

Client Advisory | *May 2010*

Have You Worked Your Indian Patents?

At the start of 2010 The Controller General of Patents, Designs and Trade Marks in India issued a Public Notice stating that all patentees/licensees of patents granted in India were required to comply with the provisions of the Indian Patents Act and by 31 March 2010 disclose information on whether or not their patents were being “worked” in India.



Rajita Sharma, Partner

Therefore anyone who has been granted patents in India in 2006/2007 should have by now submitted first of the annual statements on how their patents are being worked and if not, the reasons for it.

After the first three years, the patentee and every licensee should annually furnish the details of working of the invention before 31 March each year and within two months whenever notified or required to by the Controller. The disclosure has to be made in Form 27.

The information to be set out in the Statement in the Form 27 includes (a) whether the patent is worked; (b) if not worked, the reasons for not working and/or the steps taken; (c) the quantum and value of the patented product or process; (d) quantum and value of the patent worked in India and imported into India (disclosing names of the countries imported from; (e) licences and sub-licences granted; (f) whether public requirements (such as reasonable price and availability of the products) has been fulfilled.

Under the provisions of the Indian Patents Act, a granted patent needs to be “worked” in India either by the patentee or its licensee. The guideline under section 83 is that the patentee is expected to exploit the invention “on a commercial scale and to the fullest extent that is reasonably practicable without undue delay”. The patents are not granted merely to acquire “monopoly for the importation of the patented article”.

The Act requires every patentee and every licensee to provide information about the extent to which the patented invention

has been worked on a commercial scale in India and if not, the reasons for it. If the Form 27 statement is not submitted it could be deemed that the patent has not been worked and could be a ground for allowing compulsory licenses and revocation of the patent.

It is also a punishable offence with a fine of up to rupees 10 lakhs (approximately £12,000-£15,000). The level of the fine indicates that this is considered to be a serious offence.

The meaning and scope of “working the patent” is not defined in the Act. In my view it would not be the same as “using” the patent and following the guideline in Section 83, this is likely to be construed as “working on a commercial scale”. That again could mean that the products are manufactured in India as opposed to merely being distributed and sold through “importation”.

The consequences of not “working” the patents in India is that it gives grounds for anyone to apply for a compulsory licence. Under section 84, three years after a grant of a patent any person may apply to the Controller for a compulsory licence on the ground that the patent is not worked in India. The Controller is required to take into consideration various factors before granting such a licence including allowing the patentee sufficient time to work the patent provided that it has started to begin working the patent. Further, the patent can be revoked if it is not worked.

In conclusion the Indian patent regime imposes onerous obligations on a patentee to (a) use the patent in a large scale

commercial way in India other than importing patented products. In case of drugs, it also extends to making them available in a cost effective way; (b) to file annual reports in Form 27 on the extent of the how the patent is worked. Incidentally, there is no guarantee or assurance in the Act or Rules about keeping the information disclosed in the form confidential. The patentee is required to disclose its confidential commercial information. There are provisions in

sections 146 (3) and 145 which enable the Controller to publish information disclosed in Form 27. This could lead to abuse of the disclosed information.

In imposing these obligations, the intention of the Indian legislators may have been to prevent patent trolls. However, in my cynical view it places another easy weapon in the hands of the generic companies to obtain cheap licences. It is certainly at odds with TRIPS.

The consequences of not “working” the patents in India is that it gives grounds for anyone to apply for a compulsory licence.

BOSTON MA | FT. LAUDERDALE FL | HARTFORD CT | MADISON NJ | NEW YORK NY | NEWPORT BEACH CA | PROVIDENCE RI
STAMFORD CT | WASHINGTON DC | WEST PALM BEACH FL | WILMINGTON DE | LONDON UK | HONG KONG (ASSOCIATED OFFICE)

This advisory is for guidance only and is not intended to be a substitute for specific legal advice. If you would like further information, please contact the Edwards Angell Palmer & Dodge LLP attorney responsible for your matters or the attorney listed below:

Rajita Sharma, Partner

+44 (0) 2075564609

rsharma@eapdlaw.com

This advisory is published by Edwards Angell Palmer & Dodge for the benefit of clients, friends and fellow professionals on matters of interest. The information contained herein is not to be construed as legal advice or opinion. We provide such advice or opinion only after being engaged to do so with respect to particular facts and circumstances. The Firm is not authorized under the U.K. Financial Services and Markets Act 2000 to offer UK investment services to clients. In certain circumstances, as members of the U.K. Law Society, we are able to provide these investment services if they are an incidental part of the professional services we have been engaged to provide.

Please note that your contact details, which may have been used to provide this bulletin to you, will be used for communications with you only. If you would prefer to discontinue receiving information from the Firm, or wish that we not contact you for any purpose other than to receive future issues of this bulletin, please contact us at contactus@eapdlaw.com.

© 2010 Edwards Angell Palmer & Dodge LLP a Delaware limited liability partnership including professional corporations and Edwards Angell Palmer & Dodge UK LLP a limited liability partnership registered in England (registered number OC333092) and regulated by the Solicitors Regulation Authority.

Disclosure required under U.S. Circular 230: Edwards Angell Palmer & Dodge LLP informs you that any tax advice contained in this communication, including any attachments, was not intended or written to be used, and cannot be used, for the purpose of avoiding federal tax related penalties, or promoting, marketing or recommending to another party any transaction or matter addressed herein.

ATTORNEY ADVERTISING: This publication may be considered “advertising material” under the rules of professional conduct governing attorneys in some states. The hiring of an attorney is an important decision that should not be based solely on advertisements. Prior results do not guarantee similar outcomes.

EDWARDS
ANGELL
PALMER &
DODGE

eapdlaw.com