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Articles

Foreign Filing License: A must-know requirement for first filing in a foreign country

By **Suraj Singh Attri**

At times an applicant, i.e., a company or an individual may decide to file a patent application directly in a foreign country or as an international application under PCT other than in India, without first filing a patent application in India due to various reasons. For instance, the applicant may first file the patent application in the foreign country due to less or no market potential in India, invention being considered as a non-patentable subject matter in India and presence of R&D teams working together in more than one country. The applicant or inventors in such cases may require a Foreign Filing License (FFL) from the Indian Patent Office.

What is an FFL?

When an inventor or a company, who is a resident in India, desires to file a patent application first in a country other than India, it is necessary to obtain an FFL from the Indian Patent Office. The FFL requirement allows Indian authorities to monitor all inventions, and in particular, defence or atomic energy related inventions in national interest.

What does the statute say?

The statutory provision for FFL requirement in the Patents Act, 1970 ('the Act') was first introduced by the Patents (Amendment) Act, 2002, and was later amended in the year 2005. Section 39 of the Act is the relevant provision. It reads:

"39. Residents not to apply for patents outside India without prior permission

(1) No person resident in India shall, except under the authority of a written permit sought in the manner prescribed and 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 direction has been given under sub-section (1) of section 35 in relation to the application in India, or all such directions have been revoked.

(2) The Controller shall dispose of every such application within such period as may be prescribed:

Provided that if the invention is relevant for defence purpose or atomic energy, the Controller shall not grant permit without the prior consent of the Central Government.

(3) This 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."

As per Section 39, an FFL is required only if the person who makes a patent application or causes another to make a patent application is a resident in India at the time of filing the application. Residential status alone is relevant and nationality of the person is not relevant. The term "resident" is however not defined in the Act. The only statute that refers to residential status is the Indian Income-tax Act, 1961. According to Section 6 of the Income-tax Act, an individual is said to be resident in India if:

(i) he is in that year (referred to as previous year, which commences from 1st April of a year and ends on 31st March of the next year) been in India for a period or periods amounting in all to 182 days or more; or

(ii) he has within the preceding four years (April-March years) been in India for period or periods in all amounting to 365 days or more and for 60 days or more in that year.

Every Indian company (registered under Companies Act, 1956) and every other company the control and management of whose affairs was situated wholly within India in that previous year is a resident of India.

There is no indication in the Patents Act as to whether the above definition will apply and there are no judicial precedents on this issue. In the absence of any other guideline it is very likely that if the question comes up, the courts may adopt the above definition. In such a case, the residential status is likely to be determined by applying the above rules, treating the financial year in which the application is made as the previous year.

The Controller ordinarily disposes of an FFL request within 21 days from the date of filing the FFL request [Rule 71, The Patent Rules, 2003].

FFL Requirements

For filing a request for an FFL, a brief description of the invention is required. The brief description should sufficiently cover the invention and the underlying inventive concept known to the applicant at the time of making a request for the FFL. Generally, one may need to have the following documents to file a request for the FFL:

- Name(s), address(es) and nationality of the inventor(s) who are 'resident in India'.
- Power of Attorney (POA) from the inventor(s) or the applicant who are resident in India, where a patent agent is appointed to represent them.
- Title of the invention with disclosure including drawings, if any
- Names of the co-inventors who are not resident in India.
- Name and address of the Applicant, in case rights have been assigned to an applicant.
- The name of the country/countries in which the application is expected to be filed.
- Reason for making such application.

Implications on contravention of Section 39

In case, a resident in India fails to obtain the FFL before filing the application in a foreign country then as per Sections 40 and 118 of the Act, subsequent Indian application that the applicant may file, may be rejected besides being liable for penalty. Section 39 of the Act is, thus, very important since MNCs have set up a number of R&D centers in India and a number of inventions arising out of the R&D centers may be filed first in a foreign country.

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Restoration of trade mark after expiry of 29 years

By Jasneet Kaur

The Division Bench of the High Court of Delhi adjudicated upon one of the most fundamental issues of trade mark law pertaining to renewal, removal and restoration of a trademark registration, recently in the case of *Union of India* v. *Malhotra Book Depot* [LPA 564/2012].

In this case the respondent had applied for a certified copy of their registration for the trademark 'MBD' with the Registrar of Trade Marks (appellant no. 3) in 2010. Appellant no. 3 replied stating no records were found vis-à-vis the registration in question upon which the respondent realised that their registration (which was granted from 23-11-1970) had not been renewed post 1984. Respondent thereafter, applied for renewal and restoration of their trademark in the year 2010 itself, which was refused by appellant no. 3. Hence, a writ petition was filed against the order of the appellant no. 3, contending *inter alia* that the statutory requirement of intimation of expiration of last registration, vide notice on FORM O-3 as per the Trade Marks Rules, 1959 (which were applicable at the relevant time) was not complied with and therefore, appellant no. 3 was bound to accept the renewal and restoration request.

