(vide *infra*) that the provision contained in Clause 30 might be deleted, I suggest this drafting change in Clause 29(1).

502. Section 14 of the Indian Patents and Designs Act, 1911 has a third sub-section dealing with cases of infringement taking place in the interval between the lapsing of a patent by failure to pay the renewal fee in time and before the payment after an extension of that time, which however has not been reproduced in Clause 29 of the Bill.

503. This was a reproduction of Section 17(3) of the U.K. Patents Act, 1907—46. The Swan Committee made no recommendation to omit or delete this sub-section but when the U.K. Patents Bill of 1949 was introduced into Parliament, this sub-section was deleted by the Parliamentary Draftsman with the result that the present Section 22 of the U.K. Act does not contain this provision. Possibly this was deleted from the U.K. Act because the contingency contemplated would be rare, but nevertheless the section appears to embody the correct principle and there is therefore no reason to discard it. If innocent infringement does not lead to a liability to pay damages, I should consider that infringement at a time when the renewal fee has not been paid in due time but is paid thereafter within the extended time should stand on the same footing. I would therefore suggest that the terms of Section 14(3) of the Indian Patents and Designs Act, 1911 be included as sub-clause (3) of Clause 29.

504. The following redraft of the clause implements my above recommendation:—

"29. **Term of Patent.**—(1) Subject to the provisions of this Act, the term of every patent shall be sixteen years from the date of the patent.

(2) A patent shall cease to have effect notwithstanding anything therein or in this Act on the expiration of the period prescribed for the payment of any renewal fee if that fee is not paid within the prescribed period or within that period as extended under this section.

(3) The period prescribed for the payment of any renewal fee shall be extended to such period not being more than three months longer than the prescribed period as may be specified in a request made to the Controller if the request is made and the renewal fee and the prescribed additional fee paid before the expiration of the period so specified.

(4) If any proceeding is taken in respect of an infringement of the patent committed after a failure to pay any fee within the prescribed time and before any enlargement thereof, the Court before which the proceeding is taken may, if it thinks fit, refuse to award any damages in respect of such infringement."

Clause 30—Extension of term of patent

505. This clause is substantially a reproduction of Section 15 of the Indian Patents and Designs Act, 1911 with however a change in the authority to whom the application for extension has to be made. The Patents Enquiry Committee in paragraph 164 of their Report proceeded on the basis that the provision would continue but suggested that the authority to whom the application should be made and who should pass the necessary orders should be the Controller and not the Central Government and this is adopted in the clause as drafted.

506. The provision for extension of the term of a patent dates in the U.K. from 1835 and has been continued by the successive Patent Acts with a modification merely of the substitution of "the Court" for "the Judicial Committee" under the Patents Act, 1907. Notwithstanding that this provision has been in the U.K. Act for this long time, a similar rule has not been adopted in any country outside the Commonwealth, (and even here Canada is an exception) though the provisions of the U.K. Patents Acts have served as a model for the formulation of the principles underlying the Patent law in several of the continental countries. In particular it may be noted that in the leading industrial countries like U.S.A., Germany, Switzerland, Holland, Belgium, and France the respective patent laws do not contain any provision for the extension of the term of a patent. It might further be pointed out that even in those countries where the term of the patent is less than that under the Indian Law, there is no provision for extension of such term.

507. The ratio of the monopoly created by the Patents Acts is that it is a reward to the inventor for the benefit he confers on the public by disclosing a useful invention which they are at liberty to practice without fetter at the end of the term. The patent system of rewarding an inventor rests on the theory that the utility or the value of the invention, would be properly measured by the profits that the inventor obtains through his exclusive exploitation during the term of the monopoly.

508. In cases where very large profits are derived by reason of the patent protection, there is no question of the patentee being made to disgorge to the public any part of his gains based upon any method of evaluation. A risk is undertaken by the inventor in working the invention and he is permitted to get what he can out of the working of the invention during the term of the patent. There is therefore no logic in granting extensions of the term to enable a patentee to derive more profit out of it, when the public have done nothing to impede him in working the patent or deriving such profit as the law might allow out of the exploitation. Notwithstanding therefore that the principle of an extension of patents beyond the period fixed on account of insufficiency of profits has prevailed in England for over 100 years and is possibly suited to that country's economy, I do not think it necessary to continue this provision in the Patents Act in India. In this respect we can with benefit follow the rule in the European countries and in America where there is no provision for an extension of the term statutorily fixed in the grant.

509. It may also be noted that the number of cases where extensions have actually been granted even in England has been very few. Between 1950 and 1957 it is understood that though a few applications have been filed for extension of term on the ground of insufficiency of profits, not one has been allowed. I do not consider it necessary to mention that in a few cases, the term of the

...ised on the ground of war loss under section 24 of the U.K. Patents Act, 1949 but that ground rests on entirely different principles. In any event, cases in which such applications for extension have been granted in India on the ground of inadequacy of profits have been very few. Moreover the precise facts which must be established to entitle a patentee to an extension do not appear to be capable of exact definition or enumeration so as to enable the tribunal to apply an objective test to decide the matter. I do not consider that there is any need to continue this provision as part of the Indian law and the clause may accordingly be deleted.

Clause 31—Patents of addition

510. This clause in substance reproduces Section 26 of the U.K. Patents Act of 1949. Section 15A of the Indian Patents and Designs Act, 1911 which was introduced by the Indian Patents and Designs, Act, (Act VII of 1930), carried the same provision as in the U.K. Patents Act of 1907 which however was modified later as a result of the recommendations of the Swan Committee (Final Report, page 216). The U.K. Patents Act, 1949 (Section 26) has now greatly liberalised the previously existing law and enabled applications being made for patents of addition to supplement claims arising out of what might be termed "Workshop improvements" of inventions covered by the main patent, notwithstanding that if it were an independent application for a patent, it would be refused on the ground that the modification or the improvement involved no inventive step beyond the invention as disclosed in the specification of the main application. This change was suggested by the Swan Committee and now appears as sub-section (7) of Section 26 of the U.K. Act, 1949. The draft of Clause 31 follows exactly the language of Section 26 of the present U.K. Act.

511. I agree that the provision is in general beneficial and useful and may be adopted as part of the law here. The several sub-sections of Section 26 of the U.K. Act have come up for interpretation and in the light of these decisions I suggest that the Clause be redrafted so as to clarify the intention behind the provisions.

512. **Sub-Clause (1).**—The sub-clause refers to "any improvement or modification of an invention". The question which was argued in 1956 R.P.C. 121 (in the matter of Georgia Kaolin Co: Ltd.'s application) as also in 1957 R. P. C., 143 (Welwyn Electrical Laboratories Ltd.'s application for a patent) was whether the expression "invention" referred to here meant an invention which was described or disclosed in the complete specification of the main invention or was limited to the invention as *claimed* in that specification. The ruling in both the cases was that it was the invention "described" in the specification that was meant by the use of the word "invention" here and that the subject of the application for the patent of addition must be in respect of some further disclosure over and above that of the main invention in the complete specification, which further disclosure must be in the nature of an improvement in or modification of the main invention as disclosed or described and not merely as claimed.

