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*When the Intellectual Property Appellate Board was suddenly abolished in April, lawyers across India were taken by surprise. **Espie Angelica A. de Leon** finds out just what lawyers are thinking of its abolition in this eulogy to the IPAB.*

On April 4, 2021, the Central Government of India promulgated The Tribunals Reforms (Rationalization And Conditions Of Service) Ordinance.

The objectives of the ordinance are, among others, 1) to provide a mechanism for filing appeals directly to the high courts, 2) dissolve tribunals found to be unnecessary, 3) hasten the resolution of cases and delivery of justice at low cost, 4) reduce expenditures on infrastructure and operational expenses and 5) address the shortage of supporting staff of tribunals and infrastructure including delays in the appointment of technical members.

Among those that were dissolved under the ordinance was the Intellectual Property Appellate Board (IPAB). With this, all pending cases before the IPAB will be transferred to India's high courts.

IP lawyers in India were surprised at this development. They believe the IPAB, despite its flaws, should not have been abolished at all.

The IPAB: Beginnings and early challenges

Established in 2003 by virtue of the Trade Marks Act, 1999 Section 83, the IPAB also served as an additional forum where cancellation/rectification proceedings could be filed, aside from being an appellate tribunal.



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SONAL MADAN, partner,
Chadha & Chadha, New Delhi

“The legislative intent behind setting up the IPAB was to speed up the process of justice by having specialists on the panel and by having more straightforward procedural requirements,” said Sonal Madan, a partner at Chadha & Chadha in New Delhi. “However, the purpose was lost along the way.”

For one, delays in the appointment of both technical and judicial members resulted in prolonged periods where the board became non-functional.

The IPAB had both judicial and technical members for patent-related cases. The technical member was someone with an engineering or technology degree or master’s degree in science and had at least 10 years of experience as a registered patent agent or at least five years as controller of patents.

The constitutionality of the Trade Mark Act provision for establishing the IPAB was challenged in a petition filed by the late Shammad Basheer in the Madras High Court in 2011. The petition dealt with the qualifications of the IPAB members and the fact that even though the IPAB was a tribunal with judicial powers, its members did not possess the necessary experience. Moreover, the majority were technical (executive) members.

“The petition assailed the composition of the IPAB as violative of the constitutional premise of separation of powers of the judiciary and the executive. The Madras High Court examined in depth the issues raised in the petition and while disposing of it on March 10, 2015, gave a slew of directions to the Union of India with regards to the criteria for appointment and qualifications of members of the IPAB. However, these were not implemented nor was the decision challenged in the Supreme Court,” said Binny Kalra, attorney at Ira Law in New Delhi.



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BINNY KALRA, attorney,
Ira Law, New Delhi

Can the high courts handle it?

"In my view, while the high courts could effectively act on appeals and invalidity actions, given their existing workload, expecting any high court judge to now also deal with an additional case load of IP cases – some of which may involve technical issues that need to be intricately examined and understood – will likely lead to added pressure and more time being expended on each case," said Aishwarya Menon, a partner at K&S Partners in Gurugram.

"This will in turn slow down the disposal of cases and increase the backlog which would go against the likely intent of the ordinance."

This backlog has been exacerbated by the Covid-19 pandemic.

That the board's principal seat is in Chennai added further to the problem since it had a limited travelling roster for some cities where hearings were held. Before the issuance of the ordinance, around 5,000 cases were pending before the IPAB.

For Manisha Singh, co-founder and partner at LexOrbis in New Delhi, it is doubtful that the high courts will even prioritize patent cases since the judges have no specialized knowledge on technical matters.

But, according to Madan, the high courts do have the relevant expertise.

"It is noteworthy that the Patents Act, 1970 provides that if the defendant makes a counterclaim for revocation of the patent, the suit, along with the counterclaim, shall be transferred to the high court for decision. Likewise, the Designs Act, 2000 provides for referring cancellation petitions to the High Court and empowers the High Court to rectify the register," Madan explained. "Thus, even before the disbandment, decisions from the IPAB could be challenged before the writ courts and the Supreme Court."



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SHUKADEV KHURAIJAM, partner,
Remfry & Sagar, Gurugram

In particular, the high courts in New Delhi, Calcutta, Chennai and Mumbai have always had original jurisdiction over IP matters. Therefore, they already have the expertise.

In addition, as provided by the Patent Act, the judges may seek technical help and appoint an independent scientific advisor.

Still, for Kalra, the IPAB was doomed.

"While the idea of the IPAB was a great one, its execution failed spectacularly. The persistent issues with the flawed composition of the IPAB struck at the root of judicial decision making which was an essential requirement of the IPAB," she explained. "The IPAB was therefore a doomed institution unless the underlying core problems were meaningfully addressed. Efforts to legitimize orders passed in the absence of technical members met with criticism while the Supreme Court refused to extend the tenure of the incumbent chairperson earlier this year even as the government held back on appointing a new chairperson, which in hindsight was perhaps a sign of things to come."

Other issues

Another issue is that every high court with original jurisdiction will give its own interpretation of the statute. This may lead to inconsistencies due to lack of a uniform procedure.

According to Shukadev Khurajam, a partner at Remfry & Sagar in Gurugram, the IPAB acted as a medium to bring about consistency in IP jurisprudence. Aside from four patent offices, India also has five trademark offices located in different parts of the country.



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SHASHI OJHA, managing associate,
RNA Technology and IP Attorneys, Gurugram

“These different branches of IP offices often follow different practices and adopt different interpretations of the law. The abolition of the IPAB may lead to divergence in the opinion of various high courts, which would in turn increase the workload on the Supreme Court,” he said.

