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KAN NEWS

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1. THE CURIOUS CASE OF COCA-COLA BEFORE THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Recently, Coca-Cola lost a case before the U.S. Court of Appeals for the Federal Circuit (CAFC), that reversed a decision of the U.S. Patent and Trademark Office's (USPTO's) Trademark Trial and Appeal Board (TTAB) that had cancelled two marks for *Thums Up Cola* and *Limca lemon-lime soda* owned by Meenaxi Enterprise, Inc. The verdict of the Federal court has revisited the well-established principles of trademark law, which will be discussed in the foregoing section of this article. We also discuss how nexus can be drawn from this decision with that of the Indian jurisprudence related to trademark cases.

Meenaxi Enterprise Inc v. Coca-Cola Co, U.S. Court of Appeals for the Federal Circuit, No. 21-2209

Facts of the Case:

Parle Bisleri introduced *Limca lemon-lime* soft drinks in India in 1971 and *Thums Up Cola* in 1978. Coca-Cola bought the rights to the drinks in 1993 in India. *Thums Up* and *Limca* are sold extensively in India and other countries in Asia and Africa. Meenaxi Enterprise Inc., who is an Indian proprietor, has been selling these drinks with the same name to Indian grocers in the United States since 2008, and received federal trademarks for them in 2012. Aggrieved by the sales from Meenaxi, Coca-Cola asked the U.S. Patent and Trademark Office to cancel the registrations of both the US trademarks i.e. *Thums Up* and *Limca* in 2016 under Section 14(3) of the Lanhman Act on the ground of misrepresentation of the source of the goods.

Before the Trademark Trial and Appeal Board (TTAB):

The TTAB found that Coca-Cola had a statutory entitlement to bring a cancellation claim because of the following reasons:

1. Coca-Cola's *Thums Up* and *Limca* would likely be familiar to much of the substantial Indian-American population in the United States.
2. Coca-Cola reasonably believed that damage can caused by the continued registration by Meenaxi of *Thums Up* and *Limca*, as Meenaxi's use of the *Thums Up* and *Limca* marks could cause harm stemming from the upset expectations of consumers.

The Board further held that Meenaxi's logos and slogans were intentionally exact or nearly exact replicas of those used by Coca-Cola until Coca-Cola objected, and that the company was attempting to deceive consumers in the United States who were familiar with Coca-Cola's *Thums Up* cola from India into believing that Meenaxi's *Thums Up* cola was the

same drink. Therefore, the TTAB ordered the cancellation of the registrations of both the *Thumps Up* and the *Limca* marks.

Before the U.S. Court of Appeals for the Federal Circuit (CAFC):

Meenaxi Inc. appealed before the CAFC against the order of TTAB. The Court looked into the following two issues:

1. Whether Coca-Cola has sufficient cause of action under the Lanham Act?
2. Whether Coca-Cola suffered any reputational injury?

With regard to the first issue, the court did not agree with the TTAB's decision and stated, *"Coca-Cola lacked a cause of action under the Lanham Act because of the territoriality principle, the court said that the resales of Coca-Cola products in the United States by authorized distributors 'do nothing to establish lost sales by Coca-Cola in the United States,' and that Coca-Cola presented no evidence that it sells Limca soda anywhere in the United States, and has only limited sales of Thums Up in two U.S. cities. While it presented evidence for future plans to market the products more broadly in the United States, 'nebulous future plans for U.S. sales cannot be the basis for a Lanham Act claim".*

As regards the second issue i.e. reputational injury, the CAFC noted that *"Coca-Cola did not rely on a famous-marks exception, and instead argued only that it experienced reputational injury in the United States because: "(1) members of the Indian- American community in the United States were aware of the THUMS UP and LIMCA marks and (2) Meenaxi traded on Coca-Cola's goodwill with Indian-American consumers in those marks by misleading them into thinking that Meenaxi's beverages were the same as those sold by Coca-Cola in India. Coca-Cola had alleged no lost in U.S. sales as a result of the claimed reputational injury."*

Thus, the CAFC reversed the order of the TTAB and ruled in favor of Meenaxi and ordered the USPTO to restore both the alleged trademarks.

