and, in the case of a continuing offence, with a furher fine of fifty rupees for each day on which the offence is continued after conviction therefor.

**94.** *Refusal or failure to supply information.*—Any person who refuses or fails to furnish to the Controller any information or statement which he is required to furnish under section 105 or furnishes such information or statement which is false or which he either knows or has reason to believe to be false or does not believe to be true, shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

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**95.** *Contravention of provisions of section 98 by officers and employees of the Patent Office.*—Any officer or employee of the Patent Office who contravenes the provisions of section 98 shall be punishable with imprisonment which may extend to six months, or with fine which may extend to two hundred rupees, or with both.

**96.** *Offences by Companies.*—(1) If the person committing an offence under this Act is a company, every person who, at the time the offence was committed, was in charge of, or was responsible to, the company, for the conduct of the business of the company, as well as the company shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act if he proves that the offence was committed without his knowledge or that he exercised due diligence to prevent the commission of such an offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company, and it is proved that the offence was committed with the consent or connivance of, or is attributable to any negligence on the part of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded with and punished accordingly.

*Explanation.*—For the purposes of this section.—

(a) 'company' means any body corporate and includes a firm or other association of persons, and

(b) 'director' in relation to a firm means a partner in the firm.

## CHAPTER XX

## Miscellaneous

**97.** *Restrictions on employees of Patent Office as to right or interest in patent.*—All officers and employees of the Patent Office shall be incapable, during the period for which they hold their appointments, to acquire or take, directly or indirectly, except by inheritance or bequest, any right or interest in any patent issued by that office.

**98.** *Officers and employees not to furnish information, etc.*—An officer or employee in the Patent Office shall not, except when required or authorised by this Act, or under a direction in writing of the Central Government or the Controller or by order of a court.—

(a) furnish information on a matter which is being, or has been, dealt with under this Act or under the Indian Patents and Designs Act, 1911 (II of 1911); or

(b) prepare or assist in the preparation of a document required or permitted by or under this Act or under the Indian Patents and Designs Act, 1911 (II of 1911), to be lodged in the Patent Office; or

(c) conduct a search in the records of the Patent Office.

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**99.** *Avoidance of certain restrictive conditions.*—(1) Subject to the provisions of this section, any conditions of a contract for the sale or lease of a patented article or of an article made by a patented process or for licence to use or work a patented article or process, or relating to any such sale, lease or licence, shall be void in so far as it purports.—

(a) to require the purchaser, lessee or licensee to acquire from the vendor, lessor or licensor, or his nominees, or prohibit him from acquiring from any specified person or from acquiring except from the vendor, lessor or licensor, or his nominees, any articles other than the patented article or an article made by the patented process;

(b) to prohibit the purchaser, lessee or licensee from using articles (whether patented or not) which are not supplied by, or any patented process which does not belong to, the vendor lessor or licensor, or his nominees or to restrict the right of the purchaser, lessee or licensee to use any such articles or process.

(2) In proceedings against any person for infringement of a patent, it shall be a defence to prove that at the time of the infringement there was in force a contract relating to the patent made by or with the consent of the plaintiff and containing a condition void by virtue of this section.

(3) A condition of a contract shall not be void by virtue of this section, if—

(a) at the time of the making of the contract the vendor, lessor or licensor was willing to sell or lease the article or grant a licence to use or work the article or process as the case may be, to the purchaser, lessee or licensee on reasonable terms specified in the contract and without any such condition as is mentioned in sub-section (1) of this section; and

(b) the purchaser, lessee or licensee is entitled under the contract to relieve himself of his liability to observe the condition upon giving to the other party three months' notice in writing and subject to payment to him of such compensation (being in the case of a purchase a lump sum, and in the case of a lease or licence a rent or royalty for the residue of the term of the contract) as may be determined by an" arbitrator appointed by the Central Government.

(4) If in any proceeding it is alleged that any condition of a contract is void by virtue of this section, it shall lie on the vendor, lessor or licensor to prove the matters set out in clause (a) of sub-section (3).