Furthermore, there is the issue of vacancies at the high courts.

“Thirty-three percent of all judicial posts at the high court-level are vacant and the government has been slow to fill the vacancies of judges,” said Shashi Ojha, managing associate at RNA Technology and IP Attorneys in Gurugram. “Thus, it would defeat the purpose of transferring the cases from the IPAB to the high courts.”

Another issue is the expense to the appellant/petitioner. As of this writing, the fees to be paid and the formalities for filing remain unknown.

“The decision of disbanding the IPAB is not a good move for IP right owners,” said Singh.

According to her, many landmark decisions by the IPAB have raised the standard of IP dispute resolution in India. Several of these decisions also helped to establish right practices at IP offices.

“The IPAB was a more informal and less expensive forum. It provided opportunities to patent and trademark agents to represent the clients whereas the representation before the high court is limited to advocates, which will essentially increase the cost of appeal,” Singh added.

To begin with, there is evidence that the IPAB was actually efficient.



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MANISHA SINGH, co-founder and partner,
LexOrbis, New Delhi

“The statistics show that the reason for the IPAB’s abolishment is not based on accurate data,” said Archana Shanker, senior partner and head of patents and designs at Anand and Anand in Noida. “As soon as the government appointed the chairman and technical members, the disposal rate of appeals, revocations was extremely efficient and fast.”

According to statistics from August 2020 to February 13, 2021, the IPAB’s disposal rate was as follows: 140 trademark cases were disposed out of a total of 860 cases heard, 126 patent cases were disposed out of 464 heard and 52 copyright cases were disposed out of 217 cases heard.

“During the last six months it was active, the IPAB had disposed around 50 cases per month,” said Khurajiam, “which is a very healthy rate of disposal when seen in perspective of the filings before it.”

“The number of disposal of appeals at the IPAB were far more than the number of appeals decided by the high courts prior to the establishment of the IPAB,” said Singh.

There have also been many instances when the IPAB passed decisions within six months of filing an appeal.

“A stable and predictable IP ecosystem is critical for any jurisdiction to achieve the status of a developed economy,” said Shanker. “Patent rights, in particular, have a limited life and therefore delays at the patent office and then at the high court further disincentivizes the applicant from filing applications in India and/or challenging orders of the controller that can lead to setting up of arbitrary and non-uniform jurisprudence.”



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ARCHANA SHANKER, senior partner and
head of patents and designs,
Anand and Anand, Noida

Apart from this, Shanker said the dissolution will reduce the accountability of the patent office.

And then there is the issue of absence of consultations with stakeholders.

"I disagree with the government's decision to abolish the IPAB. The ordinance was brought in hurriedly by the government without consulting stakeholders and without developing any mechanism for transfer of cases from the IPAB to respective high courts," said Ojha.

"Generally speaking, disbanding an institution should be the last resort and every effort must be made to fill up the cracks and make it work," said Kalra. "One assumes that in the wisdom of the government, the IPAB conundrum did not have a solution."

For Madan however, the dissolution will make it geographically easier to file for appeals.

"As per some news reports, the high courts are in the process of framing the rules for transfer and adjudication of matters that the IPAB was handling. Thus the move would help streamline the process in the long run and make it easier to litigate cases. The Commercial Courts, Commercial Division of High Courts and Commercial Appellate Division of High Courts Act, 2015 provide a timeline for adjudication of commercial disputes by the commercial courts and the commercial division of the high courts. So we can hope for matters to be resolved more efficiently and quickly through this process," Madan said.

This actual transfer of cases to the respective high courts, which include physical tracing, digitization of records and actual transfer, will take time, said Menon.

Yet despite the drawbacks, Menon agrees the IPAB should not have been disbanded. "It was a tribunal that understood and focused purely on IP issues. It had a good balanced mix of both technical and judicial members adjudicating matters. In my view, for the most part, the IPAB functioned effectively in the matters which it did take up," said Menon. "Had there been timely appointments to the board, the IPAB would certainly have been an effective forum."



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Impact on the local and international business sectors

How will this affect India's IP legal framework in general and the confidence of the local and international business community in India?

According to Singh, the effect will be tremendous, especially on the international business community, which will see this development as a retrograde step in IP dispute resolution in India. This, at a time when special courts are being established and strengthened in other jurisdictions to speed up IP dispute resolution.

"The speedy and timely resolution of appeals by the IPAB have restored the confidence of the local and International IP community over the years. This is visible from the enormous rise in filing of applications in all IP fields," she explained. "When the dispute resolution will return to civil courts, the confidence of the international IP community would shake on the counts of further delay and increased cost. In the absence of specialized technical members and specialized judges, the confidence of IP owners would further shake on the quality of decisions particularly relating to patent appeals and revocation actions in the field of emerging new technologies."

"Scrapping the IPAB would be prejudicial to India's credibility as an IP jurisdiction that can offer speedy protection of IP assets," said Ojha. "Stakeholders will bear the brunt of this change as there is no clear roadmap in place."

"In my personal view, with a low and inconsistent output of decisions due to prolonged periods of no functioning, the IPAB remained unremarkable and may not be missed much," said Kalra. "Therefore, the disbanding of the IPAB is not expected to significantly affect the confidence of the local and international business community in India."

However, she added that one can hope that the judiciary and the executive will work together so as not to create a void for an extended period. But this should begin with an efficient system of transferring files of pending cases, announcement of the roster for hearings, and enabling of filing of fresh appeals before the appropriate high courts.