513. I will only add that this interpretation of the section might appear to be not in accordance with the intentions of the Swan Committee in recommending the text of this provision, for, in para 221 of the Final Report they had stated:

> "....a sufficient measure of relief can be given to patentees who have failed to draft their claims in a way adequately to cover their inventions, by giving them the opportunity of rectifying the omission in the claims they have made, in cases where the circumstances permit of this, by filing patents of addition to cover such variations or amplifications of the monopoly claimed in respect of their basic invention as they may deem necessary, and it is for that reason that we have recommended in the appropriate section of the Acts that patents of addition should not be liable to be held invalid merely because they showed no inventive step beyond the disclosure in the basic specification."

514. I am, however, convinced that it would be preferable to have the clause worded so as to clearly give effect to the two decisions I have referred to, as otherwise there would be a tendency to draft claims too loosely. Such drafting might, in the words of the Swan Committee, "give rise to the substitution of claims for those originally made, based on vague and general language in the specification which in the light of subsequently acquired knowledge might appear to cover an invention which it was not originally intended to cover".

515. I would accordingly suggest the insertion of the words "described or disclosed in the complete specification filed therefor" after the words "any improvement or modification of an invention" in sub-clause (1). I would also suggest the substitution for the word "grant a patent" the words "grant the patent"—see section 26(1) of the U.K. Act, 1949.

516. **Sub-Clause (4).**—The principle underlying the sub-clause that a patent of addition shall not be sealed before the sealing of the patent for the main invention is sound. The second part of the sub-section ensures that an applicant for a patent of addition shall not be prejudiced by reason of the time for the sealing of that patent expiring before he is in a position to apply for the sealing of the main patent. The only change that is needed is that in the third line it should be made clear that the request is for the sealing of "a patent of addition". The words "of addition" do not occur in the sub-clause and might be inserted.

517. **Sub-clause (5).**—If my suggestion to delete the provision as to the prolongation of the term of a patent under clause 30 is accepted, proviso (a) to sub-clause (5) should be deleted.

518. As regards proviso (b) in view of my recommendation that petitions for revocation shall lie exclusively to a High Court, the reference to the Controller should be deleted. In its place I would suggest a provision for a request being made to the Controller by the patentee for the conversion of a patent of addition into an independent patent and orders being passed on such request.

The proviso may read as follows:

> "Provided that if the patent for the main invention is revoked under this Act, the Controller may, on request made

to him by the patentee in the prescribed manner, order that the patent of addition shall become an independent patent for the remainder of the term of the patent for the main invention and thereupon the patent shall continue in force as an independent patent accordingly."

519. **Sub-clause (7).**—This sub-clause provides that the modification or improvement of the invention described in the specification of the main invention which is requisite for qualifying for an application for a patent of addition need not be of such character as to qualify for an independent patent. In other words, there need not be any patentable difference between the invention disclosed in the specification of the main application and that in the application for the patent of addition. The sub-clause confines this feature to obviousness or subject matter. In 69 R.P.C. 249 (In the matter of an Application for a patent by P and S), it was held that the complete specification of the main invention could be cited for novelty as an anticipatory publication. I consider this decision sound as laying down a correct principle and also as a correct interpretation of the sub-section as it stands. In order however to put the matter beyond doubt and to ensure that in the examination for anticipation or novelty the specification of the main invention would also be taken into account, it is preferable to clarify the position by adding at the end of sub-clause (7) a clause in these terms:—

> "For the removal of doubts it is hereby enacted that in determining the novelty of the invention claimed in the complete specification filed in pursuance of an application for a patent of addition regard shall be had also to the complete specification in which the main invention is described."

520. Certain special provisions which are necessary to indicate as to how far patents of addition are to be treated as part and parcel of the main patent, for purposes of assignment, licensing etc. are not found in the Bill and I have dealt with these in my notes under the relevant clauses.

Clause 32—Restoration of lapsed patents

521. This is substantially a reproduction of section 16 of the Indian Patents and Designs Act, 1911 embodying the changes which have been made by the U.K. Patents Act of 1949 in its Section 27(1) as compared with Section 20 of the U.K. Patents Act of 1907. The corresponding Australian provision is contained in Sections 97 and 98 of the Act of 1952.

522. **Sub-clause (1).**—The reference to Section 30 is obviously a mistake for Section 29(2) as would be seen from a comparison of the corresponding U.K. Section 27(1).

523. Section 27 of the U.K. Act specifies in the section itself that an application for restoration should be made within three years from the date of the lapsing. I would suggest that this form might be adopted and for the words—"within the prescribed period from the date on which the patent has ceased to have effect", the following words—"within three years from the date on which the patent ceased to have effect" substituted.

524. **Sub-clause (2).**—This sub-clause embodies a change which was effected in the U.K. Act of 1949 on the recommendation of the Swan Committee. The provision is useful and may be retained.

525. **Sub-Clause (3)** is in order.

526. **Sub-Clause (4).**—This follows the language of Section 27(4) of the U.K. Act. As regards the persons who might oppose an application for restoration, the words used in this sub-clause are identical with those of Section 27(4) of the U.K. Act.

527. *In Shepherd's case* (64 RPC 1), a question was raised as to whether the words "any person" which were used in Section 20 of the U.K. Patents Act of 1907 corresponding to Section 27 of the U.K. Patents Act of 1949 meant "any person having any special interest or not" or was confined only to "those being interested in the invention which was the subject of the patent". The Assistant Controller applied the decisions and the practice of the U.K. Patents Office in relation to the construction of the words "any person" in Section 11 of the U.K. Act 1907 which related to the right of a person to oppose the application for the grant of a patent and took the view that "any person" in Section 20 of the then Act meant not "any person" but "any person interested". I do not think, however, that the words "any person" in Clause 32 is capable of this limited construction which was put upon it in *Shepherd's case*.

528. If the clause retains the present form, Courts are bound to draw a distinction between the terminology employed in the other provisions of the Act where the words "persons interested" are used and those used in this clause where the word "person" is not so qualified; and courts are bound to hold that in the latter case "any "person" whether he has a trade or commercial interest in the invention or not would be comprehended. This would however be anomalous in that the right to file an opposition and a petition for revocation is confined to "persons interested" while the right to oppose applications for restoration of lapsed patents is extended to the "common informer". This possible construction might be avoided if the expression "person interested" were used in this sub-clause, and I would suggest this inclusion.

529. **Sub-Clause (7).**—The sub-clause deals with two distinct matters: one in relation to the obligations that might be imposed on the patentee and the other, to the insertion of conditions for the protection of third parties, who might have begun to avail themselves of the patented invention in the belief that the patent ceased to have effect. I consider that it would tend to convenience and clarity to keep these two distinct in two sub-clauses as is done in Australia [*vide* Section 98(3) and (4)]. I have appended a redraft of the clause which carries this out.

530. Para. (a) of sub-clause (7) deals with the first matter. The only requirement on which the Controller might insist, appears to be to have entries made in the register in regard to documents and instruments which ought to have been registered under Clause 68 but which have been omitted to be so registered. In regard to this requirement, it is preferable to make the order for restoration conditional on its compliance as is done in Australia (*vide* Section 98(3) Patents Act, 1952, instead of the form adopted in the Bill which is based on the U.K. Act, making a provision first for an order for

restoration and a subsequent order revoking the restoration, if there is breach of this direction. My redraft of Clause 7 seeks to achieve this.