Analysis:

This case has highlighted the two major principles of the trademark law i.e. *"Principle of Territoriality"* and *"Exception under Well-Known Marks"*, which Coca-Cola was unable to prove while establishing the case before the CAFC.

Well-Known Marks

The origin of well-known marks can be found in the Paris Convention for the Protection of Industrial Property, 1883 (as amended from time to time), TRIPS Agreement and the Trademarks Act, 1999.

- *Article 6bis* of the Paris Convention grants protection to even an unregistered trademark if the same is a popular mark in a member country.
- *Article 16(2)* of the TRIPS Agreement extends the aforementioned obligation to services.
- *Article 16(3)* of the TRIPS Agreement refers to the circumstances under which registration of a mark used or proposed to be used for goods and services dissimilar to those for which a registered trademark exists can be denied.

As aforementioned, in the present case, Coca-Cola could not take this exception under well-known mark and also failed to bring any substantial loss before the CAFC.

Principle of Territoriality

The Territoriality principle stipulates that intellectual property rights do not extend beyond the territory of the sovereign state which had granted the rights in the first place. It favor the notion that the reputation of a product or service is limited to the territory of the country in which that trademark was granted the status of a well-known trademark.

This principle has been known globally and affirmed by the CAFC as well as Indian courts in number of cases.

In the present case, Coca-Cola was unable to establish the use of its Indian trademarks in the United States under the territoriality principle, wherein it could not show the requisite damage to establish statutory standing to bring its petition. The concept of territoriality is basic to trademark law *i.e.* trademark rights exist in each country solely according to that country's statutory scheme. This means that the priority of trademark rights in the United States depends solely upon the priority of use in the United States, not on the priority of use anywhere in the world because earlier use in another country does not count.

INDIAN JURISPRUDENCE

In the present case, it has been discussed that both the marks in question i.e. "THUMPS US" and "LIMCA" are "famous & well-known marks" as affirmed by the Delhi High Court in 2014 and 2011 respectively. Hence, it is important to learn about Indian jurisprudence in this regard.

Section 2(1)(zg) of the Trade Marks Act, 1999 provides the definition of the well-known marks that "in relation to any goods or services, means a mark which has become so to the substantial segment of the public which uses such goods or receives such services that the use of such mark in relation to other goods or services would be likely to be taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person using the mark in relation to the first- mentioned goods or services."

Section 11(2) of the Act specifically mentions that even where the subsequent deceptively similar mark is for different goods/services, if the prior mark is well-known, then the subsequent mark shall not be registered.

Till the Trademark Rules 2017 were introduced, well-known marks were determined by the Indian Courts and Tribunals, and the Trademark registry, as per the judicial pronouncements, had made a list of such well-known marks. Some of them include *Benz, Bisleri, Whirlpool,* etc.

Under the Trade Mark Rules, 2017, a new procedure has been created that allows the Registrar to proclaim a particular trademark as "well known". According to the new rule, a trademark owner can file an application in form TM-M with a request made to the Registrar for declaring the mark to be "well-known".

As mentioned above, Delhi High Court has declared 'LIMCA' as a well-known mark in 2011 in Indian and similarly in 2014 'THUMPS UP' has also been recognized as well-known mark.

With regard to territoriality principle, this has been discussed at length by the Supreme Court of India in the case of Toyota Jidosha Kabushiki Kaisha V. M/S Prius Auto Industries Limited (AIR 2018 SC 167), wherein, it was held "*it must necessarily be determined if there has been a spillover of the reputation and goodwill of the mark used by the claimant who has brought the passing off action in the country in question. This decision of the Hon'ble Supreme Court sets a new benchmark for testing of evidence to claim trans-border reputation in India. It is therefore necessary that the trade mark is recognized and has a separate existence in each sovereign Country. The Supreme Court, after considering the jurisprudence in the U.K and Australia on trans-border reputation, came to the conclusion that the issue of trans-border reputation would be governed, in India, by the territoriality principle and not by the principle of universality."*

Thus, in India, the principle of territoriality governs over any other ground while examining the cases which have acquired trans-border reputation.

