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Article

Use of patented inventions by government

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Introduction

Various statutory provisions in the Patents Act, 1970 (the Act) deal with governmental use of patented inventions. To comprehend these provisions better and appreciate different factual situations, it is important to understand the scope of the rights conferred on grant of a patent. Section 47 provides that the grant of patents is subject to certain conditions. This section *inter alia*, states that the government may import or make or have made on its behalf any patented product or product made by a patented process for purposes 'merely of its own use'.

Section 100 provides that the Government, or any person authorized by it, is empowered to use the patented invention 'for purposes of Government'. These statutory provisions it seems, render the otherwise guaranteed rights conferred by Section 48 of the Act, conditional in nature.

Case Analysis

As provided in Section 47, the Government may import, make and use patented inventions for the purpose of its own use. The scope of this provision is narrow when compared with government use highlighted in Section 100, wherein it is stated that the government, or any person authorized by it, is empowered to use the patented invention for purposes of government.

Section 100 (1) of the Indian Patents Act states –

“Power of Central Government to use invention for purposes of Government. - (1) Notwithstanding anything contained in this Act, at any time after an application for a patent has been filed at the patent office or a patent has been granted, the Central Government and any person authorized in writing by it, may use the invention for the purposes of Government in accordance with the provisions of this Chapter.”

In a landmark case (*Garware Wall Ropes Ltd. v. A.I. Chopra and Konkan Railway Corp. Ltd.* 2009 (111) Bom LR 479) the Bombay High Court examined matters particularly relating to use by the Government or its agencies, while bringing out subtle differences between the relevant statutory provisions (Sections 47 and 100).

Garware Wall Ropes (plaintiff-patentee-appellant), filed for injunction against the defendant-respondents to stop manufacturing, selling, and using their patented products. The patented products were being made and sold by the defendant A.I. Chopra to Konkan Railways under a contract. It was contended by the respondent that any such making and using of the patented product was done for the work of railways, which is a department of the Central Government and that the contract had been

signed on behalf of the President of India.

The Bombay High Court opined that even third party agencies can use a patented invention on behalf of the Government, but only on the express authorization obtained under Section 100 (1) by the third party agency from the Government, and payment of an agreed royalty or remuneration to the patentee under Section 100 (3), based on a contract between the two parties. Section 47, the Court opined, is different from Section 100, in that Section 47 restricts the use of the patented invention by the Government *merely for its own use*, however, if the Government, or any person authorized by the Government wishes to use the invention under Section 100, it has to be under the terms of a contract, or by license between the patentee and the government agency. Furthermore, in this case, it was specifically pointed out that a contract between a third party agency and the Central Government, did not effectively serve as express authorization as required by Section 100 (1) to use the patented invention.

Therefore, it may be concluded that Section 47 requires no royalties to be paid to the patentee, wherein the patented invention is being used by the Government while exercising its sovereign function, whereas as per Section 100, royalties must be paid to the patentee based on an agreement between the stipulated parties.

On a different note, in the *Chemtura Corporation*

case (Chemtura Corporation v. Union of India and Ors, CS (OS) No. 930 of 2009.), the Delhi High Court was of the view that the Ministry of Railways (in this case one of the defendants using the patented invention) qualified as the 'Government' under Section 47, and therefore could freely use the patented invention without the risk of infringement thereof.

Summary

Thus, as per the Delhi High Court order, the Ministry of Railways has not infringed any patented invention as it qualified 'Government' under Section 47, and in the *Garware Wall Ropes* case, the Bombay High Court has ruled that under Section 100 (1), the Konkan Railways must provide written authorization to the third party agency in order to use the patented invention, and furthermore, that under Section 100 (3), adequate remuneration must be provided to the patentee based on contract.

While it may be discouraging for patentees, especially those holding patents in the field of railways, to know that their patents may be infringed to no remedy, it is encouraging to see the interpretation relating to Sections 47 and 100 by the Bombay High Court, wherein a patentee's rights are not completely extinguished by taking the defence of 'Government use'. Looking forward, it will be interesting to see further cases on such issues.