531. The next point to be considered in regard to sub-clause 7(a) of the Bill is the import of the words *"subject to such conditions as the Controller thinks fit"* occurring in its opening part. When the matter contained in the present sub-clause 7(a) was introduced into the U.K. Patents Act of 1907 by an amendment effected in 1932, that provision [Section 20(5)] was confined to the requirement of registration of entries in the Register and did not enable the Controller to prescribe any other conditions for the restoration. The redraft of Section 20 by the Swan Committee included the words italicized above now found in the opening words of Sub-clause 7(a). The precise significance of these words, however, and what was intended to be conveyed by them, are not clear from the report of the Committee. As the presence of these words might lead to difficulties of interpretation, since it is not easy to predicate the conditions which the Controller might impose by reason of these words, I would prefer their deletion. It might be mentioned that Section 98(3) of the Australian Act which corresponds to Clause 32(7)(a) confines the power of the Controller to require "that entries be made in the register which ought to be, but have not been so entered".

532. Coming next to sub-clause (b) of the Bill, this makes provision for the protection of third parties who have begun to avail themselves of the subject of the invention covered by the patent, at a time when it was not in force.

533. The Patents Acts of the U.K. which preceded the Patents and Designs Act of 1907 did not contain any provision for the restoration of patents which lapsed on failure to pay renewal fees within the prescribed time. The consequence was that in such cases the only remedy of the affected patentee was to seek private Acts of Parliament for the purpose. Such Acts were passed in cases where the Committee on Private Bills was satisfied that the failure to pay the fees was unintentional. In cases where such legislation was enacted, it was the practice for these enactments to contain provisions, depriving the patentee of the right to sue for infringement those who had availed themselves of the patent at a time when it was not in force.

534. Section 17 of the U.K. Patents, Designs and Trade Marks Act of 1883 enabled the Comptroller to enlarge the prescribed time by a maximum of three months where the failure to pay in time was due to "accident, mistake or inadvertence", conditions which were the same as those which the Committee of Parliament took into account formerly. Sub-section 4(b) of the section also contained a saving regarding the filing of suits for infringement committed during the interval between the date when the payment was due and before the order enlarging the time. It should however be noticed that this provision did not confer on the Controller power to "restore" a lapsed patent since the enlargement of time saved the patent from lapsing. The result was that in cases outside Section 17 of the Act 1883, resort had still to be had to Parliament for obtaining "restoration".

535. The Patents Act of 1907 while continuing the power of the Controller to extend the time for payment of the renewal fee as in the earlier Act of 1883 introduced a new provision in Section 20 vesting in the Controller power to order restoration in cases where the lapsing was due to the failure to pay the renewal fee within the due time or within the period as extended by the Controller. The application had to be advertised and could be opposed by any person and when it was ordered the Controller had to include in every order "the prescribed conditions" for the protection of persons availing themselves of the invention after the patent was advertised as void and the announcement of its restoration. These "prescribed conditions" were originally contained in Rules 58 and 59 of the Patents Rules of 1908. While rule 58 provided for the protection of persons who might have availed themselves of the invention after the expiration of the patent and before the order extending the term, rule 59 enabled persons who had expended their time, money or labour upon the subject-matter of the patent, in the *bona fide* belief that the patent had become void, to apply to the Board of Trade for compensation for their loss and the Board was empowered to assess the sum payable to them by the patentee or other party, and if the order for the payment of such award was not complied with within the time specified, the patent was to become void. When the U.K. Patents Act of 1907 was amended in 1932, rules 58 and 59 were substantially reproduced as rules 65 and 66 of the Patents Rules, 1932. These continued in force till the repeal of the earlier enactment and their replacement by the Patents Act of 1949 and the rules made thereunder.

536. At this stage it might be convenient to refer to another matter closely allied to that now under consideration. Similar conditions imposed in cases where the duration of a patent was extended after its statutory term expired on account of insufficiency of profits obtained by the patentee during its natural term (Clause 30 of the Bill). For such cases the Patents Acts made no provision but the Courts applied by way of analogy the protection afforded in cases of restoration of lapsed patents and the form standardised for this purpose was that which was adopted by Luxmoore J. in *B.T.H. Patents* (46 RPC 367) and is therefore generally known as the B.T.H. order. The words, however, in which this protection was couched were rather obscure and gave rise to difficulties of interpretation with the result that these words were altered from time to time and by the date when the Patents Act of 1949 came into force the standard form in use was what was known as the "New Gillette" order (65 RPC 327).

537. The Swan Committee considered the sufficiency of the protection afforded to third parties under the rules as well as the B.T.H. order as amended as above mentioned. In paragraph 49 of their Final Report, the Committee stated:—

> "In the past it has been the practice for the Court to insert in the order for re-grant standard conditions, generally known as the "B.T.H. conditions" because they were first adopted in the case of re: British Thompson-Houston Limited's Patent, reported in Volume 46 R.P.C. page 377. But the wording of the B.T.H. conditions is so obscure that

it is almost impossible to ascertain the degree of protection they do in fact afford. Such obscurity is disadvantageous to the patentee, to third parties and to the public."

The Committee then proceeded to draft a new form, to which I shall advert a little later, and added: (para 52).

"....the standard conditions which we have framed, based upon these considerations, with the necessary verbal modifications, could serve for the protection of third party rights in orders for restoration of lapsed patents made under section 20 [corresponding to Clause 32(7)(b) of the Bill] in place of the rigid formula prescribed by rule 65."

538. The U.K. Patents Act, 1949, however, retained the rigidity in the form of the protection against which the Committee expressed themselves. Section 27(7)(b) of the U.K. Act, [on which Clause 32(7)(b) of the Bill is based] reads, "shall contain such provisions as may be prescribed", and rule 84 of the Patent Rules, 1949 embodies the form as redrafted by the Swan Committee. The Swan Committee also recommended for reasons which are not very clear that the provisions contained in rule 66 of the Patent Rules, 1932 which replaced rule 59 of the Patent Rules, 1908, to which I have already referred, providing for compensation to those who might have entered into contracts or incurred expenses or obligations in the *bona fide* belief that a patent was no longer in force, might be deleted—(*vide* paragraph 54 of the Report).

539. I am in agreement with the Swan Committee in considering that the form of protection should not be stereotyped or that in any event there should be some degree of flexibility so as to adopt a standard form to meet the requirements of particular cases. The language, however, employed in Clause 32(7)(b) precludes such flexibility and therefore requires to be altered. In the second place, I am not satisfied that there is any good reason for deleting the provisions as to compensation which the Patent Rules of 1908 and 1932 carried (Rules 59 and 66 respectively), and which is contained in Rule 28(2) of the Indian Patents and Designs Rules, 1933.

540. The third matter which has to be considered is whether the form suggested by the Swan Committee and now embodied in Rule 84 of the U.K. Patents Rules, 1949 would afford the minimum protection which the standard form ought to provide. Having examined the matter carefully, I consider that it does not afford sufficient and proper protection to third parties. Rule 84 of the U.K. Patents Rules, 1949 runs in these terms:

"84. In every order of the Comptroller restoring a patent the following provision shall be inserted for the protection of persons who have begun to avail themselves of the patented invention between the date when the patent ceased to have effect and the date of the application:—

"(1) No action or other proceeding shall be commenced or prosecuted nor any damage recovered in respect of any manufacture, use, or sale of the invention the subject of the patent in the interim period as hereinafter defined by any person not being a licensee under the patent at the date when it ceased to have effect, the , who after such date and before the , the date of the application has made, used, exercised or sold the invention the subject of the patent or has manufactured or installed any plant, machinery or apparatus claimed in the specification of the patent or for carrying out a method or process so claimed. Any such person shall be deemed to have so acted with the licence of the patentee and shall thereafter be entitled to continue to make, use, exercise or sell the invention without infringement of the patent to the extent hereinafter specified that is to say:—

(a) In so far as the complete specification of the patent claims an article [other than plant, machinery or apparatus or part thereof as specified under head (b) hereof] and any article so claimed has been manufactured by him during the said interim period that particular article may at all times be used or sold.