(5) A condition of a contract shall not be void by virtue of this section by reason only that it prohibits any person from selling goods other than those supplied by a specified person, or, in the case of a contract for the lease of or licence to use a patented article, that it reserves to the lessor or licensor or his nominees the right to supply such new parts of the patented article as may be required to put or keep it in repair.

**100.** *Fees.*—(1) There shall be paid in respect of the grant of patents and applications, therefor, and in respect of other matters in relation to the grant of patents under this Act, such fees as may be prescribed by the Central Government, so however that the fees prescribed in respect of the instruments and matters mentioned in the First Schedule shall not exceed those specified therein.

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(2) A proceeding in respect of which a fee is payable under this Act or the rules made thereunder shall be of no effect unless the fee has been paid.

**101.** *Privilege of reports of Controller.*—(1) Reports of or to the Controller made under this Act shall not in any case be published or be open to public inspection:

Provided that the Controller may on application made in the prescribed manner by any person disclose the result of any search made under section 12 in respect of any application for patent where the complete specification has been published.

**102.** *Restriction upon publication of specification.*—Subject to the provisions of sub-section (3) of section 82 an application for a patent, and any specification filed in pursuance thereof, shall not, except with the consent of the applicant, be published by the Controller or be open to public inspection at any time before the date of advertisement of acceptance of the application.

**103.** *Publication of patented inventions.*—The Controller shall issue periodically a publication of patented inventions containing such information as the Central Government may direct.

**104.** *Powers of Controller to correct clerical errors.*—The Controller may, on request in writing accompanied by the prescribed fee.—

(a) correct any clerical error in or in connection with an application for a patent or in any patent or any specification,

(b) correct any clerical error in the name or address of the proprietor of any patent or in any other matter which is entered upon the register of Patents.

**105.** *Power of Controller to call for information from patentee.*—The Controller may, at any time during the continuance of the patent by notice in writing require a patentee or an exclusive licensee to furnish to him within two months from the date of such notice or within such further time as the Controller may allow, such information and such periodical statements as to the extent to which the patent has been commercially worked in India, as may be specified in the notice.

**106.** *Service of notices, etc., by post.*—Any notice required or authorised to be given by or under this Act, and any application or other document so authorised or required to be made or filed, may be given, made or filed by post.

**107.** *Declaration by infant, lunatic, etc.*—(1) If any person is, by reason of infancy or other disability, incapable of making any statement or doing anything required or permitted by or under this Act, the lawful guardian, committee or manager (if any) of the person subject to the disability, or if there be none, any person appointed by any court possessing jurisdiction in respect of his property, may make such statement or a statement as nearly corresponding thereto as circumstances permit, and do such thing in the name and on behalf of the person subject to the disability.

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(2) An appointment may be made by the court for the purposes of this section upon the petition of any person acting on behalf of the person subject to the disability or of any other person interested in the making of the statement or the doing of the thing.

**108.** *Security for costs.*—Where a person giving notice of any opposition under this Act or filing an appeal to a High Court from any direction, decision or order of the Controller under this Act, neither resides nor carries on business in India, the Controller or the High Court, as the case may be, may require such person to give security for the payment of all costs incurred and likely to be incurred in the proceedings or appeal, as the case may be, and, in default of such security being given, may disallow the opposition or dismiss the appeal.

**109.** *Transmission of copies of specification, etc., and inspection thereof.*—Copies of all such specifications, drawings and amendments left at the Patent Office, as become open to public inspection under the provisions of this Act, shall be transmitted, as soon as may be, after the printed copies thereof are available, to such authorities as the Central Government may appoint in this behalf, and shall be open to the inspection of any person at all reasonable times at places to be appointed by those authorities and approved by the Central Government.

**110.** *Information relating to patents.*—A person making a request to the Controller in the prescribed manner as respects any patent specified in the request or as respects any application for a patent so specified, for information to be furnished to him by the Controller of any such matters as may be prescribed affecting that patent or application, shall be entitled, subject to the payment of the prescribed fee, to have information supplied to him accordingly.