The Single Judge allowed the writ petition while holding *inter alia* that under Section 25 of the Trade and Merchandise Marks Act, 1958 (the Act) (which was applicable then), the application for renewal of registration could only be made upon receipt of the O-3 notice and removal of the registered trademark from the Register without complying with the above mandatory requirement would be illegal. The UOI (appellant) challenged the order of the Writ Court and filed the present appeal before the Division Bench (the Bench).

Issuance of O-3 Notice mandatory

The Bench was of the view that although the statute lays down the period of registration to be seven years, renewable from time to time, removal of the mark by the Registrar is subject to sending of the O-3 notice (Notice for Renewal of a registered mark). The Bench held that when the Act itself lays down the procedure for removal, the same cannot be deemed to be not mandatory or not binding on the Registrar. The Bench held that where the Act is clear, legislative interpretation cannot be rejected merely for the reason of opening of floodgates of applications for renewal of trade marks which lapsed long time ago, if the Single Judge order is upheld.

Renewal and Removal - Section 25(3)[1] – Scope and Applicability

The Bench held that:

"If removal pursuant to non-renewal was to be made de hors the *notice for removal,* Rule 68 would have followed Rule 66 and not Rule 67. Though Rule 68 permits removal upon expiration of last registration and non-payment of renewal feel and does not make the same dependent upon compliance of Rule 67 but to read Rule 68 as permitting removal de hors compliance of Rule 67 would be contrary to Section 25(3) which as aforesaid permits removal *only if* at the expiration of the *time prescribed in the notice* required to be sent thereunder, the registered proprietor has not applied for renewal.[2]"

The Bench also held that removal, in accordance

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[1] Section 25(3):
At the prescribed time before the expiration of the last registration of a trade mark the Registrar shall send notice in the prescribed manner to the registered proprietor of the date of expiration and the conditions as to payment of fees and otherwise upon which a renewal of registration may be obtained, and, if at the expiration of the time prescribed in that behalf those conditions have not been duly complied with, the Registrar may remove the trade mark from the register.

[2] Paragraph 17

with Section 25(3), can only be effectuated *"if"*, at the expiration of the time prescribed in the O-3 notice, the conditions laid down therein have not been complied with. For ease of reference, while Rule 66 provides for renewal of a trademark anytime within six months before expiration of last registration, Rule 67 lays down the procedure for issue of O-3 notice.

It appears that the Bench has overlooked the fact that the O-3 notice is essentially a notice intimating the registered proprietor of the *expiration* of the trademark registration, and is not a *'notice for removal'*. Furthermore, the term *'at the expiration of the time prescribed in that behalf'* in Section 25(3) has been construed by the Bench to refer to *'time prescribed in the notice'*, ignoring the fact that an O-3 notice issued by the Registrar of Trade Marks only mentions the date of expiration of the last trademark registration. Further, upon a conjoint reading of Rule 68 and Section 25(3), it appears that the *'time prescribed'* in Section 25(3) is at the expiration of the last date of registration and not any specific time which may have been mentioned in the O-3 notice.

The above interpretation of the Bench seems to ignore the well established principle that no notice issued by any statutory body can override the time and conditions prescribed by the statute. Hence, when it is apparent from the Act and the Rules that the time prescribed for removal is the date of expiration of the last registration of the trade mark, the O-3 notice cannot specify any other time period in this regard, overriding the statutory time limit.

Restoration – Section 25(4)[3] – Scope and Applicability

Looking at the facts of the case, the Bench held that Section 25(4) (which provides for restoration of a trademark within one year of expiration of last date of registration) shall be applicable only in those cases where removal of the trademark is simultaneous to the expiration and not in cases similar to the instant one, where removal is effectuated much beyond the date of expiration. Further, the Bench held that since no limitation is prescribed by the Act or Rules for restoration and renewal in cases where removal is made without issuing O-3 notice, it can be inferred that such a request for renewal and restoration can be made *at any time.*

Effect of Removal – Section 26

As per Section 26 of the Act, a trademark which has been removed from the Register for non-payment of fees, shall be *deemed* to be on the Register for the *purpose* of any application for the registration of another trademark during one year next after the *date of its removal,* subject to the conditions laid down therein. The Division Bench, while interpreting the effect and scope of removal of a trade mark, has laid particular stress upon the mention of date of removal, to draw the

[3] Section 25(4):
Where a trade mark has been removed from the register for non-payment of the prescribed fee, the Registrar may, within one year from the expiration of the last registration of the trade mark, on receipt of an application in the prescribed form, if satisfied that it is just so to do, restore the trade mark to the register and renew the registration of the trade mark either generally or subject to such conditions or limitations as he thinks fit to impose, for a period of seven years from the expiration of the last registration.

inference that the said period of one year in Section 25(4) must also be read as commencing from the date of removal as opposed to date of expiration of last registration; in cases (like the instant one) where removal is not immediately made after the expiration. The Bench also held that the operation of Section 26 would be rendered otiose if the rights of the proprietor to restore and renew the trademark are limited upto the expiration of the last date of registration, irrespective of whether the trademark is actually removed upon such expiration or not.

It appears that the Bench has not taken into account the exact nature and purpose behind provision of Section 26. As is clearly laid down therein, the effect of such removal shall be only *qua* Section 11(1), i.e., with reference to any other trademark application filed during the time so prescribed.