(b) In so far as the complete specification claims any plant, machinery or apparatus or part thereof for the production of an article then any particular, plant, machinery or apparatus or part thereof so claimed, which has been manufactured or installed by him during the said interim period, and the products thereof may at all times be used or sold and so that in the event of any such plant, machinery, apparatus or part thereof being impaired by wear or tear or accidentally destroyed a like licence shall extend to any replacement thereof and to the products of such replacement.

(c) In so far as the complete specification claims any process for the making or treating of any article or any method or process of testing any particular plant, machinery or apparatus which during the said interim period has been manufactured or installed by him or exclusively or mainly used by him or for carrying on such method or process may at all times be used or continue to be used and the products thereof may at all times be used or sold and so that in the event of any such plant, machinery or apparatus being impaired by wear or tear or accidentally destroyed a like licence shall extend to such method or process when carried on in any replacement of such plant, machinery or apparatus and to the products of the process so carried on.

(2) In the foregoing paragraph, "article" has the same meaning as in Section 101 of the Patents Act, 1949 and "the interim period" means the period between the date when the patent ceased to have effect and the date of this order."

541. Generally speaking a rule in terms of the above might be framed with, however, the omission of the words in para 1(c) referring to "the process of testing..." in view of my recommendation against the adoption of the extended definition of invention introduced by the U.K. Patents Act, 1949 (para. 52 *ante*) but the following matters do not appear to be provided by these rules and this omission must be remedied:—

(1) Where the claim of the patent is for an article which is dealt with in sub-paragraph (a) of paragraph 1 of Rule 84, no protection is afforded to a third party, who

(a) obtains the product from abroad during the interim period to enable him to sell these goods beyond that period,

(b) places an order abroad for these goods during the interim period for effecting the sale of these goods after that period,

(c) places during the interim period an order for plant or machinery for the production of the patented article,

(d) installs plant or machinery for the production of the patented article during the "interim period" and manufactures that article after that period.

I do not see any difference in principle between the cases covered by sub-paragraph (c) of Rule 84(1) dealing with patents for processes and Rule 84(1)(a) which is concerned with patents for products, and the rule ought to be the same in both the cases.

(2) In regard to paragraph (1)(b) of Rule 84 the words of the text do not afford protection for the third party effecting sales of goods which is the product of the machine which is the subject of the patent, which have been imported during the relevant period but whose sales are effected after "the interim period".

(3) Paragraph (c) also is defective in not affording protection which I have mentioned in regard to para (b) for the sale of products made according to the patented process which have been imported during the relevant period.

542. Before proceeding further, I might mention that the points which I have set out regarding the protection for importers might not have that importance in the U.K. which it has in this country, because the majority of patentees in India are foreign nationals and the patents have been applied for and obtained in this country mainly for the purpose of enabling the patentees to import their products from abroad. In post-war Europe, owing to factors to which it is unnecessary to refer, the products covered by the patents granted in India are found manufactured in certain foreign countries, where the invention patented in India does not enjoy patent protection. Though during the period when the patent is in force, such importation might on the terms of Clause 27 constitute an infringement, there would be no ban on importation imposed by the patent grant once the patent lapses and it is but proper that *bona fide* importers also should be protected. For reasons which need no elaboration the question of importation of patented goods assumes in India a higher degree of importance than in the U.K. and hence requires special provisions which might not be found necessary in the U.K. and countries similarly situated.

543. Rule 84 of the U.K. Patent Rules, 1949 divides patents into three clauses: (1) those where the patent is for a product, (2) those where the patent is for a machine from which articles are produced and (3) those for processes by which articles are produced. It does not cover, however, a case where the patent is for a product which is made by a specified process, a form which was statutorily directed to be adopted by section 38(A) (1) of the now deleted provision of the U.K. Patents Act of 1907—1946. Though this provision is deleted it is possible that there might be patents of this class in this country also. This should partake of the same features as the protection afforded to patents for products with the modifications which I have suggested in that case. When rules are drafted under this provision the matters set forth above might be taken into account.

544. Clause 32(7) (b) should make it clear that the protection afforded by the statutory form is the minimum and that, subject to that minimum, the Controller should be in a position to add to it as circumstances justify in particular cases.

If this recommendation were accepted, Clause 32(7) (b) would read:

> ".....such provision as may be prescribed and to such other provisions for the protection or compensation as the Controller thinks fit persons who may have etc. etc."

In regard to the exact phraseology to be employed in sub-clause 7(b) to describe the third parties, entitled to protection under this clause I consider that the form adopted by the Australian Act is better than that in the U.K. Section 98(4) of the Australian Patents Act, 1952 runs:—I quote only the relevant words.

> "Such provisions as are prescribed for effecting the protection or compensation of persons who availed themselves or took definite steps by contract or otherwise to avail themselves of the subject matter of the patent after the patent was notified....."

The reference here to persons who took definite steps by contract or otherwise to avail themselves of the invention, brings within the area of protection a wider class of persons who are legitimately entitled to the protection or compensation. In passing I may mention that the word "compensation" should be added in order to sustain the rule which would make provision for the grant of compensation on the lines of rule 66 of the U.K. Patents Rules, 1932.

The redrafted clause (9) puts down in the statute one of the essential conditions which would be prescribed under sub-clause (8) corresponding to sub-clause 7(b) of the Bill.

545. Under sub-clause 7(b) of the Bill the period specified during which third parties are protected is between the date when the patent ceased to have effect and the date of the advertisement of the application for restoration. This, however, would mean that the third party for whose protection sub-clause 7(b) is intended should stop production or manufacture once the advertisement of the application takes place. This does not seem to be founded on good sense nor is it in public interest. In cases where he has begun to avail himself of the patented invention, his activity should properly come

order for restoration of a patent is passed. The mere fact that an application for restoration has been filed does not by itself mean that it would be allowed, particularly as the conditions which an applicant has to satisfy before his application would be allowed—that the failure to pay the fee was unintentional and that undue delay has not occurred in the making and prosecution of the application—are not easy to establish. In these circumstances I should consider that it would be to the public advantage that instead of the date of the advertisement of the application being the *terminus ad quem* it should be the date on which restoration is ordered. In this connection I might notice that the applicant has no basis to resist such a provision because he has obviously been guilty of laches or delay and whether he is morally to blame or not, he cannot hold up the industrial activity of others by reason of his action or inaction.

546. The following redraft gives effect to the above recommendations:—

"32. **Restoration of lapsed patents.**—(1) Where a patent has ceased to have effect by reason of failure to pay any renewal fee within the prescribed period or within that period as extended under section 29(2), and the Controller is satisfied upon the application made within 3 years from the date on which the patent ceased to have effect, that the failure was unintentional and that no undue delay has occurred in the making or prosecution of the application, he shall, by order, restore the patent and any patent of addition specified in the application which has ceased to have effect on the cesser of that patent.