**111.** *Loss or destruction of patent.*—If a patent is lost or destroyed, or its non-production is accounted for to the satisfaction of the Controller, the Controller may at any time, on payment of the prescribed fee, seal a duplicate thereof.

**112.** *Models to be furnished to Indian Museum.*—The trustees of the Indian Museum may at any time require a patentee to furnish them with a model or sample of his invention on payment to the patentee of the cost of the manufacture of the model or sample, the amount to be settled, in case of dispute, by the Central Government.

**113.** *Power to make rules.*—(1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act.

(2) Without prejudice to the generality of the foregoing power, the Central Government may make rules to provide for all or any of the following matters, namely.—

(a) the establishment of branches of the Patent Office;

(b) the form of applications for patents and of any specifications, drawings and other documents which may be filed at the Patent Office and for requiring copies to be furnished of any such documents;

(c) the manner in which any application for a patent or any other documents may be filed at the Patent Office;

(d) the time within which any act or thing may be done under this Act;

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(e) the fees which may be payable under this Act and the manner of payment of such fees;

(f) the matters in respect of which the Examiner may make a report to the Controller;

(g) the manner in which and the time within which any matter may be advertised under this Act;

(h) the provisions which may be inserted in an order for restoration of a patent or lapsed application for a patent for the protection of persons who may have availed themselves of the subject-matter of the patent after the patent had ceased;

(i) the form of a request for the sealing of a patent;

(j) the form of the manner in which and the time within which any notice may be given under this Act;

(k) the matters in respect of which the Controller shall have powers of a civil court;

(l) the qualifications of patent agents and the keeping of a register of patent agents, the removal from the register of patent agents of the name of any person registered thereunder or the suspension of the right of any such person to act as a patent agent;

(m) the conditions subject to which any act may be done by a patent agent on behalf of his principal;

(n) the manner in which an application may be signed and verified under this Act;

(o) the procedure to be followed in connection with any application or request to the Controller or in connection with any proceeding before the Controller and for authorising the rectification of irregularities of procedure;

(p) the authorising of publication and sale of copies of specifications, drawings and other documents in the Patent Office, and of indexes or abridgement of such documents;

(q) the ensuring of secrecy with respect to patents to which section 23 applies;

(r) the regulation of business of the Patent Office and of all things by this Act placed under the direction or control of the Controller.

(3) The power to make rules under this section shall be subject to the condition of the rules being made after previous publication:

Provided that nothing in this sub-section shall apply in the case of rules made for the purpose specified in clause (q) of sub-section (2).

**114.** *Special provisions relating to certain patents.*—For the removal of doubts, it is hereby declared that.—

(i) any patent granted before the relevant date in any of the merged territories or in any Indian State, or a Part B State or part thereof, under any law then in force in such merged territory, State or part shall have effect and shall be deemed always to have had effect in that merged territory, State or part only;

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(ii) any patent granted before the 18th day of April, 1950 under the Indian Patent and Designs Act, 1911 (II of 1911), shall have effect and shall be deemed always to have had effect in those territories only to which the said Act applied at the date of the grant of the patent.

*Explanation*.—The expression 'relevant date' means.—

(a) in relation to a merged territory, the 1st day of January, 1950; and

(b) in relation to an Indian State, or a Part B State or part thereof, the 18th day of April, 1950.

**115.** *Repeal, saving and transitional provisions*.— (1) The Indian Patents and Designs Act, 1911 (II of 1911), in so far as it relates to patent, is hereby repealed, and on the commencement of this Act the said Act shall be amended as indicated in the Second Schedule.

(2) Without prejudice to the provisions contained in the General Clauses Act, 1897 (X of 1897), with respect to repeals.—

(a) any notification, rule, order, requirement, certificate, notice, decision, direction, authorisation, consent, application, request or thing made, issued, given or done under the Indian Patents and Designs Act, 1911 (II of 1911) shall, if in force at the commencement of this Act, and in so far as it could have been made, issued, given or done under this Act, continue in force and have effect as if made, issued, given or done under the corresponding provisions of this Act;

(b) notwithstanding anything in sub-section (1) of section 8 of this Act, a complete specification shall not be filed in pursuance of an application which by virtue of section 4A of the Indian Patents and Designs Act, 1911 (II of 1911) was deemed to be abandoned at any time before the commencement of this Act;