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RATIO DECIDENDI

Plurality of invention necessary for divisional application

Plurality of invention is *sine qua non* for seeking division of application. The Indian Intellectual Property Appellate Board (IPAB) has further held that the Controller General's two instructions i.e. No. CG/F/14/5/8(B)/2005/29 dated 3-5-2005 and No. CG/F/2006/ dated 18-7-2006 cannot be construed to mean that re-submission of the same claims that were made in the parent application, disguising it as a divisional application, will be entertained. It was held that the application still has to satisfy the requirements of Section 16 of the Patents Act, 1970. Considering Section 10(5) and Section 16 of the said Act, the IPAB held that the Act does not empower or give the appellant right to re-submit the same application as a divisional application. It was noted that existence of more than one invention was not shown by the appellant. Earlier, the invention was found to be a pharmaceutical product with chemical product base and was held to be not patentable under the law prevalent during material period. However, when chemicals became patentable, appellant filed the division application with the priority date of the parent application. [*Bayer Animal Health GmbH v. Union of India*—IPAB, Delhi - OA/18/2009/PT/DEL, decided on 29-10-2012].

Post- grant opposition – Limitation Act not applicable

The Intellectual Property Appellate Board dismissed the application seeking revocation of patent for an invention relating to process of oxidation of cold water soluble part of the tea infusion (decreamed fraction) which is substantially

free of cold water insolubles (cream fraction). The invention was to improve the colour characteristics of the mixture. The claimed invention was held as not anticipated by the prior art citations as the cream and the decreamed portions were found not to be same and hence not following the same chemistry. The Board noted that first, the starting material was new (decreamed fraction) and secondly, the oxidation of this fraction does not lead to excessive darkening as it happens when the cream portion is oxidized. It was also held that the invention was non-obvious and involved inventive step. Noting that it is not necessary for the purpose of Section 10(4) of the Patents Act that the disclosure of a patent be adequate to enable the skilled person to carry out all conceivable ways of operating the invention, it was also held that if the best method known to the patentee is disclosed it satisfied the requirement of sufficiency.

On other issues, the Board was of the view that revocation application can be filed before Appellate Board any time after the grant of a patent and that the right to revoke patent any time after the grant of patent under Section 64 cannot be extinguished after three years from the date of the publication of the grant by applying limitation of three years under Section 137 of the Limitation Act. The Board also accepted the expert evidence although the verification was not properly done, noting that such acceptance would not make any difference in the opinion of the expert. [*Tata Global beverages Limited v. Hindustan Unilever Limited*—IPAB Order dated 18-10-2012].

Trademark – Plea of *publici juris* not sustainable when registration for the same mark applied for

Expression LIV in Liv.52 is not generic in nature. Reversing the order of the single judge, the division

bench of the Delhi High Court held that onus on the defendant to prove that the mark was generic, was not discharged by them though the same was heavy and independent in view of the conclusiveness of the registration of the mark where the expression LIV is written in isolation, is represented in a particular manner and is an essential feature of the mark. It was noted that on one hand the defendant argued that the mark was generic but on the other hand, they themselves had applied for taking registration of LIV-T and hence the plea of generic word or *publici juris* was not available. On the question of confusion and deception in the minds of consumer, the court noted that the test that one product was ayurvedic and the other homeopathic, is not the right test and progress in sales of the appellant's product even after introduction of the trademark LIV-T was also immaterial. The Court further observed that the mark Liv.52 was in use for last 57 years. The present dispute was under the erstwhile Trade and Merchandise Marks Act and in this regard it was noted by the court that provision of conclusiveness of the registration of the trade mark after seven years under Section 32 of the said Act is not couched in same form under the new Trade Marks Act 1999. The court held that the use of expression LIV in isolation was infringement, but allowed the defendant to use the expression accompanied with suffixes. [*Himalaya Drug Company v. S.B.L. Limited*—Delhi High Court Judgement dated 9-11-2012 in RFA (OS) No. 90/2010].

Unpredictability of success cannot rule out obviousness

Reasoning that the unpredictability of success cannot rule out obviousness, the Intellectual

Property Appellate Board (IPAB) revoked a patent for a medicine to treat Hepatitis-C. It found that the use of branched PEG conjugates (pegylated interferons -proteins) showed neither surprising results nor proven higher efficacy. It was known on the date of invention that pegylation of interferon reduces in vitro antiviral activity but increases anti-proliferative activity in human tumor cells. The prior arts while not experimenting with interferon specifically did not exclude it. The respondent-patentee had argued that to prove obviousness each and every element of the claim should be explicitly disclosed in a single prior art document and the appellant could not pick and choose portions from various prior art.

As regards objection under Section 3(d) of the Patents Act, 1970 (the Act) regarding efficacy, the respondent contended that the branched PEG IFN alpha conjugate has enhanced efficacy compared to the known efficacy of the unmodified interferon alpha and it was not necessary to show greater efficacy as compared to linear PEG interferon alpha conjugate discussed in prior art. However, the IPAB held that the specification referred to the invention as '*a new class of PEG derivative of interferon*' and it was the patentee's duty to prove superior activity over other PEG interferon alpha conjugates. The Controller's order recorded that the patentee had proved efficacy by comparing with 'either unconjugated interferon or PEG interferon- α 2B (12KD) and probably with other conjugates'. The IPAB held that efficacy had to be proved with certainty and not 'probably'.