Conclusion

The trademark law provides a proprietor or the trademark holder an opportunity to initiate a suit in case the sales of their goods are affected by the use of a deceptively similar trademark by another enterprise in the same category of products. While, at one end, the trademark owner enjoys the right, on the other hand, it is the onus of the right holder to prove they have suffered an injury in light with the well-established principles of the trademark law.

In the present case, Coca-Cola could neither establish a ground to bring the case before CAFC for cancellation of the alleged trademarks, nor could it show that it had suffered any reputational as well as sales injury.

2. WTO APPROVES PARTIAL PATENT WAIVER

The 12th Ministerial Conference (MC12) of the World Trade Organization (WTO) was conducted at the WTO headquarters in Geneva between June 12 to June 17, 2022. This conference was attended by the ministers of the member countries from across the globe to evaluate the working of the body, make general announcements, and take steps towards the future course of work of the WTO.

Pursuant to an intense and non-stop debate and deliberation, the member nations agreed on a partial waiver of intellectual property rights for the production of Covid-19 vaccines for the next five years, among other decisions. Thus, the governments can now issue compulsory licenses to domestic manufacturers but must also adequately indemnify the patent holders.

In this regard, it is pertinent to mention that India and South Africa, since 2020, have been vocal in advocating the need to temporarily lift the intellectual property rights for coronavirus vaccines to meet with the unprecedented crisis and narrow the widening vaccination disparity between the rich and the poor countries.

The WTO agreement, however, failed to meet their request of the exemption also being applicable on all Covid-related treatments and diagnostics, though there will be a review in six months. This essentially means that the pricing and accessibility of therapeutic drugs and testing kits will continue to remain a hitch, especially in low- and middle-income countries. The WTO decision has been, therefore, described as half-hearted by many. At the same time, it is contended by some that the above-stated move of WTO regarding partial patent waiver could ensure the safety and availability of vaccines to all, including accessibility to booster shots.

According to the World Health Organization, while 60 percent of the world's population has received two vaccine doses, the number falls to 17 percent in Libya, 8 percent in Nigeria, and less than 5 percent in Cameroon. This indicates that many of the underdeveloped and developing countries still fall far behind the rest of the world in vaccination rates.

India's Commerce and Industries Minister, Piyush Goyal said that the stated decision of WTO will boost vaccine equity and affordability for domestic requirements and exports.

On the other hand, some argue that while the said move is heartening and motivating, the demand for Covid-19 vaccines is slowly dwindling. A spokesperson from the Serum Institute of India (SII) said, "*Today, the demand for vaccines is declining. The patent waivers for Covid vaccines are an encouraging and progressive step towards safeguarding the accessibility and mass production of essential drugs and medicines, in the face of future pandemics.*"

The humanitarian organization Médecins Sans Frontières issued a statement in Geneva calling the proposed WTO agreement "inadequate" for not including all countries and also not covering all Covid-19 medical tools within its ambit. Christos Christou, the organization's international president said, "*Put simply, it is a technocratic fudge aimed at saving reputations, not lives*".

It is also pointed out that it needs to be seen as to what exactly a 'partial' patent waiver entail. Furthermore, the manufacturers will still need the patentee's know-how to develop a marketable product, which will also require regulatory approvals. It is thus argued that the waiver would not have an immediate impact.

To conclude, although the current decision of the WTO is dismissed by many as too little, too late, there is no denying that the step is encouraging, as knowledge sharing is crucial and critical in the fight against global pandemics.

3. SCOPE OF PATENT AMENDMENTS UNDER INDIAN PATENT LAW

The Indian Patents Act, 1970 (the Act) allows Applicant for a Patent or a Patentee to make amendments in the application for Patent, or the complete specification, or any document related thereto, both before grant and after the

grant of the patent. Even though the Act has provided specific provisions relating to the scope of the amendment, the interpretation of these provisions varies across the Controllers in India. This article will discuss the present position in India with regard to the permissible scope of amendments to the patent application before grant in light of the recent judgment of the Delhi High Court in the matter of ***"Nippon A&L Inc. v. The Controller of Patents[1]"***.