(2) An application under this section may be made by the person who was the patentee or by his legal representative; and where the patent was held by two or more persons jointly, the application may, with the leave of the Controller, be made by one or more of them without joining the others.

(3) An application under this section shall contain a statement (to be verified in such manner as may be prescribed) fully setting out the circumstances which led to the failure to pay the renewal fee; and the Controller may require from the applicant such further evidence as he may think necessary.

(4) If after hearing the applicant (where the applicant so requires or the Controller thinks fit) the Controller is satisfied that a *prima facie* case has been made out for an order under this section, he shall advertise the application in the prescribed manner; and within the prescribed period any person interested may give notice to the Controller of opposition thereto on either or both of the following grounds, that is to say:

(a) that the failure to pay the renewal fee was not unintentional; or

(b) that there has been undue delay in the making of the application.

(5) If notice of opposition is given within the period aforesaid, the Controller shall notify the applicant and shall give to him and to the opponent an opportunity to be heard before he decides the case.

(6) If no notice of opposition is given within the period aforesaid or in the case of opposition the decision of the Controller is in favour of the applicant, the Controller shall upon payment of any unpaid renewal fee and such additional fee as may be prescribed, make the order in accordance with the application.

(7) The Controller may, if he thinks fit, as a condition of restoring the patent, require the registration in the Register of Patents of any document or matter which, under the provisions of this Act, has to be entered in the Register but which has not been so entered.

(8) Where a patent is restored under this section the rights of the patentee shall be subject to such provisions as may be prescribed and to such other provisions as the Controller thinks fit to impose for the protection or compensation of persons who may have begun to avail themselves of or took definite steps by contract or otherwise to avail themselves of the patented invention between the date when the patent ceased to have effect and before the date of the order restoring the patent under this section.

(9) Proceedings shall not be taken in respect of an infringement of a patent committed between the date on which the patent ceased and the date of the order restoring the patent.

Clause 33—Restoration of lapsed applications for patents.

547. This provision as regards the restoration of lapsed application for patents did not occur in the U.K. Patents Acts before that of 1949. The Swan Committee recommended a provision for restoration of lapsed applications on the same lines as restoration of lapsed patents (paragraph 218) and section 28 of the U.K. Act, 1949 implements this recommendation. This provision does not occur either in Canada or in Australia notwithstanding that the Australian Act of 1952 was enacted subsequent to the U.K. Patents Act of 1949. It is needless to say that there is no provision corresponding to clause 33 in the Indian Patents and Designs Act, 1911. Dealing with this provision Blanco White observes at page 179:

> "Where a request for a sealing is not made.....an applicant may apply within six months for restoration of the application. This period is too short for the provision to be of real value. The provision is new and it is very little used."

On another ground also I consider that the provision is not likely to be of much use. Under the rules framed under the Indian Patents and Designs Act, 1911 (and similar rules will be framed under the new Act), notice is given to the applicant regarding the time when sealing fees have to be paid and where this has taken place it will not be normally possible for an applicant to satisfy the condition set out in clause 33 that the failure to make the request was unintentional, nor would it be in public interest that the condition to be satisfied

by an applicant should be relaxed in order to enable such applications to succeed. In this connection I need only add that in my notes to the 1st Schedule, I have suggested the adoption of a conventional year and not a 12-month period commencing from the date of the patent for fixing the time when the renewal fee shall be payable. If this recommendation were acceptd, there would be an even less chance of an applicant satisfying the conditions required by clause 33. In the circumstances I consider this provision unnecessary and might be dropped.

Clauses 34 and 35—Amendment of specification.

548. Clause 34 is a reproduction of section 17(1) to 17(9) of the Indian Patents and Designs Act, 1911, which in its turn was based on section 21 of the U.K. Patents Act, 1907, as originally enacted before it was amended in 1932. The effect of the amendment in 1932 was to delete the words "at any time" which occurred in the original Section 21 of the U.K. Act (which words were repeated in Section 17 of the Indian Patents and Designs Act, 1911 and have been included in Clause 34) and their replacement by the words "after the acceptance of his complete specification" to enable the application of the provisions of the Section to be confined to cases of amendments after the acceptance of the specification leaving amendments to specifications before their acceptance to be dealt with on other principles. Sections 29—31 of the U.K. Patents Act. 1949 corresponding to Clauses 34 and 35 of the Bill are similarly confined to amendments after acceptance of the complete specification. With the words "at any time" the clause would obviously apply the same rules to determine the permissibility of amendments before and after acceptance of the complete specification. I do not consider this proper, and would prefer the clause to state with particularity the amendments open at each of these two stages.

549. The scope of the permitted amendments is set down in subclause (6). The main restrictions imposed on the power of amendment are two: (1) that the invention described and claimed in the amended specification should not be "wider or larger" than that in the unamended specification, and (2) that the invention claimed in the amended specification, is not "*different*" from that claimed before the amendment.

550. Representations were made to the Swan Committee that these two conditions which were found in Section 21(6) of the U.K. Patents Act, 1907—46 imposed an unreasonable fetter on patentees and that it was desirable that these should be relaxed. The Committee, however, set their face against this proposal and recommended the continuance of Section 21 of the U.K. Patents Act, 1907 in substantially the same form, (*vide* paragraphs 220 to 223 of their Final Report). The Bill, as originally introduced in the House of Lords, carried therefore the provisions of Section 21 of the U.K. Act, 1907 without any alteration, but by the time the debates in the House of Lords were concluded, the courts in England had decided the case of *May and Baker Ltd.* vs. *Boots Pure Drug Company Ltd.*

551. That case arose on a petition for the revocation of a patent granted jointly to May and Baker Limited and Ciba Limited, for inventions relating to certain sulpha compounds which were stated to possess high therapeutic value. The claims on their proper construction would have covered thousands of compounds belonging to that class, most of which however, admittedly had little or no therapeutic value. The specification, however, contained two specific examples for the manufacture of two compounds, sulphathiazole and sulpha-methylthiazole which were cited to illustrate the remedial effect and low toxicity of the entire group. At the hearing the patentees realising that their claims as drawn up were too wide, sought to amend the specification by restricting their claim to a patent to the two specific products set out as examples. The application for amendment was opposed on the ground that the patent as amended would claim "a different invention" from that claimed in the unamended specification. This objection was sustained and the amendment was disallowed with the result that the patent was revoked. The decision of Jenkins J. (65 RPC 255) was upheld by the unanimous judgment of the Court of Appeal (66 RPC 8), and on further appeal by the patentee by the majority of the House of Lords (67 RPC 23), the ultimate decision being rendered in February 1950. When the clauses in the new Bill in relation to the power of amendment was before the House of Lords, it was urged that the decision unduly restricted the power of amendment and deprived an inventor of a valuable invention of his legitimate rights. This view prevailed and the scope of the power to amend was widened by the deletion of the reference to "the different invention" which occurred in Section 21(6) of the Act of 1907—1946 and on which the decision of the House of Lords in May and Baker's case was based.

552. I believe that when the Patents Enquiry Committee dealt with this matter, the decision of the Court of Appeal must have been before it, and notwithstanding that, they have not suggested any variation as to the scope of the power to amend contained in the present section 17. The question is whether there is any necessity to alter the clause by deleting the reference to "different invention" as has been done in the U.K.

