

India



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Over the years, India has emerged as a prominent market for almost all industrial sectors across the globe. More entities are considering it to be a relevant country in which to protect their IP rights and as a result, there has been a steady increase in the number of IP applications being filed there every year.

How do you get a patent in your jurisdiction?

Types of protection and eligibility criteria

Indian patent law provides a robust ecosystem that is compliant with the Agreement on Trade-Related Aspects of Intellectual Property Rights. Patent applications are filed directly or through the Patent Cooperation Treaty or Paris Convention routes.

The law also allows for divisional or improvement applications. While design registration is possible, the concept of utility models has not yet been adopted. Further, only a product or process can qualify as an invention and must pass the following three eligibility criteria:

- It needs to be new with regard to:
 - prior publications anywhere in the world;
 - prior use anywhere in the world; and
 - prior claims in India.
- It must have an inventive step that is defined as an advantageous feature that makes the invention non-obvious to a person skilled in the art.
- It should be capable of being made or used in the relevant industry.
- Like most other major jurisdictions, novelty and inventive step assessment and subject matter eligibility are the primary tests for deciding on the grant of a patent application in this country.

Technology-based consideration

The Patents Act, particularly Sections 3 and 4, provides an exhaustive list of non-patentable subject matter, of which Sections 3(d) and (k) are the most cited. Section 3(d) is particularly relevant for patent applications for pharmaceuticals. It states (among other things) that the mere discovery of a new form of a known substance, which does not result in the enhancement of the known efficacy of that substance, is not patentable. Likewise, Section 3(k) is especially significant for computer-related inventions and states that mathematical and business methods, computer programs and algorithms are non-patentable. It would be wise for applicants to pre-empt all such objections at the time of drafting a patent application and/or ensure at the time of filing that claims do not fall within the purview of Sections 3 or 4. Any claims directed towards non-patentable subject matter can be deleted to save excess claim fees and reduce examination time.

Patent applications – process and costs

A patent application can be filed by an inventor, assignee or their legal heirs. The official fee for filing and pursuing an application in India depends on the category of the applicant (eg, an individual, start-up or small or large entity). Further, an applicant can file a national phase, convention and an ordinary application based on its specific requirements. National phase and convention applications must be filed within 31 and 12 months from the priority date, respectively. Once the application is filed, the prospective patentee must file a request for examination. Although the applicant has four years from the priority date to file this, it is recommended to do so as soon as possible in order to ensure the timely examination of applications. It is possible to file a request for express or expedited examination or early publication. Intellectual Property India (IPIndia) generally issues one examination report, followed by an oral hearing if any objection remains outstanding after a response to the examination report is filed. With a series of evident measures taken by IPIndia to reduce its backlog, it is on the right track to match the speed of major patent offices across the globe. Presently, it takes between three and five years to obtain a patent in India. The basic official fee from filing until grant is between \$80 and \$400 depending upon the category of applicant. The annual patent renewal fee ranges from \$15 to \$115 for individuals and small entities and \$60 to \$600 for large entities. India is not an expensive jurisdiction for filing – the professional fee charged by an agent from filing until grant ranges from \$1,500 to \$2,500. Also, patent applications are filed in English, which substantially reduces the overall cost as no translation is required.

What are the major administrative procedures in your jurisdiction?

Appealing patent office decisions

There are two remedies for an unfavourable decision from IPIndia. The first is to file a review petition at the office, which asks the controller to reverse the decision – this can be effective for resolving minor issues quickly. The second remedy is to file an appeal at the Intellectual Property Appellate Board (IPAB), which may be a more effective option especially if the refusal is based on substantial objections, although the appeal process may be more expensive and time-consuming.

Third-party challenges – oppositions and invalidations

The Patents Act allows third parties to initiate opposition proceedings against a patent application at the pre or post-grant stage. Opposition proceedings



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can be initiated before IPIndia under the grounds listed in Section 25 only. Further, any third party can also initiate revocation proceedings against a patent by filing a revocation petition at the IPAB or a counterclaim for revocation in an infringement suit against the patent at the High Court. The grounds for initiating revocation proceedings are listed in Section 64.