The brief facts of the case are that the Appellant had filed a national phase patent application in India, seeking protection for "copolymer latex". The claims were drafted in a "product by process" format characterized by the features of both the product and the process. In the First Examination Report, the Controller objected to the claims and held that the *"Scope for which protection has been sought* ***for product or the for process*** *is not clear from the wording "obtained by emulsion polymerization…" as used in claims 1 and 4. Similarly claims 6 and 7 are also not clear with respect to the wording "the emulsion polymerization is carried out…"* Appellant filed a response to the First Examination Report along with an amended set of claims. However, the objection regarding lack of clarity in the claims was maintained in the hearing notice.

During the hearing phase, the Appellant also proposed amending the claims, from *'product by process'* format to *'process only'* claims to render the claims clearer and more definite. The Appellant submitted the amended claims and contended in the written submissions that it seeks to amend the claims by way of explanation to improve clarity and definitiveness. It was further claimed by the Appellant that the amended claims were in complete compliance with the provisions of Sections 57(6), 59(1), and 10(4)(c) of the Act.

However, the Deputy Controller of Patents rejected the patent application on the ground that the new set of claims was beyond the scope of the original claims and that the amended claims are lacking inventive step. Aggrieved by this order, the Appellant preferred an appeal before the Delhi High Court.

Issues before the Court

The issue before the Court was, *"whether the claims as originally filed could have been amended into method claims by the Appellant?"*

Rules and/or Law

The issue before the court is pertaining to Section 59(1) of the Act, which provides that an amendment of an application, specification, or any document related thereto would be permissible only if the following conditions are satisfied:

[1] C.A.(COMM.IPD-PAT)11/2022

(i) The amendment has to be by way of disclaimer, correction or explanation;

(ii) The amendment has to be for the purpose of incorporation of actual facts; and

(iii)(a) The effect of the amendment ought not to be to amend the specification to claim or describe any matter which was not disclosed in substance or shown in the originally filed specification; and

(iii)(b) The amended claims have to fall within the scope of claims as originally filed.

Thus, for an amendment to be allowed all conditions have to be satisfied. Any amendment falling foul of (i), (ii), (iii)(a) or (iii)(b) above cannot be allowed.

Contentions of the Appellant

The Appellant contended that the *"original claims which were drafted, were "product by process" claims that have been amended and the claims were restricted to method claims, i.e., process claims. This amendment cannot be held to be beyond the scope of the original claims as the original claims contained both, product as also process claims. By restricting the claims to the process, the Appellant has given up a significant part of the claims itself and it could not be held to be hit by Section 59 of the Act."*

Contentions of the Respondent

The Respondent made a two-fold argument that:

(1) *"product by process claims are primarily product claims and are tested for novelty and inventive step qua the product and not the process. The core of the claim in a product by process patent would only be the product. The Appellant, by removing the product-related claims and converting them into process claims, is changing the very nature of the claims, which is impermissible. Thus, the same ought not to be allowed."*

(2) the original claims were not actually "product by process" rather those were "product" claims only. Hence, converting a "product patent" into a "process patent", which was not claimed earlier, cannot be allowed as it broadens the scope of the claims.

Observation of the Court

After hearing both the parties, the court observed that the process which is being claimed in the amended set of claims has been explicitly spelled out in the original field detailed description.

In its findings, the court stated that upon perusal of the objections raised in the First Examination Report (FER), the Controller wanted clarification as to whether the scope for which the protection is sought is *for a product or for a process.*

From the amendments, it is evident that the Appellant chose to restrict the patent to the "process" alone, thus narrowing down the scope of its claims. As it is the common understanding that the scope of product claims is broader than the

Further, the Court referred to the ***Ayyangar Committee Report,*** and held that *"the purport and intention of this Report was to give broader and wider permissibility for amendment of claims and specification prior to the grant and restrict the same post the grant and advertisement thereof. The Report is also categorical in its observation that the* ***invention before and after amendment need not be identical in case of amendment before acceptance 'so long as the invention is comprehended within the matter disclosed'".***

> So long as the invention is disclosed in the specification and the claims are being restricted to the disclosures already made in the specification, the amendment ought not to be rejected, especially, at the stage of examination prior to grant.