553. Having considered the matter carefully, I have reached the conclusion that there is no need to change the scope of the existing provision as regards the power of amendment and that where the invention which emerges as a result of an amendment is different from that which was the subject matter of the specification as originally accepted, such an amendment should not be permitted. I might add that section 50 of the Canadian Patents Act restricts reissue of patents to "the same invention" as that for which the original patent was issued, and though that Act has been amended from time to time, even as late as 1953-54, no change has been made in the wording of this provision.

554. As I have already pointed out, Clause 34(6) applies to cases of applications for amendments both before and after acceptance, and adopts the same rule, as regards the nature and scope of permissible amendments I consider that the scope of an amendment before acceptance ought to be wider than that after acceptance because at the former stage the specification is not disclosed to the public. It is then wholly a matter between the applicant for the patent and the office, and such amendments as are necessary to afford to the applicant, the benefit of the invention which he has disclosed in his complete specification ought to be available to him. On the other hand, after the

... of the application, and its advertisement, the contents of the specification become open to public inspection, and the rights of third parties who have started work on the basis of the claims made or not made, by the applicant in the published specification should be taken into account in defining the scope of the amendment which the applicant or the patentee might be permitted to effect. After a complete specification has been accepted two limitations not applicable to amendments at the earlier stage should be imposed. The first is in regard to the formulation of new claims which were not found in the original specification. Where a complete specification has not been advertised, there would be no question of a dedication of the unclaimed portion of the invention to the public and hence there cannot be any objection to a claim being formulated in respect of an invention disclosed in the specification if by error the claim has not been properly made or formulated. But where the specification has been accepted and advertised, the position is entirely different. In that case unless the claim after amendment would fairly fall within the claim before amendment it should not be permitted. In other words, it should be presumed that all claims not made, except by reason of obvious mistake, in the specification before acceptance are abandoned.

555. The second is a requirement that the invention before and after the amendment should be identical. This requirement would be out of place before acceptance and at that stage an amendment may be allowed so long as the invention is comprehended within the matter disclosed. A mere shifting of the centre of gravity ought not to preclude an applicant from adjusting that centre until the specification is accepted, and is thrown open to public inspection. After that date, other interests and rights intervene and hence the applicant should be precluded from making a claim for any other inventions by amendments even if such be by way of disclaimer and the amendment would merely shift the centre of gravity (*vide* May & Baker's case).

556. In the drafting of this provision for amendment I consider that the U.K. model of the arrangement of the sections 29 to 31 of the Act of 1949 could usefully be followed. Besides being logical in that the procedure is separated from the criteria to be taken into account in the allowance of the application, it also tends to clarity. I have drafted three new clauses which I have numbered as clauses 34, 34A and 35, the first two dealing with the procedure to be followed by the Controller and the High Court respectively and the last the principles which should govern the allowances of amendments. In setting out these I have endeavoured to indicate the difference in the scope of the amendments which would be permitted at the two stages, before and after acceptance.

557. In my draft of Clause 35 I have omitted the word "substantially" in the phrase "substantially larger than or substantially different from" which occur in Clause 34(6) of the Bill (corresponding to Section 21 of the U.K. Act, 1907—46) for the reason that they do not add to the sense of the section and serve no purpose except possibly to create confusion. The use of that word was inadverted by the Swan Committee who recommended its deletion and was also adversely commented on by Lord Simon in his speech in the House of Lords in the May & Baker case.

558. **Sub-Clause 34(8).**—Sub-Clause (8) is differently worded from Section 17(9) of the Indian Patents and Designs Act, 1911 which reproduced Section 21(8) of the U.K. Patents Act, 1907. The sub-clause appears to be based on the corresponding provision in the U.K. Act of 1949 [proviso to Section 29(1)].

559. The point of distinction between the provision in the Indian Patents and Designs Act, 1911 and the Bill is that under the former, a proceeding had to be pending in a court at the date of the filing of the application to amend, in order that the jurisdiction of the Controller should be ousted, whereas under the sub-clause, the bar is directed to orders being passed on an application to amend—whenever this be filed—if proceedings before the Court are pending at the date of such order. The inconvenience of the former rule is illustrated by the decision in Re: *Western Electric Co. Ltd.* (50 RPC 59) where a petition to the Court to revoke a patent was sought to be countered by an application for amendment filed 5 days earlier. Justice Eve after stating that since the application to amend was filed when there was no "proceeding pending before the Court", the patentee was not disentitled to proceed with his application, observed—"No doubt that application would have to be dealt with before the petition for revocation can be satisfactorily disposed" and directed the petition to stand over till the disposal of the application, imposing however, on the patentee conditions requiring him to prosecute the amendment application with diligence.

560. I consider the provision in the Bill which is on the lines of the U.K. Act, 1949 an improvement over the existing law in that proceedings before the Court are given primacy and conflicts eliminated.

561. There is, however, one matter arising out of the language of the sub-clause to which reference has to be made. The opening words of the sub-clause "No application or specification shall be amended" reads as if the Controller though precluded from allowing an amendment during the pendency of proceedings in Court, might nevertheless dismiss the application. I doubt if this was intended and I desire the language clarified so as to preclude the Controller from dealing with the application on the merits.

562. The following redraft of the clause seeks to give effect to these views:—

"34. **Amendment of application or specification by Controller.**—(1) Subject to the provisions of Section 35 of this Act, the Controller may upon application made under this Section in the prescribed manner by an applicant for a patent, or by a patentee, allow the complete specification to be amended subject to such conditions, if any, as the Controller thinks fit:

Provided that the Controller shall not pass any orders allowing or refusing an application to amend a specification under this section while any suit before a court for the infringement of the patent or any proceeding before the High Court for the revocation of the patent is pending whether the suit or proceeding commenced before or after the filing of the application to amend.

(2) Every application for leave to amend a specification under this section shall state the nature of the proposed amendment and shall give full particulars of the reasons for which the application is made.

(3) Any application for leave to amend a specification under this section made after the acceptance of the complete specification shall be advertised in the prescribed manner:

Provided that where the application is made before the publication of the complete specification, the Controller may direct that the advertisement shall be postponed until the complete specification is published.

(4) Where an application is advertised under the preceding sub-section any person interested may within the prescribed period after the advertisement thereof, give notice to the Controller of opposition thereto; and where such a notice is given within the period aforesaid, the Controller shall notify the person by whom the application under this Section is made and shall give to that person and to the opponent an opportunity to be heard before he decides the case.

(5) An amendment under this section of a complete specification may be, or include, an amendment of the priority date of a claim.

(6) The provisions of this section shall be without prejudice to the right of an applicant for a patent to amend his specification to comply with the directions of the Controller passed before the acceptance of the complete specification and in the course of proceedings in opposition to the grant of a patent."

563. "34-A. **Amendment of specifications before High Court.**—(1) In any proceeding before the High Court for the revocation of a patent, the High Court may, subject to the provisions of the sub-sections 2 to 4 of the next following section, allow the patentee to amend his complete specification in such manner, and subject to such terms as to costs, advertisements or otherwise, as the court may think fit; and if in any such proceedings for revocation the court decides that the patent is invalid, the court may allow the specification to be amended under this section instead of revoking the patent.

(2) Where an application for an order under this section is made to the Court, the applicant shall give notice of the application to the Controller, and the Controller shall be entitled to appear and be heard, and shall appear if so directed by the Court.