(c) where two or more persons are registered as grantee or proprietor in respect of a patent which was granted or for which the application was made before the commencement of this Act, the right of each of those persons to assign the whole or part of the interest in the patent shall not be restricted by reason only of the provisions of section 50 of this Act;

(d) a condition of any contract in force immediately before the commencement of this Act shall not be invalidated by reason only of the provisions of section 99 of this Act;

(e) the provisions of section 9 of the Indian Patents and Designs Act, 1911 (II of 1911) shall continue to apply in relation to any proceedings pending under that section at the commencement of this Act;

(f) the provisions of section 21A of the Indian Patents and Designs Act, 1911 (II of 1911) and of any rules made thereunder shall continue to apply in relation to any patent granted before the commencement of this Act in pursuance of that section;

(g) sub-section (1) of section 25 and sub-section (1) of section 29 of this Act shall not apply to any patent granted before the commencement of this Act;

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(h) sub-section (1) of section 31 of this Act shall apply in relation to any application made before the commencement of this Act as it applies in relation to an application made after the commencement of this Act;

(i) sub-sections (2) and (3) of section 58 of this Act shall not apply in relation to any infringement of a patent committed before the commencement of this Act;

(j) in relation to a patent granted before the commencement of this Act the renewal fees shall be those specified in the Schedule to the Indian Patents and Designs Act, 1911 (II of 1911).

(3) Save as otherwise provided in sub-section (2), the provisions of this Act shall apply to any application for a patent pending at the commencement of this Act and to any proceedings consequent thereon and to any patent granted in pursuance thereof.

(4) References in this Act to the Indian Patents and Designs Act, 1911 (II of 1911) are references to that Act as in force immediately before the commencement of this Act.

———————

## THE FIRST SCHEDULE

[See section 100]

### Fees

| | Rs. |
|---|---|
| On application for a patent accompanied by provisional specification | 20 |
| On filing complete specification after provisional specification | 30 |
| On application for a patent accompanied by complete specification | 50 |
| For sealing a patent | 30 |
| Before the expiration of the 4th year from the date of the patent | 50 |
| Before the expiration of the 5th year from the date of the patent | 50 |
| Before the expiration of the 6th year from the date of the patent | 50 |
| Before the expiration of the 7th year from the date of the patent | 50 |
| Before the expiration of the 8th year from the date of the patent | 100 |
| Before the expiration of the 9th year from the date of the patent | 100 |
| Before the expiration of the 10th year from the date of the patent | 125 |
| Before the expiration of the 11th year from the date of the patent | 125 |
| Before the expiration of the 12th year from the date of the patent | 150 |
| Before the expiration of the 13th year from the date of the patent | 150 |
| Before the expiration of the 14th year from the date of the patent | 175 |
| Before the expiration of the 15th year from the date of the patent | 175 |
| Provided that the fees for two or more years may be paid in advance | |
| On application to extend the term of a patent | 50 |

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| | |
|---|---|
| In respect of each year of the extended term of a patent granted under section 30. | 200 |

———————

THE SECOND SCHEDULE

[See section 115(1)]

## Amendments to the Indian Patents and Designs Act, 1911

1. In the long title and the preamble, the words 'Inventions and' and the words 'inventions and' shall, respectively, be omitted.

2. In section 1, in sub-section (1), the words 'Indian Patents and' shall be omitted.

3. In section 2.—

(a) clause (1) shall be omitted;

(b) in clause (2), the words and brackets '(as respects designs)' shall be omitted;

(c) in clause (3), for the words 'appointed under this Act' the words and figures 'appointed under the Patents Act 1953' shall be substituted;

(d) clauses (6), (8), (10), (11) and (12) shall be omitted.

4. Part I shall be omitted.

5. In section 51B, for the words and figures "The provisions of section 21', the words and figures 'The provisions of Chapter XI of the Patents Act, 1953', shall be substituted.

6. In section 54, for the words 'The provisions of this Act', the words and figures 'The provisions of the Patent Act, 1953' shall be substituted.