Apart from deciding on merits, the IPAB also held that 'person interested' for purposes of Section 25 (2) of the Act can be a person who works for a

community which needs the medicine. It observed that interest need not necessarily be commercial. The respondent had argued that, at the least, only a person with genuine commercial interest could file post-grant opposition. On belated filing of additional evidence, the IPAB held that principles of Civil Procedure Code may not be applicable in patent

litigation. The Controller does not have an option to revoke or not revoke a patent wrongly granted and he must look into the relevant documents placed before him. [*Sankalp Rehabilitation Trust v. F.Hoffmann-La Roche AG & Asst Controller of Patent and Designs* – Order No. 250/2012 dated 2-11-2012]

NEWS NUGGETS

Ringling in IP protection

Much like the intertwined knots on the ring, 'Payyannur Pavithra Mothiram', the handcrafted ring made in Payyanur, Kerala is the subject of a bundle of claims/rights. It had been granted GI registration and is also part of a trademark. While the issue of who can claim right to the unique ring is yet to be decided, the Intellectual Property Appellate Board (IPAB), in its order dated 14th November, 2012, made some interesting observations regarding the GI application and registration process.

There was a dispute between descendants of two families, both claiming to have made the first such ring. The application for GI had been made by a society which comprised of businessmen and few artisans. The Board opined that though the definition of 'producer' as per the Geographical Indications of Goods (Registration and Protection) Act, 1999 is wide, the persons who really need protection are the artisans, the artist and the actual craftsmen and the growers who might also be the most vulnerable. It suggested that a provision requiring each applicant to effect a publication akin to the Section 4 Notice in the Land Acquisition Act in language of the region or locality should be made

to inform all producers/stake holders concerned. It noted that in Intellectual Property Right related matters viz., G.I., Patents or Trademarks the dispute is really not *inter-partes* alone and there was always the issue of public interest.

Traditional Knowledge and Biological Material related patent applications – IPO issues draft guidelines

Controller General of Patents, Designs and Trademarks, India has issued draft guidelines for patent examiners and controllers for the purpose of screening, allotment and examination of patent applications relating to Traditional Knowledge and /or biological materials. Suggestions/ Comments in this regard have been invited till 22nd of November. As per the guidelines, the Receipt, EDP, Classification and Screening (RECS) Section has to classify all such patent applications as "Traditional Knowledge" and in case of any inappropriate classification, reclassification has to be done by technical head.

The draft proposes six 'Guiding Principles' for the purpose of assessment of novelty and inventive step. While, for the purpose of novelty, it is proposed that claim relating to extracts or

isolation of active ingredients of plants, which are naturally/inherently present in plants, should not be considered as novel over teachings of Traditional Knowledge, in case of inventive step, combination of plants with same known therapeutic agents should be considered to be obvious. Similarly a combination of ingredients for treatment of a disease is presumed to be obvious if at least one of the ingredients is known as traditional knowledge to be effective in treating the disease. The guidelines also state that the selection of a single ingredient from amongst a combination of ingredients known for their therapeutic effect as per traditional knowledge is not inventive. Also the determination of, by routine experiments, optimum or workable ranges of traditionally known ingredients is not inventive. The draft guidelines also state that patent should not be granted unless the permission of National Biodiversity Authority is submitted in case biological material from India has been used. The draft guidelines were necessary to avoid grant of patents on use of Traditional Knowledge of India principally in

Ayurveda, Unani and Siddha systems of medicine and in case of inventions relating to biological resources.

Distinctive Uniform

The US Navy armed itself with trademark protection for its four colour pixilated pattern mark consisting of black, grey and navy blue patterns along with the figure of a perched bald eagle. The application had been made with 'intent to use in commerce'. The United States Patent and Trade Mark Office (USPTO) had refused to register the marks citing that they were purely functional or ornamental. But the Trade Mark Trial and Appeal Board, reversed the refusal finding that the marks were not purely functional. The US Navy also put forth the argument that the 'military' design had acquired distinctiveness and even if it was functional, it was eligible for trademark protection. The Board found that any other combination of colours/patterns would have served the purpose of masking stains and being easy to maintain, repair, etc., and that such attribute was inherent to patterned material.

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