(3) Copies of all orders of the Court allowing the patentee to amend the specification shall be transmitted by the court to the Controller who shall on receipt thereof cause an entry thereof and reference thereto made in the Register of Patents.

564. "35. **Supplementary provisions as to amendment of specification.**—(1) Before the acceptance of a complete specification, no amendment thereof shall be effected except by way of disclaimer, correction or explanation, and no amendment thereof shall be allowed (except for the purpose of correcting an obvious mistake) the

effect of which would be that the specification as amended would claim or describe matter not in substance disclosed in the specification before the amendment.

(2) After the acceptance of a complete specification no amendment thereof shall be effected except by way of disclaimer, correction or explanation, and no amendment thereof shall be allowed (except for the purpose of correcting an obvious mistake) the effect of which would be, that the specification as amended would claim or describe matter not in substance disclosed in the specification before the amendment, or that any claim of the specification as amended would not fall wholly within the scope of a claim of the specification before the amendment, or that the invention claimed in the provisional specification after amendment is different from that claimed before the amendment.

(3) Where after the date of the publication of a complete specification, any amendment of the specification is allowed by the Controller or by the High Court, the right of the applicant or patentee to make the amendment shall not be called in question except on the ground of fraud and the amendment shall for all purposes be deemed to form part of the specification:

Provided that in construing the specification as amended, reference may be made to the specification as originally published.

(4) Where, after the date of the publication of a complete specification, any amendment of the specification is allowed as aforesaid, the fact that the specification has been amended shall be advertised in the prescribed manner."

Clause 36—Surrender of Patent

565. The present provision in relation to surrender of patents is contained in Section 24 of the Indian Patents and Designs Act. But this section is defective in that it does not specify the parties to whom the notice of the offer to surrender has to be given by the Controller.

566. Clause 36 is substantially a reproduction of section 34(1) to (4) of the U.K. Act, 1949. Clause 36(2) in line with sub-section (2) of Section 34 of the U.K. Act requires the Controller to advertise the offer in the prescribed manner. In addition to this advertisement it appears to me to be desirable that individual notices should be served by the Controller on all persons whose names appear in the Register as persons having interest in the patent (*vide* Clause 68).

567. I would suggest that the clause be redrafted on the following lines:—

"36. **Surrender of Patent.**—(1) A patentee may, at any time by giving notice in the prescribed manner to the Controller, offer to surrender his patent.

(2) Where such an offer is made, the Controller shall advertise the offer in the prescribed manner; and also notify every person other than the patentee whose name appears in the Register as having an interest in the patent, and within the prescribed period thereafter any person interested may give notice to the Controller of opposition to the surrender.

(3) Where any such notice of opposition is duly given, the Controller shall notify the patentee.

(4) If the Controller is satisfied after hearing the patentee and any opponent, if desirous of being heard, that the patent may properly be surrendered, he may accept the offer and by order revoke the patent."

Clauses 37 to 39—Revocation of Patents

568. Clauses 37 to 39 of the Bill deal with revocation of patents. The subject matter of these three clauses being intimately connected, I would suggest that these three be combined into a single clause numbered 37 and I am appending a draft which would carry this out.

569. In the redraft of the clause, I have practically adopted the language employed in the corresponding section 32 of the U.K. Act of 1949. As compared with the Bill, in the clause as redrafted, the following are a few changes regarding which an explanation is needed:—

570. (1) The opening words of Clause 37 do not render the provision "subject to the provisions of the Act" as appearing in Section 32 of the U.K. Act. As there are other provisions in the Bill, *vide e.g.*, Clauses 48 and 49, which direct that notwithstanding any provision in the Act, a patent shall not be revoked in certain circumstances it is necessary to add these words.

571. (2) Sub-clause (1) of Clause 37, copying in this respect a similar expression in Section 26 of the Indian Patents and Designs Act, 1911, enables a patent to be revoked "in whole or in part". These words are not found in the U.K. Section 32. I would prefer the U.K. system under which when the Court dealing with a petition for revocation finds that certain claims are invalid, while others are valid, it is vested with power to direct amendment of the complete specification so as to restrict the patent to the valid claims instead of ordering revocation of the patent as a whole (*vide* Section 30 of the U.K. Act). I have included a provision on these lines as Clause 34-A. The advantage in this scheme is that the rules applicable to permissible amendments of specifications are attracted at the stage of the disposal of the petition for revocation, whereas if the Court could order revocation of the invalid claim leaving the rest of the other claims of the patent intact, it is possible that the inventions covered by the patent after the partial revocation might be an invention different from that for which the patent was originally granted. The words "in part" cannot be retained in this clause consistently with clause 34-A whose adoption I have recommended.

572. (3) I have deleted all references to the word "Controller" in Clauses 37(a), 37(2) (b), 37(4) and 39, this being consequential upon the deletion of the provision contained in Clause 37(2) (b) of the Bill enabling petitions for revocation being filed before the Controller within a year after the grant of the patent. This provision in the Bill seeks to implement a recommendation contained in paragraph 153 and 154 of the report of the Patents Enquiry Committee. This recommendation was in part dependent on another suggestion of the Committee that opposition proceedings should be eliminated, a suggestion against which I have already expressed my disagreement. I do not see any advantage in enabling petitions for revocation being filed before the Controller. If he is competent to deal with such petitions there is no object in the time limit. The point, however, is that questions which arise for consideration in a petition for revocation are such that they should properly be tried before a Judge of the High Court. I need hardly add that the provision for revocation of patent by a Controller in the United Kingdom under Section 33 of the U.K. Patents Act, 1949 affords no analogy nor furnishes any precedent for the provisions in the Bill, because the grounds upon which the patent could be revoked by the Controller in the United Kingdom are only those for which the grant of the patent could have been refused at the opposition stage. In other words, it is merely a belated opposition and not truly a revocation proceeding. I consider that there is logic, reason and convenience in confining the jurisdiction of the Controller to deal with opposition to applications for patents before the grant of patents, leaving the Court to deal with cases where the validity of a grant is questioned.

573. (4) I have omitted reference to proceedings by way of counter claims for revocation in a suit for infringement. I have already discussed this question in full in paragraph 290 *et seq. ante*.

574. (5) Para. (v) of clause 37 appears to cover three distinct invalidating grounds—novelty, obviousness and utility—besides the ground relating to the use or exercise of the invention being contrary to law or morality. I have followed the U.K. Act in distinguishing between each of them [*vide* grounds (e), (f) and (g) of the redraft], and in these I have incorporated my recommendation that publications outside India should also constitute anticipation. I have made a slight drafting change in ground (f) dealing with the objection of obviousness from the corresponding provisions in the U.K. Act by introducing the word "so" in order to indicate that "obviousness" and "lack of inventive step" are not two distinct conditions. This I have done to obviate an argument as that raised in *Benmax* v. *Austin Motor Company* (70 R.P.C. 284 at 288), where Evershed M. R. said "Mr. Whitford drew attention to the use of the word 'and'—that the invention must be obvious *'and'* such as not to involve an inventive step... I am satisfied that there is no significance in the double requirement, if there be a double requirement."