Administrative enforcement options

In India, patents are enforced through the courts. All administrative departments, the police included, are duty-bound to execute its orders, otherwise they face charges for contempt of court. The court can also appoint officers to execute its orders. Certain states in India have formed special IP cells to deal with infringement-related offences. The customs office can help to enforce patent rights at the border upon receipt of a court order with a specific injunction against the import of infringing products.

How are patents enforced through the courts?

Key forums and their composition

The district courts are the courts of first instance for patent infringement actions. If the defendant challenges the validity of the patent, the case is transferred to the relevant high court. The high courts of Delhi, Bombay, Calcutta and Madras exercise original jurisdiction for patent infringement actions within their pecuniary jurisdiction, while the commercial courts, commercial division and commercial appellate division of the high courts deal with commercial matters, including IP disputes.

Trial flow – discovery, trial, witnesses, timing and cost

The typical trial flow for patent cases is set out below.

The steps for filing a suit (to be listed within three days of proper filing) are as follows:

- include all causes of action in one suit;
- include all documents being relied upon and in power and possession of the patentee;
- select the proper forum, which has jurisdiction; and
- file the proper court fee (around 10% of the suit value (ie, damages claimed)).

When seeking interim and immediate relief (on the very first hearing or within one month) the claimant must seek the appointment of a local commissioner, if required, for the preservation of evidence and the seizure of infringing products. It should also do everything in its power to secure an *ex parte* order against the infringers to immediately restrain them from using or selling the invention during the pendency of suit.

Most cases are settled after this stage, once an *ex parte* order is passed.

Reply, rejoinder and framing of issues (two to six months) are as follows:

- the defendants file their reply or counterclaim, to which the patentee is allowed to file a rejoinder and reply to the counterclaim. The defendants are free to seek invalidation of the patent in their counterclaim;
- the court then frames the issues and onus of proving the same; and
- the trial begins.

The trial proceeds as follows:

- patentee evidence (between two months and one year), which is submitted in the form of an affidavit and documents relied upon by the patentee, is proved according to the Indian Evidence Act. The patentee may also bring an expert witness;
- the defendant can cross-examine the patentee and their witnesses;
- the infringer's evidence (between two months and two years) is given in the form of an affidavit and their documents are proved according to the Indian Evidence Act. The defendant may also bring an expert witness;
- the patentee may cross-examine the infringers and their witnesses. Infringers tend to delay the proceedings during the trial; and
- the court may make an inquiry to any party for proper adjudication of the case and may also seek the help of scientific advisers on any technical issue selected from a list maintained by the controller of patents.

After completion of the trial, the court hears both the parties and makes a decision based on the evidence.

The burden of proof of infringement is normally on the patentee, but it may shift to the defendant in certain cases. Further, the discovery process may be initiated by the plaintiff or the defendant after obtaining the court's permission to direct the other party to provide the required materials or information. The typical cost of proceedings to a first-instance judgment is from \$100,000 to \$200,000 depending on the issues involved.

Legal doctrines, remedies and the appeals process

All common law doctrines, such as the doctrine of pith and substance, doctrine of equivalents, exhaustion and fair use are applicable to patent matters. As far as the remedies are concerned, a patentee may claim general and punitive damages as well as litigation costs from the patent infringer.

Further, the interested parties can take the route of civil proceedings, cease and desist letters and alternative dispute resolution. Accordingly, a party can obtain relief by way of:

- preliminary injunctions;
- security deposits;
- bank guarantees;
- permanent injunctions;
- monetary remedies;
- the delivery or destruction of infringing goods;
- recall orders;
- the declaration of infringement and validity; and
- search and preservation orders.

If any of the parties is unsatisfied with the district order's decision, it can file an appeal before a single judge at a high court. The appeal can further be referred to a larger bench at a high court. The grounds for filing the appeal primarily include, but are not limited to, an incorrect appreciation of fact or law or a violation of the principles of natural justice by the lower court. Further, decisions from the high



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court division bench can be challenged before the Supreme Court. Appeal proceedings are generally concluded within one to two years.