The Court held that the Report and Section 59, if read together, make it clear that ***the amendments to a patent specification or claims prior to grant ought to be construed more liberally rather than narrowly.*** Further, the legislative intent is that no new subject matter should be added to the claims and/or description, which has not been disclosed in the originally filed specification. *So long as the invention is disclosed in the specification and the claims are being restricted to the disclosures already made in the specification, the amendment ought not to be rejected, especially, at the stage of examination prior to grant.*

The court made its reliance upon the case of *AGC Flats Glass Europe SA v. Anand Mahajan*[2], which laid down the ***"Doctrine of Disclaimer"*** that is, *"When the applicant seeks to narrow down or crystalize the claims, ultimately limiting*

[2] 2009(41) PTC 207(Del)

the scope of the invention, the amendment ought to be ordinarily allowed. The only consideration that must be kept in mind is that the amended claims are not inconsistent with the earlier claims in the original specification."

The same position has been reiterated in the case of, *Sulphur Mills Limited v. Dharamraj Crop Guard Limited*[3], wherein it was held, *"It is usual for patent applicants to edit, amend, modify and vary the claims during the examination and opposition process. So long as the amendments sought are within the scope of the claims originally filed, no adverse conclusion can be drawn on the basis of the said amendments".*

Decision of the Court

With regard to the issue of whether the amendments are allowable which were not claimed at the time of filing of the application under Section 59(1) of the Act, the court held, ***"the Applicant is amending and narrowing the scope of the claims and not expanding the same. The process sought to be claimed in the amended claims has been clearly disclosed in the patent specification. The said process is not sought to be added newly by way of an amendment. The amendment is, thus, within the scope of the patent specification and claims as originally filed. In the opinion of the Court, the amended claims of the Appellant satisfy the conditions of Section 59(1) of the Act as specified above. Thus, the objection under Section 59(1) of the Act is not sustainable".***

Analysis

The provision under Section 59(1) of the Act enables the Applicant to make the amendment by way of disclaimer, correction or explanation for incorporating facts. However, the Indian Controllers have been interpreting this section in a very strict manner, wherein they do not allow any new addition or modification to the claims and/or specification, no matter whether the addition and/or modification falls within the scope of the invention.

Before the present case, there had been a number of cases where applications were rejected by the Controller because of the strict interpretation of Section 59(1) of the Act. In the case of ***Enercon (India) Limited vs. Alloys Wobben***, the now defunct IPAB had opined *"the correction is going beyond the scope of the claims filed earlier as in the initial claim."*

In another case, ***Dimminaco A.G. vs. Controller of Patents and Designs***, IPAB rejected the proposed amendments stating that *"amended claims fall outside the scope of un-amended claims and none of them were disclosed implicitly in the original specification. In other words, amended claims are larger than the original claims."*

[3] (2021) 87 PTC 567

Thus, it can be said that even though the provision is clear and the legislative intent behind incorporating such provision, in essence, was to give broader and wider permissibility for amendment of claims and specification prior to the grant, the strict interpretation of Section 59(1) by the Indian Controllers has created a host of issues for the Applicants.

Conclusion

This case law is certainly a very positive step and long-overdue. We believe this case law would eventually result in the change of practice of the Indian Patent Office concerning the acceptance of amendments in claims. As of now, the Controllers interpret the provisions under Section 59 regarding amendments, very strictly. Hopefully, this case law would result in amendments being construed more liberally rather than narrowly.

4. KERELA HIGH COURT DIRECTS CENTRAL GOVERNMENT TO CONSIDER COMPULSORY LICENSING OF BREAST CANCER DRUG RIBOCICLIB

In its recent Order, the Kerela High Court directed the Department for Promotion of Industry and Internal Trade (DPIIT), New Delhi to consider compulsory licensing of life saving drug 'Ribociclib' used in treatment of breast cancer patients.

