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Article

Obviousness - Different standards for Opposition and Revocation?

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Patents are not just instruments of private commercial utilisation but also have an impact on public policy. They are thus, governed by a system which allows for challenge to the validity of a patent at different stages.

Before the Patent Office, the Act provides for 'pre-grant opposition' under S. 25(1) against patent applications as well as 'post-grant opposition' against granted patents within one year from publication of grant of patent. Grounds are identical for the above two stages.

Further, the Act provides for Revocation of Patents, under Section 64 by the Intellectual Property Appellate Board (IPAB), anytime within the entire term of the patent, or in a suit for infringement by the High Court.

The issue here is with regard to level of proof for 'obviousness' or lack of inventive step¹ which is available as a ground of invalidity in both S.25 and S.64. In an opposition the ground is available under S.25(1)(e) (for pre-grant) or S.25(2)(e) (for post grant) which reads as '*that the invention so far claimed in any claim of the complete specification is obvious and clearly does not involve an inventive step, having regard to the matter published as*

mentioned in clause (b) or having regard to what was used in India before the priority date of the applicant's claim.' On the other hand, the ground for revocation before IPAB based on lack of inventive step has been provided in Section 64(1)(f) which reads '*that the invention so far as claimed in any claim of the complete specification is obvious or does not involve inventive step, having regard to what was publicly known or publicly used in India or what was published in India or elsewhere before the priority date of the claim.'*

It can be seen that the basis of the enquiry of obviousness either in opposition or revocation is similar i.e. prior publication, prior knowledge or prior use. However, one difference between the provisions is that the word 'clearly' appears in Section 25(1)(e) and 25(2)(e) whereas the same is not present in Section 64(1)(f) for revocation. Thus, this article deals with the issue as to whether the burden of proof to show obviousness in an opposition is higher than that required in revocation under Section 64.

As per the interpretation of statutes, a statute is an edict of the Legislature². When the words of a statute are clear, plain or unambiguous, i.e., they are reasonably susceptible to only one

¹ Section 2 (1) (ja) of the Patent Act, 1970: 'a feature of an invention that involves technical advance as compared to the existing knowledge or having economic significance or both, and that makes the invention not obvious to a person skilled in the art.'

² *Padmasundara Rao vs. State of T.N.*, AIR 2002 SC 1334;

meaning; the courts are bound to give effect to that meaning irrespective of consequences.³ In other words, the presumption is that words as they appear in the statute must be given a meaning and the presumption is that legislature does not use words frivolously. The contrast observed in the language of statutes under Section 25(1)(e) and Section 64(1)(f) is the adverb 'clearly', which appears in the former but not in the latter. Therefore, one must construe and act upon the word used in the said provision i.e. the use of 'clearly'.

The dictionary meaning of 'clearly' is 'without doubt'.⁴ It also means 'in a way that is certain'.⁵ Presence of the word 'clearly' in S.25 shows that while a challenger is required to show lack of inventive step 'without doubt' before the Controller, the same is not required before the IPAB. This is not to suggest that there has to be 'proof beyond reasonable doubt' but it is worth examining as to whether the legislature intended something higher than 'preponderance of evidence' requirement which is generally applicable in civil proceedings. It is also relevant to note that the Controller/Patent Office does not have a judicial background, whereas the IPAB necessarily has a judicial member as well as the Court while exercising jurisdiction under Section 64. Thus, obviousness being a mixed question of fact and law, this article examines

whether the Controller would need a higher level of proof as compared to IPAB / Court to uphold the ground of obviousness.

A similar issue was dealt with in a judgment of the Court of Appeal, UK in 1964, where the General Electric Co (Patent, subject matter)⁶, made an application before the Patent Office, London for grant of patent for improvements in polyester resins and for improvements relating to electric conductors insulated with polyesters. The Application was opposed by Dr. Beck & Company, G.m.b.H, under Section 14(1)(e) of the Patents Act, 1949 (the UK Act) on the ground that '*the inventions claimed in any respective claims of the complete specification where obvious and clearly does not involve an inventive step, having regard to the matter published in the United Kingdom before the priority date of the applicant's claim*'. The UK Patent Office held that the invention was obvious and clearly did not involve any inventive step. The Applicant eventually appealed to the Court of Appeal disputing the level of evidence considered while rejecting its case.

In the judgment, Lord Justice Diplock observed that the Applicant desired to raise a question of general principle as to the effect of Section 14(1)(e) of the UK Act, and as to the duty of the Comptroller when exercising his jurisdiction

³ Nathi Devi vs. Radha Devi Gupta, AIR 2005 SC 648, Pg. No. 659

⁴ <http://www.oxforddictionaries.com/definition/english/clearly> (last visited 15.02.2016)

⁵ <http://www.merriam-webster.com/dictionary/clearly> (last visited 15.02.2016)

⁶ 1964 81 [RPC] 413

to determine whether or not to refuse a patent when grant is opposed on such ground. Lord Diplok observed that Section 14(1)(e) of the UK Act is to be contrasted with a similar ground under Section 32 (1)(f) of the UK Act, which provided for revocation of patent, on similar terms, but omitted the adverb ‘clearly’.