7. In section 57, in sub-section (1), the words 'the grant of patents and' and 'patents and' shall be omitted.

8. Section 59A shall be omitted.

9. In section 61, sub-section (1) shall be omitted.

10. In section 62.—

(a) clause (a) shall be omitted;

(b) in clause (c), the words 'any patent or' and 'the register of patents or' shall be omitted.

11. In section 63.—

(a) in sub-section (1), the words 'to a patent or' and 'patent or', shall be omitted;

(b) in sub-section (2).—

(i) the words 'patent or' shall be omitted;

(ii) for the words 'patent or designs, as the case may be' the word 'designs' shall be substituted;

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(c) in sub-section (3), the words 'patent or', wherever they occur, shall be omitted;

(d) in sub-section (4), the words 'patent or to' shall be omitted.

12. In section 64.—

(a) in sub-section (1)

(i) the words 'patents or' shall be omitted;

(ii) the word 'either' wherever it occurs shall be omitted;

(b) in sub-section (5), clause (a) shall be omitted,

13. Section 66 shall be omitted.

14. In section 67, the words 'for a patent, or for amendment of an application, or of a specification, or' shall be omitted:

15. In section 69, in sub-section (1), the words 'grant a patent for an invention or to' shall be omitted.

16. In section 71A, the words 'or from patents, specifications and other' shall be omitted.

17. Section 72 shall be omitted.

18. For section 74A, the following section shall be substituted namely:.—

"**74A.** *Security for costs.*—Where a person giving notice to the Court of appeal from any decision of the Controller under this Act, neither resides nor carries on business in India, the Court may require such person to give security for the payment of all costs incurred and likely to be incurred in the appeal and in default of such security being given may dismiss the appeal."

19. Section 75 shall be omitted.

20. In section 76.—

(a) in sub-section (1), the word 'other' shall be omitted;

(b) in clause (c) of sub-section (2), the word 'opponent' shall be omitted.

21. In section 77.—

(a) in sub-section (1).—

(i) in clause (c), the word 'specification,' shall be omitted;

(ii) clause (d) shall be omitted;

(iii) in clause (e), the words 'specifications and other' shall be omitted;

(iv) clause (eee) shall be omitted;

(b) sub-section (2A) shall be omitted.

22. In section 78A.—

(a) in sub-section (1).—

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(i) the word

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to review the working of the patent system and this Committee submitted an interim report which was confined mainly to the provisions relating to the monopoly rights conferred by patents. The Indian Patents and Designs (Amendment) Act, 1950 was enacted to give effect to the main recommendations in that report and since then some further *ad hoc* amendments have been carried out from time to time to incorporate changes which were considered to be of a very urgent nature. The final report of the Patents Enquiry Committee was submitted in 1950. The object of this Bill is to give effect to such of the recommendations of the final report of the Patents Enquiry Committee as have been accepted by Government. Opportunity has also been taken to make certain other improvements in the patent law.

The provisions of the Bill which make a change in the existing law are explained in the Notes on Clauses.

T.T. KRISHNAMACHARI.

New Delhi;

*The 24th November,* 1953.

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## *Notes on Clauses*

*Clause* 2.—The definitions of 'invention' and 'manufacture' have been amplified. The definitions of certain new terms which are used in the Bill have been added.

*Clause* 3.—This clause specifies what is not 'patentable' and is based upon judicial decisions on the subject.

*Clause* 8.—The proviso to sub-clause (1) extends the maximum period of ten months to twelve months during which a complete specification may be filed after the provisional specification.

*Clause* 10.—This clause lays down the criterion for determining the novelty or priority date of an invention and stipulates that the priority date of a claim in a complete specification should be determined on the basis of the disclosure contained in a complete or a foreign specification on which the particular claim in the complete specification may be based.

*Clause* 12.—The existing Act does not contain any specific provision requiring the Controller to make a compulsory search for ascertaining the novelty of an invention before its "acceptance". This clause makes it obligatory for compulsory searches to be made by the Patent Office in respect of all patent applications. Such a measure, it is considered, would enhance the commercial value attached to an Indian patent.