Judgment

In view of the above findings by the Bench, the appeal was dismissed and it was held that the removal, without following the mandatory procedure prescribed therefor, is bad. The Bench, however, modified the order of the Single Judge by giving directions to the Registrar to restore/renew the mark after satisfying that respondent is the registered proprietor of the registered trademark which has expired and that in the interregnum, no other identical or similar marks have been allowed to be registered.

Conclusion

It is undisputed that the whole and sole issue in the instant case is that the Registry did not issue the mandatory O-3 notice to respondent and thereafter, did not remove the mark (upon non-payment of renewal fees by respondent) within one year from expiration of last date of registration, i.e., in 1984. Hence, it is a clear case of default on the part of the Registry and as a result of this grave non-conformity and non-performance of the statutory duty, the right of respondent was taken away. Clearly, respondent is entitled to restoration and renewal of its mark on the above ground itself.

The above judgment of the Bench appears to have omitted the primary issue of non-performance or non-vigilance on behalf of the registered proprietor for 26 long years in protecting and asserting its rights in the registered trade mark by not renewing it in time. The statute imposes certain legal obligations upon the Registrar of Trade Marks; while at the same time, it grants certain rights to the registered proprietor. What remains uncertain and undecided is the implication of non-enforcement of such rights (if at all by consistent renewal of the registration) by the proprietor, irrespective of any lapse on behalf of the Registry.

Overall, it appears that the primary object behind the aforesaid judgement is to reinstate the statutory rights and interests of the registered proprietor which have been divested from him owing to the non-performance by the Registry of its statutory obligations and duties. However, it appears that in arriving at the above conclusion, the Bench has overlooked probable implications and other fundamentals of the provisions relating to renewal, removal and restoration.

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Ratio Decidendi

Trademark not in use for more than 5 years can be expunged

The Intellectual Property Appellate Board has ordered expunction of the trademarks 'Spark' and 'Sparx' used for footwear. The trademark 'Sparx' was ordered to be removed from the register as the same was not used since 1990 to 2009 though registration was obtained as early as 1981. The Board held that since the mark was not used for more than five years from the date of registration, under clause (b) of Section 47(1) of the Trademark Act, it deserved to be rectified, notwithstanding use for three months prior to the date of rectification application. On the question of use of the trademark, the Board held that excise gate pass cannot be relied upon to prove use. It was held that commercial and genuine use must be one which is of some benefit or profit to the person and that in the excise gate pass, the value of the footwear are mentioned which is not profit. Trademark 'Spark' was removed by the Board for wrong statement of use. The adoption of the said mark was termed not honest as it was adopted after the respondent had obtained the registration. Search report was also not considered as a valid document since search was made only after filing of the other rectification application. [*Relaxo Footwears Limited* v. *Bata India Limited* – IPAB Order dated 8-2-2013 in M.P. Nos.178/2011 & 33/2012 in ORA/275/2009/TM/KOL, M.P. Nos.82/2011, 176/2011, 177/2011, 32/2012 & 326/2012 in ORA/92/2010/TM/DEL & ORA/275/2009/TM/KOL and ORA/92/2010/TM/DEL].

Broadcast rights – copyright and common law

In a dispute relating to the mobile activation rights/ rights on disseminating updates/alerts of cricket score, the Delhi High Court granted relief to the rightholders reasoning that the right to generate revenue out of information emanating from the matches had been affected. The defendants argued that information on the matches entered public domain and dissemination of match information through live score cards, match updates and score alerts via Short Messaging Service (SMS)/Mobile Value Added Services (MVAS) did not infringe the rights of the plaintiff. Further the plaintiff could not seek remedy under common law as Section 16 of the Copyright Act, 1967 precludes the plaintiff from claiming a copyright or any other similar right, other than those which are provided in accordance with or under the said Act.

The Court held that score updates/match alerts do not constitute a 'work' as defined under the Act, and hence are not within the purview of the pre-emption under Section 16. It also stated that information cannot be said to have entered public domain, when it is telecast since different classes of the public- those who actually watch the telecast, the event and those get to know it later are to be treated differently. Balancing the right of the organiser of an event to monetize his own event as against the right of the public to receive information regarding such event and the right of the media to provide access to such information demanded, the court ordered a time lag of 15 minutes before persons other than the rightholders disseminated the information. [*Star India Ltd* v. *Piyush Agarwal,* Delhi High Court decision dated 13-3-2013]

Proprietor alone can apply for registration of trademark

Reiterating that only the proprietor/ person claiming to be the proprietor can apply for registration of trademark, the IPAB ordered removal of trademark 'Double Coin' registered in the name of a distributor. At issue was the claim to the mark by a Chinese company which was acknowledged to be its proprietor. However the distributor of the product-tyres claimed to be the person actually using the mark in India and of having spent money and effort to build the brand. It also contended that by long and extensive use of the trademark, the public associated the trade mark only with the respondent and with none else. But, the IPAB allowed the petition for removal of the said trademark. [*Double Coin Holdings Limited* v. *Trans Tyres (India) P ltd,* IPAB decision dated 7-3-2013]