Even while explaining the difference in character of proceedings, the Court found that in an opposition to the grant of patent, the Comptroller has the power under the law to take written and oral evidences but parties have a right to insist upon cross examination. The court was informed that in practice oral evidence was seldom taken unless ordered by Comptroller. Further, there were no options for parties to appeal without leave. In contrast the revocation would take an ordinary course of action before a court of law involving oral evidence and right to appeal.

In view of the above, the Court thus, held that the Comptroller’s *‘jurisdiction to refuse a patent for lack of inventive step should be exercised only in ‘clear’ cases. This does not mean that it should only be exercised in cases which are on the face of them simple cases.’* It was further held that the right principle is that if there is conflict of fact or credible expert opinion

on a question on which the obviousness ground depends, the Comptroller should not exercise jurisdiction to refuse unless after cross-examination the conflict is resolved in favour of the opponent. In the case at hand, the Court found that there was no apparent conflict on such facts or evidence thereby finding no reason to interfere with the decision of the Patent Office on obviousness.

In conclusion, if we were to apply the above case to the Indian Patent Act, we may note striking similarities between the Indian scenario of today and the system under the UK Act of 1949. While the Indian patent Controller may have the power under S.77 to call for oral evidence, there is no right of the parties under the Act to insist on this. On the other hand, in a revocation proceeding before the IPAB cross examination has been held to be a matter of right.⁷ Needless to say revocation before a Court would always entail oral testimony with right to appeal. Thus, it is manifest that a Controller must exercise its discretion under S.25 to refuse a patent on obviousness only if it is ‘clearly’ borne out from the evidence adduced by the parties that the invention does not involve any inventive step.

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⁷ *Rakesh Kumar Banka v Union of India*, (2014)4CALLT 603(HC)

Ratio Decidendi

GI status for Basmati

The IPAB has held that the Agricultural and Processed Food Products export Development Authority (APEDA) had *Locus Standi* and is entitled to get the GI tag for *Basmati*-aromatic rice. It ordered the Registrar to proceed with the registration. APEDA had filed an application with the GI Registry to register the name *Basmati* for rice covering geographies under Indo-Gangetic plain, such as Punjab, Haryana, Delhi, Himachal Pradesh, Uttarakhand, parts of Uttar Pradesh, and Jammu & Kashmir but omitting Madhya Pradesh. Following opposition from *inter alia*, rice growers in Madhya Pradesh the Assistant Registrar has asked the APEDA to file an amended application incorporating uncovered states, including Madhya Pradesh. APEDA appealed against this order. Rice growers of Lahore (Pakistan) opposed the grant GI application stating that *Basmati* was grown in the unique climatic condition in the Indo-Gangetic plains which extended into Pakistan.

The IPAB ordered the Registrar to look into the evidences presented by APEDA and the opposers and decide on the inclusion of Madhya Pradesh as a region growing *Basmati* but declined to grant any relief to the growers in Pakistan ruling that they should agitate their rights in the appropriate court in Pakistan. [APEDA v. Dawat Foods, OA/1/2014/GI/CH, IPAB Order dated 5-2-2015]

Rectification proceedings before IPAB can be initiated without permission of Court trying infringement suit

Deliberating on the question as to whether prior permission of the Court is necessary under Section 124(1)(b)(ii) of the Trade Marks Act, 1999 for rectification of a registered trademark, during the pendency of a suit, the Larger Bench of the Delhi High Court has held that the structure of Section 124 does not indicate that jurisdiction of IPAB is conditional upon the civil court's determination of the *prima facie* tenability of the invalidity plea. It was observed that there was nothing in the provisions to suggest that a party is precluded from moving the Registrar/IPAB for rectification at any point of time and that the right to claim rectification is never taken away. The Bench in this regard was of the view that in respect of matters relating to invalidity of registration of a trademark, the jurisdiction to decide the merits of the dispute is exclusively that of the statutory authorities- i.e. the Registrar or the IPAB, and that even in the event of such dispute being raised after the filing of an infringement suit, the civil court's jurisdiction to go into the merits of the plea of invalidity is barred.

The Court for this purpose observed that if the rectification plea is pending before the filing of the infringement suit, the court has no choice but to adjourn the suit and await the final disposal of the challenge before the IPAB, however, if no such plea is pending at the time of filing of the infringement suit, the court has

to examine, if urged in the written statement, only the *prima facie* tenability of the invalidity plea. It was held that if the Court holds the plea to be tenable, it should adjourn the matter to enable the party to approach IPAB, and that there cannot be an automatic stay, in view of the express phraseology of Section 124(1)(ii) which mandates exercise of discretion. The Larger Bench was of the view that access to IPAB to invoke its exclusive jurisdiction to test the invalidity of a trademark registration is not precluded even in the case where civil court, based on its *prima facie* assessment, finds that the invalidity plea is not tenable. [*Data Infosys Ltd. v. Infosys Technologies Ltd.* - FAO (OS) 403/2012, C.M. Appl.14591/2012, 14592/2012 & 11302/2013, decided on 5-2-2016, Delhi High Court Larger Bench]