*Clause* 21.—This clause omits the provision in the existing Act (section 9) permitting opposition proceedings before the sealing of a patent. In its place a provision has been inserted under which it will be open to any person to file a statement of objections before the Controller of Patents and Designs within four months from the date of advertisement of the acceptance of the application in the Official Gazette. The objections would be considered by the Controller along with the Examiner's report before sealing the patent. Experience has shown that opposition proceedings in the past have proved frivolous and obstructive. They have also caused serious delays and substantial loss to the effective term of a patent.

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*Clause* 22.—This clause makes it obligatory that the name of the first inventor shall be mentioned in the patent specification as also in the patent to be granted. The object of this clause is to recognise the right of the inventor to be associated with his invention.

*Clause* 23.—This clause replaces the provisions of section 21A of the existing Act which are somewhat rigid. The revised clause enables the Controller to enforce secrecy in respect of patent applications which may be relevant for defence purposes.

*Clause* 30.—At present petitions for extension of the term of a patent lie to the Central Government. Under this clause such petitions will have to be made to the Controller of Patents.

*Clause* 33.—This clause authorises the Controller of Patents to restore a lapsed application for a patent on which a patent could not be sealed within the prescribed time due to an unintentional delay or omission on the part of the applicant.

*Clause* 37.—The Controller is empowered to entertain applications for revocation of a patent which power at present vests in the High Courts only. An order of the Controller under this clause will, however, be subject to an appeal to the High Court.

*Clause* 50.—The expression 'joint tenants' which in this context is foreign to the Indian law is being omitted. The rules of law applicable in this country to the ownership and devolution of movable property are being applied to patents.

*Clause* 51.—This clause empowers the Controller of Patents to give directions to joint patentees with regard to the sale, lease or grant of licences on patents, particularly in the event of a dispute arising between them in regard to their mutual rights.

*Clauses* 52 to 56.—The provisions of these clauses replace the provisions of section 21 of the existing Act. Under section 21, the Central Government alone can use a patent for the purposes of the Union. This privilege is now being extended to the State Governments.

*Clause* 57.—This clause enables a person who has a reasonable cause to doubt whether the intended manufacture or use of an article would constitute an infringement of an existing patent to file a declaratory suit. Such a declaratory suit at the initial stage would protect persons who act *bona fide* and would avoid unnecessary and prolonged litigation later which otherwise may become inevitable. A provision like this would also be beneficial to industries and would help in promoting the industrialisation of the country.

*Clause* 58.—This clause confers upon an 'exclusive licensee' the right to institute a suit for infringement of a patent which at present is enjoyed by a patentee only.

*Clauses* 74 to 78.—This is a new Chapter and provides for statutory control over the profession of patent agents. A patent agent will now be required to register himself under the Act and he will also have to pass a qualifying examination before he becomes eligible for such registration.

Clauses 79 to 86.—This Chapter deals with international agreements regarding reciprocal arrangements with foreign countries for the mutual protection of inventions. These clauses replace the provisions of the existing section 78A which outlines the present reciprocal arrangements existing between India, the United Kingdom, and other British Commonwealth countries.

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*Clause* 87.—This clause provides for appeals. Under the existing Act appeals in a large majority of cases lie to the Central Government. Under the Bill, all appeals will lie to a High Court.

*Clauses* 89 to 96.—These clauses provide penalties in respect of certain offences. Under the existing Act, the only penalty provided is in respect of the wrongful use of the words 'Patent Office'.

*Clause* 97.—This is a new clause which disqualifies the employees of the Patent Office from acquiring any interest in a patent, except by inheritance or bequest.

*Clause* 98.—This is also a new clause which enjoins upon employees of the Patent Office to observe secrecy in respect of confidential information and documents to which they may have access in the discharge of their duties. A contravention of the provisions of this clause is made a penal offence.

*Clause* 99.—This clause is intended to remove the malpractices adopted in the trade regarding licences, contracts for sale, leases etc. in respect of patents and declares that all such instruments shall be void and unenforceable whenever they tend to impose restrictions with regard to purchase of articles other than patented articles.