How are patents commercialised in your jurisdiction?

One of the popular ways to commercialise a patent is to obtain a licence agreement. Under Section 68 of the Patents Act 1970, a patent licence is valid only when the agreement between the parties is recorded in a document that embodies all the terms and conditions governing their rights and obligations. Once the agreement is executed, the party that has acquired the licence must register the title or interest in the patent within six months from its start date.

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Patent working requirements and pharma-specific rules

Patentees must submit a statement on their patent with regard to its working on a commercial scale every year. This is to ensure that it is being used to its fullest extent and serving its intended purpose. Failure to provide this information is a punishable offence with a fine of up to \$15,000. Moreover, intentionally providing false information is also punishable by imprisonment (up to six months), a fine or both. While there is no precedent of any punishment for non-compliance with working statement provisions so far, if a patent is not used in India for three years from the date of grant, it opens the window for interested parties to seek to obtain the compulsory licence from the patentee and use the patent on the grounds mentioned in Section 84. In order to avoid any undesirable consequences, it is recommended that applicants diligently comply with the working statement provision.

So far, only pharmaceutical companies have invoked the provisions of a compulsory licence. There has been one instance of the grant of a compulsory licence (to Natco Pharma in relation to Bayer Corporation's Nexavar) only. However, IPIndia has rejected several applications for compulsory licences for pharmaceuticals on different grounds.

Recently, the Delhi High Court directed the government to make necessary amendments to the Patent Rules to regulate the working statement requirement in India. In compliance with the court's directions, the government proposed simplifying the format of the working statement. Considering that the consultation with stakeholders is ongoing, it would be fair to expect that the final format of the working statement will be simplified, addressing the legitimate concerns of patent owners.

Laws and rules applicable to licensing (including FRAND)

Apart from patent law, competition and contract laws are generally applicable to licence agreements, including those on FRAND terms. Indian jurisprudence on FRAND licensing is still at a nascent stage. In this decade, we have seen mobile patent litigations instituted by Ericsson against various mobile phone companies, such as Kingtech, Micromax, Gionee, Intex, Xiaomi, Iball and Lava, in the technical fields of 3G, AMR and Edge. In many of these suits, the Delhi High Court granted *ex parte* interim injunctions against defendants and subsequently offered the option of continuing with manufacturing to the defendant, provided that it was prepared to accept the royalty rates imposed by the court while the trial was pending.

While determining the royalty base for FRAND in *Ericsson v Micromax* and other SEP cases, the Delhi High Court approved the net sales price of the downstream product as the royalty base and relied on comparable licences to derive a FRAND royalty. While determining royalty for FRAND terms of SEP in *Ericsson*, the court depended on *CSIRO v Cisco*, wherein the US District Court had rejected that royalty should be based on chipset price (ie, the price of the smallest saleable patent-practising component). The court also relied on the direction of the Chinese competition authority (the National Development and Reform Commission) in relation to Qualcomm's SEPs for 3G and 4G technologies, fixing the royalty rates as a percentage of the net selling price of devices that incorporate 3G and 4G standards. Therefore, it can be said that India's adjudication standards of royalty for FRAND are in line with other major jurisdictions. In India's first post-trial SEP judgment, *Koninklijke Philips Electronics NV v Rajesh Bansal*, the court's determination of royalty on FRAND terms was slightly inconsistent with its previous judgments because the court accepted the plaintiff's assertion that royalty rate determination should be based on evidence of prior negotiation between the suit parties. Also, the court was reluctant to rely on comparable licences to determine a FRAND royalty rate.

Inventor remuneration issues

With regard to inventor remuneration, Indian patent law offers no explicit guidelines on this. Therefore, the applicants and inventors are free to decide the remuneration before conception of the invention or its practice. Remuneration is usually within a range of \$300 to \$750. An agreement related to the inventor remuneration is enforceable through the Indian Contract Act and common law principles of equity. **iam**

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