Considering a writ petition filed by a retired Bank employee, drawing a monthly pension of INR 28,000/- (approximately equal to USD 354.20/-), who was diagnosed with HER2- Negative Metastatic Breast Cancer, the Court observed that the monthly cost of the medicines came to INR 63,480/- (approximately equal to USD 803.06/-) of which the most expensive medicine was Ribociclib which alone costs INR 58,140/- per month (approximately equal to USD 735.50/-).

The petitioner submitted that if Ribociclib was manufactured in India, the cost of the medicine would dial down considerably making it affordable for people like the petitioner. It was further stated that the above-mentioned drug enjoyed patent protection and the drug could not be manufactured without the approval of the patent holder.

In this regard, the petitioner referred to Sections 92 and 100 of the Indian Patents Act, 1970. The petitioner thus emphasized that Section 92 of the Indian Patents Act, 1970 provides for compulsory license in cases of national emergency or in circumstances of extreme urgency, or in case of public non-commercial use, and Section 100 empowers the Government to requisition life-saving medicines in cases of extreme necessity.

Noting that a startling number of women were falling victim to breast cancer because of their incapability to bear the high expense of the treatment and medicines and that the right to life is guaranteed under the Constitution coupled with the State's duty to improve public health, the Court directed the Department of Promotion of Industry and Internal Trade to consider the petitioner's representation and pass a reasoned and rational order within four weeks after debate and deliberation with the other concerned authorities.

This case once again highlights the issue of compulsory licensing in India. The first and only compulsory license in the country was granted by the Indian Patent Office on March 09, 2012, to the Hyderabad-based drug-maker Natco Pharma for the production and sale of the generic version of Bayer's Nexavar, an advanced drug used in the treatment of liver and kidney cancer. Natco was required to pay Bayer a royalty of six percent of the net sales, every quarter. It was established that only two percent of the cancer patients had easy access to the drug as the said drug was being sold by Bayer at an extravagant price of INR 2.8 lakh (approximately equal to USD 3,506.36/-) for a month's treatment. The compulsory license ensured that the price of the tablet was brought down to INR 8,880/- (approximately equal to INR 110.19/-) per month.

As expected, the global reaction to the grant of the above-stated compulsory license in India was largely two-fold. The developing and under-developed countries were in favor of the grant because of the various advantages it offered, primarily the availability of the drug at an affordable price thus being beneficial to public welfare. The developed nations, on the other hand, seemed to be opposed to it for the disadvantages it posed, such as the innovators being deprived of the full benefit of their monopoly rights. There could also be dissatisfaction with the royalties on part of the patentee.

It goes without saying that the purpose of a compulsory license is to boost the access of the public to the patented high-priced medicines. It further enhances competition in the market and brings down the prices of patented drugs. However, there is no denying that compulsory licensing must be resorted to only in extreme and urgent cases where there is no other choice and the pre-requisites for granting a compulsory license in accordance with the Indian Patent laws have been met. It is to be ensured that the grant of a compulsory license does not hamper research and development which plays a pivotal role in the growth and advancement of a nation. Thus, a balance is to be maintained between the exclusive rights of the patentee and making the invention available to the third parties in need at an affordable price.

Considering the fact that in the present case, the high cost of the drug Ribociclib is posing a serious hindrance to the affordability of the medicine used in the treatment of breast cancer, which is one of the most common forms of cancer in India causing the highest number of cancer-related deaths among the women in India, the chances of the grant of compulsory license look optimistic.

In the event, that a compulsory license for the drug Ribociclib is in fact granted, it could incentivize other generics to employ this route. It would certainly be beneficial for patients who have been struggling with excessive prices of essential drugs for the longest time. This move might further encourage other developing countries to issue similar orders. It might also cause the innovator drug companies to have different pricing schemes and in countries like India, with significant number of poor patients, the drugs might be made available at cheaper costs.