*Clause* 101.—This clause is based on section 60 of the existing Act with the only difference that it permits the Controller of Patents to disclose, in his discretion, the result of investigations made in connection with the examination of patent specifications to the applicant. Such a provision, it is considered, would be beneficial to the inventors as it would enable them to know the extent of the prior art cited against their applications.

*Clause* 102.—This clause requires the Controller of Patents to treat all applications for patents confidential before their acceptance.

*Clause* 105.—This clause enables the Controller of Patents to call for periodical reports from patentees regarding the commercial working of their patents in India.

*The First Schedule*.—The existing fees are being slightly enhanced.

*The Second Schedule*.—This Schedule omits from the existing Act all provisions relating to patents and that Act will now contain provisions relating to designs only.

## FINANCIAL MEMORANDUM

A Patent Office already exists at Calcutta to administer the Indian Patents and Designs Act, 1911, but it will need to be considerably strengthened in order to cope with the additional functions contemplated under the new Bill for amending the Law relating to Patents. For example the office will have to keep a close watch over the commercial exploitation of Patents and also to exercise control over the profession of Patent Agents. The Controller of Patents and Designs will also have considerably enlarged powers of trying suits relating to Patents.

2. Two new wings each under a Deputy Controller with Examiners and ministerial staff will have to be added to the Patent Office. The additional expenditure involved is estimated to be Rs. 1-10 lakhs per year but this will be more than balanced by the increased recovery of Rs. 1-50 lakhs per year from the enhanced rates of fees prescribed in the new Bill.

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## HOUSE OF THE PEOPLE

———————

BILL

to amend and consolidate the law relating to Patents.

———————

The President has, in pursuance of clause (3) of article 117 of the Constitution of India, recommended to the House of the People the consideration of the Bill.

M.N. KAUL,

Secretary.

(*Shri T.T. Krishnamachari,*

*Minister for Commerce and Industry*).

## EXPLANATORY MEMORANDUM TO THE PATENTS BILL, 1953 PREPARED BY THE MINISTRY OF COMMERCE AND INDUSTRY RE: PROPOSALS FOR SUBORDINATE LEGISLATION.

Clause 113 of the Patents Bill, 1953, confers upon the Central Government power to make rules for carrying out the purposes of the Act. The provision is of a normal character and the rule making power is mainly confined to matters of procedure only, such as form of application for patents, the manner in which an application may be filed in the Patent Office, etc.

2. In so far as the fees are concerned sub-clause (1) of Clause 100 read with the First Schedule mentions the maximum fees and the fees prescribed by the Rules are not to exceed the maxima laid down. As regards the qualifications of Patent Agents [sub-clause (1) of Clause 113,] it was not possible to specify such qualifications in the statute, because the intention here is to control the profession by registration on the result of a qualifying examination. The Patents Enquiry Committee, at whose instance this provision has been made, had recommended that the Central Government should be authorised to frame rules laying down the qualifications for admission in the qualifying examination as also the subjects for such examination. The Committee has also suggested the minimum qualifications for eligibility of candidates as also the different subjects to be prescribed.

3. As regards matters in respect of which the Controller shall have the powers of a Civil Court [sub-clause (k)] it may be stated that in the day to day discharge of his functions the Controller of Patents and Designs has to exercise several quasi-judicial functions and, therefore, for the proper discharge of his functions he has necessarily to be invested with certain powers of a Civil Court (*vide* Clause 71) such as.—

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(a) summoning and enforcing the attendance of any person and examining him on oath;

(b) requiring the discovery and production of any document;

(c) receiving evidence on affidavits;

(d) issuing commissions for the examination of witnesses.

4. As regards the conditions subject to which any act may be done by a patent agent on behalf of his principal, clause 75 lays down the nature of the documents which should be signed and verified in the prescribed manner by the applicant for a patent and in the event of his absence away from India, they might be signed and verified on his behalf by a duly authorised patent agent. Rules have therefore, to be framed for laying down conditions under which a patent agent may be authorised to do certain acts on behalf of his principal.

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