Trademarks – Sales invoice not enough proof of prior use

Intellectual Property Appellate Board (IPAB) has held that mere production of solitary document and that too a suspected one is not enough to establish by itself ‘prior use’ and adoption continuously for a substantial period. The Board in this regard noted that the opponent to the registration of the trademark ‘Viking’ in Class 12, had produced a solitary document, namely sales invoice for the year 1976 and had not produced any sales figure for that year by producing any authenticated document. Reliance for this purpose was placed by the Board on Delhi High Court decision in the case of *Roshan Lal Duggar & Co.* [AIR 1978 Delhi 250]. It was also noted

that the respondents had already, even prior to present registration, obtained registration in Class 7 in respect of the impugned trade mark relating to automobile parts. Dismissing the appeal, the Tribunal was of the view that the Assistant Registrar had rightly held that the respondent /applicant’s were even otherwise entitled for registration by virtue of honest and concurrent user. [*Ashok Leyland Limited v. Tractor Trading Company* – Order No. 194 of 2015, dated 24-8-2015, IPAB]

No territorial jurisdiction of High Court when cause of action arose at place of subordinate office outside jurisdiction

Interpreting Section 20 of the Code of Civil Procedure, 1908, the Delhi High Court has observed that if the cause of action arose at the place of the subordinate office of the company, then the company would be deemed to carry on business at the place of the subordinate office alone because a company having both a principal office and a subordinate office at different places would be deemed to carry on business either at the principal office or at the place of the subordinate office but not at both the places. Further, the Court in this regard relying on Supreme Court decision in the case of *Indian Performing Rights Society Ltd.*, held that in addition to the places where suits could be filed under section 20 of the Code, the plaintiff can also institute a suit under the Trade Marks Act, 1999 and the Copyright Act, 1957, as the case may be, by taking advantage of the provisions of Section 134(2) or Section 62(2), respectively. The Court envisaged four

situations and found that in case,

- *Plaintiff having sole office* - Suit can be instituted at place of the sole office.
- *Cause of action arising at place of principal office, though subordinate office also present* - Plaintiff may sue at place of principal office and not at place of subordinate office.
- *Cause of action has arisen at place of subordinate office* - Plaintiff could sue at the place of the subordinate office and not at place of principal office.
- *Cause of action neither at place of the*

principal office nor at subordinate office - Plaintiff would be deemed to carry on business at the place of its principal office.

Noting the present case was covered under third situation, as listed above, the Court upheld the single judge Order that Delhi High Court did have had territorial jurisdiction to entertain the suit. The Court however directed the plaint to be returned to the plaintiff for presentation before the proper court. [*Ultra home Construction Pvt. Ltd. v. Purushottam Kumar Chaubey* - FAO (OS) 494/2015 & CM 17816/2015, decided on 20-1-2016, Delhi High Court]

Patent Office decisions

Patents – Use of compound by way of particular dosage, not patentable

The Indian Patent Office at Kolkata has rejected the patent application of ‘Use of 2-6-(3-amino-piperidin-1-yl)-3-methyl-2,4-dioxo-3,4-dihydro-2H-pyrimidin-1-ylmethyl-4-fluoro-benzonitrile’ for treatment of diabetes. The claim that the compound is a succinate salt form, which is novel, was rejected by the Patent office holding the same to be not patentable under Sections 3(d) and 3(e) of the Patents Act, 1970. It was held that the claim also fell within the ambit of Section 3(i) as the claim of ‘single weekly dose’ indicated that invention, if any, lay in the administration of the drug dosage but not in the drug or its formulation. The Patent office in this regard observed that according to the specification, field of the instant invention was related to method of administering compounds to inhibit dipeptidyl peptidase

IV as well as method of treatment only, which is not patentable under Section 3(i). [*Takeda Pharmaceutical Company Limited* - Patent Application No. 1369/KOLNP/2009, decided on 28-1-2016]

Limitation for restoration application to be construed strictly

Stating that Section 60 is a self-contained code in the matter of prescribing the period for making an application for restoration with reasons and circumstances which led to the failure to pay the renewal fee and as such the Controller has no power to enlarge the period the Controller held the restoration application as ‘time barred’. The decision of the Controller was given at a hearing which was conducted pursuant to the order of Delhi High Court in a writ petition by which the petitioner (Sanat Products) questioned the restoration permitted by the then Controller. The patentee had only stated that it had ‘inadvertently’

missed making payment of renewal fee. The patentee also requested that the Controller could use his powers under Section 81 of the Patents Act, to condone the delay. However, the Controller held that he did not have powers to condone such delay and as such since the patent had lapsed due to non-renewal and

restoration application was not made within the stipulated period of 18 months, the patent had been wrongly restored. [*National Research Development Corporation v. Sanat Products*, In the matter of the Patent Number: 186320 (1598/DEL/1997) Controller order dated 8-2-2016]

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