5. THE STATEMENT OF WORKING OF PATENTS IN INDIA (FORM 27) – COMPLETE GUIDE

General Principle:

As enshrined in Section 83 “General principles applicable to working of patented inventions” of the Indian Patents Act, 1970, “patents are granted to encourage inventions and to secure that the inventions are worked in India on a commercial scale and to the fullest extent that is reasonably practicable without undue delay”. It is further enshrined that patents are granted to make the benefit of the patented invention available at reasonably affordable prices to the public. To abide by these general principles, the Indian Patents Act requires an annual statement of working of a patented invention to be submitted in the Indian Patent Office – a statutory obligation to be fulfilled by every patentee and every licensee, stipulated in Section 146 of the Indian Patents Act, 1970 read with Rule 131 of Indian Patents Rules, 2003.

This statement of working is to be submitted on Form 27 as prescribed in the Second schedule of the Patents Act.

Relevant Section and the Rule:

The requirement of submission of statement of working of a patent has been stated under Section 146 of the Indian Patents Act, 1970.

The statement of working is thus to be furnished by every patentee and every licensee. While patentees can jointly file the statement of commercial working, each licensee will have to file the statement of commercial working, individually.

Timeline to File Statement of Working:

Rule 131 of The Patent Rules, 2003 (as amended) further specifies the timeline and the manner in which such statement is to be furnished. It is to be noted that the timeline within which the statement of working is to be furnished has been revised under Patent (Amendments) Rules, 2020.

> *(2) The statements referred to in sub-rule (1) shall be furnished once in respect of every financial year, starting from the financial year commencing immediately after the financial year in which the patent was granted, and shall be furnished within six months from the expiry of each such financial year.*

As per the amended Rule, the statement of working with respect to a financial year is to be furnished within six months from the start of next financial year i.e. by 30th September of the next financial year.

The Office of Controller General of Patents and Designs, and Trademarks has also requested the patentees and licensees to submit the Form 27 within the prescribed timeline vide a public notice dated June 30, 2022.

Information to be Furnished:

The Patentee needs to furnish whether the Patent has been worked *or* not worked on a commercial scale in India (*mandatory requirement*). In case the granted Patent is not worked in India, a statement of working is still required to be filed in India.

If the Patent is being Worked	If the Patent is not Worked
(a) Approximate revenue/value accrued in India to the patentee(s)/ licensee furnishing the statement from patent number(s) where the working is through: (1) Manufacturing in India (in INR) (2) Importing into India (in INR) (b) Brief in respect of (a) above (maximum 500 words)	Reasons for not working the patented invention(s) and steps being taken for working of the invention(s).

Effect of non-working of Patent in India:

Non-working of the Patent does not invalidate the patent.

The purpose for filing of a working statement for a granted patent in India is to inform the public about the working or not working of the patent.

Any interested party can make a request for the grant of a compulsory license at any time after the expiration of three years from the date of grant of Patent, based on the following grounds:

(a) reasonable requirements of the public with respect to the patented invention have not been satisfied, or (b) the patented invention is not available to the public at a reasonably affordable price, or

(c) the patented invention is not worked in the territory of India.

In case of any such request from a third party, the Applicant is informed of the same.

The grant of a compulsory license by the Indian Patent office is not a straightforward process and the Controller of Patents takes into account various factors before deciding on an application for a compulsory license. It is very rare. The non-working/inadequate working at a reasonable price of the Patent may help a

third party to make an initial case but it will not be the sole determining factor in the grant of a compulsory license

A NO FEE form – An Incentive:

It is to be noted that no official fee is required to be paid for filing the statement of working on form 27. This encourages the patentees and licensees to furnish the information multiple times without paying an official fee.

Recent Amendments in FORM-27:

With a view to ease out the process of submitting this working statement, the Patent (Amendment) Rules, 2020 have been notified by the Government in October 2020, wherein Rule 131(2) has been amended in respect of the information to be disclosed and the deadline for submitting the statement of working. The Format of Form 27 has also been amended vide the Patent (Amendment) Rules, 2020. A copy of the same can be accessed from this link.

The following revisions were made in Form 27 by way of Patent (Amendment) Rules 2020:

- The revised Form 27 enables Patentee/Licensee to file one form in respect of multiple patents, provided all of them are related patents, wherein the approximate revenue/value accrued from a particular patented invention cannot be derived separately from the approximate revenue/value accrued from related patents, and all such patents are granted to the same patentee(s).
- Earlier, Form 27 was to be submitted within 3 months from the end of the calendar year (March 31st of each year). The revised Rules require the filing of the statement of working within 6 months from the end of the financial year. As per the revised Rules, the deadline to file the statement of working on Form 27 is September 30th of each year.
- In earlier Form 27, it was mandatory to provide the quantum and value of the patented product manufactured/imported, if the invention has been worked. In the revised Form 27, approximate revenue/value accrued in India to the patentee(s)/ licensee furnishing the statement from patented invention(s) manufactured/imported can be stated. The revised Form 27 also includes a column to give a brief (of a maximum of 500 words) of the above. This allows the Patentee/Licensee to provide an explanation when the approximate value and revenue are difficult to estimate. The revised Form

does not require the quantum of the patented invention manufactured/imported to be stated. Only value accrued of the patented invention manufactured/imported is to be submitted.

- Earlier Form 27 required country-wise details to be given if the patented product has been imported from other countries. Revised Form 27 does not require such details.
- Revised Form 27 removed the requirement of disclosure of licenses and sub-licenses granted in respect of the patented product during the year.
- Revised Form 27 does not require a statement of whether the public requirement of the patented product has been met partly/adequately/to the fullest extent at a reasonable price.

Ramifications of not Filing the Statement of Working:

Failure to file a statement of working does not affect the validity of an Indian Patent. The patent will remain in force.

However, Section 122 provides for the imposition of penalties in respect of a party that refuses or fails to supply information called for under the Act. Failure to furnish timely information is a punishable offense with a fine, which may extend to INR 10 lakh (approximately equivalent to USD 12,504) under Section 122 of the Act. Further, furnishing any false information or statement which the patentee/licensee, either knows or has reason to believe to be false or does not believe to be true, is punishable with imprisonment which may extend to six months, or with a fine, or both.

As per our information, no patentee has been fined in this regard.

Who can Sign Form 27:

Form 27 can be signed by the Patentee/Licensee or by the Agent of the Patentee.

Thus, every patentee and every licensee should submit a statement of work clarifying the extent to which the patented invention has been worked on a commercial scale in India within the prescribed time period so as to exercise its patent rights to the fullest.

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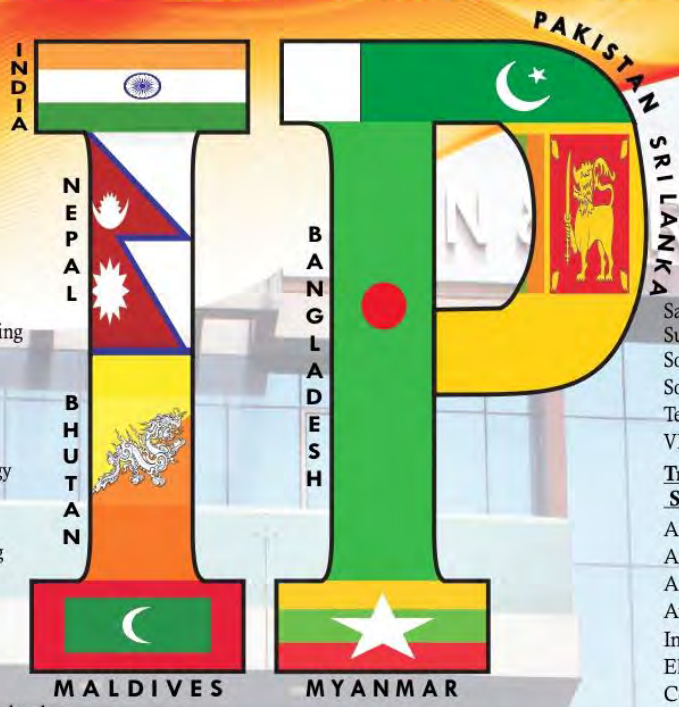

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