575. I have revised the language of each one of the grounds, besides including new ones needed to implement my other recommendations requiring applicants to furnish information regarding the fate of corresponding applications filed in other countries (Section 7A), a point of added importance in view of the expanded scope of anticipating publications recommended by me. In general the language of the several grounds has been adopted from that used in the U.K. Patents Act, mainly for the reason that their interpretation had been the subject of judicial decision. I however desire to draw attention to a slight change which I have introduced in ground (h) relating to insufficiency of description of a complete specification, *viz.*, the addition of the following:—

"that the description of the method or the instructions for the working of the invention as contained in the complete

specification are not by themselves sufficient to enable a person in India possessing average skill in, and average knowledge of, the art to which the invention relates, to work the invention."

576. These words no doubt merely summarise the effect of the decisions in the U.K. as regards the sufficiency of the instruction which a complete specification ought to contain, but I believe that their inclusion in the grounds would serve to emphasise the purpose in law of a specification. Besides, there is a tendency for patent specifications and instructions for working, which have been drawn up for being filed in connection with applications for patents in the more advanced industrial countries being filed in the same form in India. This proves a handicap by reason of the instructions which might suffice to work the invention in a country where the art has been highly developed, not conveying information which is requisite for enabling the average Indian technician to effect the working. Though the decisions on sufficiency of description relate the required quantum of instruction to the state of the art in the country to whose technicians the specification is addressed, I consider that the iteration of this requirement would induce foreign applicants for patents to pay heed to this feature and also focus the attention of the courts to have regard to the state of the art in this country in judging of the sufficiency of description.

577. (6) In the United Kingdom it appears to be a matter of doubt as to whether the importation before the priority date of a product made according to an invented process amounts to public knowledge or use of the invention, so as to bar the patenting of the process. It has been pointed out that to grant a patent monopoly for the process in those circumstances would be unfair to existing businessmen on the ground that a patent ought not to stop a man doing what he was openly doing before. The law on the point is somewhat obscure and I have sought to clarify it and put the matter beyond argument.

578. (7) In the ground corresponding to Clause 37 (2) (xi) and clause 37 (4) of the Bill I have included a reference to "a Government undertaking" in addition to "Government". I have made this change for the reason that during recent years most of the industrial activity on behalf of the Government is being conducted not by Government themselves through their departments but by public corporations which have been created for that purpose. In the absence of these words, use by Government undertakings would be outside the scope of this provision.

579. (8) The first proviso to Clause 37 (4) of the Bill has been deleted by reason of the omission of the provision for the Controller hearing petitions for revocation while the second proviso has been deleted because it is unnecessary in view of the terms of Clause 6 being co-extensive with the class of persons entitled to apply for patents under the reciprocal arrangements.

580. (9) I have deleted practically the entirety of Clause 38, and have been content to specify that a petition for revocation might be filed by a person interested. These words which occur in other clauses of this Bill would cover all the classes of persons who would fall within Clause 38 (1) (b). In regard to sub-clause (1) (a), I might

mention that instead of the Attorney-General or the Advocate-General I have used the expression "Central Government" as persons who, whether they have interest or not, might file a petition for revocation. I have omitted reference to the State Government in order to avoid possible conflicts and also because the subject of patent is exclusively within the jurisdiction of the Central Government. Of course a State Government may apply if it were a "person interested".

581. (10) I do not see any justification for requiring every petitioner for revocation to furnish security for costs and I have consequently omitted reference to this provision in Clause 38 (2) of the Bill.

582. (11) Sub-clauses (3) and (4) of Clause 38 are unnecessary because the High Court has power to direct a Subordinate Court to record evidence and submit the evidence with or without its findings thereon.

583. (12) I would suggest the inclusion of a provision on the lines of Section 32 (4) of the U. K. Act of 1949, providing that the grounds on which a patent could be revoked are available as grounds for defence to an action for infringement. In the Bill the provision occurs in Clause 58, but I consider it more appropriate to include it here than later, for reasons I have mentioned in the note to Clause 58. I have in my draft [*vide* Clause 37(5)] added words as compared to the corresponding sub-clause in the U.K. Act, to indicate that the grounds of revocation available as defence are those set out in this clause.

584. (13) It would be noticed that the clause as redrafted by me does not except as regards ground (b) draw any distinction between patents in force at the commencement of the Act and those to be granted thereafter as regards the grounds on which revocation could be obtained. This is deliberate. Most of the grounds set out in the clause are old, having been taken over from Section 26 of the Indian Patents and Designs Act, though the language in which they are expressed has been slightly modified. The only variations from the existing law are:

(1) ground (d)—The result of the changes introduced by clause 3 in the content of inventions which are patentable.

(2) Grounds (k) and (l) which deal with non-compliance by the applicant with the requirements of provisions newly introduced.

(3) Ground (m) which is adopted from Section 100 of the Australian Patents Act, 1952.

Section 17 of the Indian Patents and Designs Act, 1911 following in this respect the provisions in the U. K. enactments, provides that the validity of an order allowing an amendment to a specification shall not be called in question except in cases of fraud. Section 26 however following again the U. K. precedent does not render fraud in obtaining an amendment of the specification a ground for revocation as the Australian Act, 1952 does. Ground (m) rectifies this anomaly.

(4) The expanded definition of "anticipation" or "novelty", so as to comprehend publication abroad of the invention before the priority date.

(5) Sub-clause (4) which provides for revocation on the petition of the Central Government for failure to use the invention for the purposes of Government.

(6) The omission of the ground based on "disconformity" now found in clause (n) of Section 26(1) of the Indian Patents and Designs Act, 1911.

585. An examination of the above would disclose the following:—

(1) As regards item (1), provision has been made in Clause 3 itself as regards the portions which would apply to patents in force and those which would apply only to patents granted after the commencement of this Act. There is therefore no need for any saving in respect of existing patents in Clause 37.

(2) Item (2) can by its very nature have relevance only to patents granted after the new Act comes into operation, and hence no saving in respect of existing patents is called for.

(3) As regards item (3), there is no impropriety or hardship in the provision which visits the penalty of revocation on a patentee who contrives to obtain an amendment by fraud. The cases where amendments to specifications have been obtained must be very few, and so far as I know there are none and the provision would practically therefore have operation only in respect of the amendments effected hereafter.

(4) Item (4) is a change in the law. But the number of cases, in which a patent would be held to lack novelty under the expanded concept of anticipation but would not have been so held under the law as previously understood, would be so few that I do not consider there is need to save existing patents from the scope of this rule. In any event if the invention has been known before the application in India, there does not appear any irrefragable right to a patent monopoly on moral grounds, taking into account the law outside the Commonwealth which I have already pointed out.

(5) Item (5)—Section 26 (1) (k) of the Indian Patents and Designs Act, 1911 is derived from the corresponding provision of the U.K. Act of 1907, and the conditions referred to in it are those found in the Patent grant.

One of the conditions found in the Letters Patent granted in the U. K. requires the patentee to "supply or cause to be supplied for our (His Majesty's) service all such articles of the said invention as may be required.....at such times or upon such reasonable prices and terms as shall be settled....". The Indian form (Schedule III) omits this condition with the result that the content of ground (k) notwithstanding the identity of language, was (whether it was so intended or not) materially different from that in the U. K. Act. The Bill repairs this defect [*vide* sub-clause (4)] and does not make this provision inapplicable to patents in force at the commencement of this Act. I consider this proper.

(6) Disconformity as a ground for revocation is outmoded and is hardly consistent with the basis of priority dates. I see no harm in the existing patents enjoying the benefits of this reform in the law.

586. The following draft gives effect to my above recommendations:—

"37. **Revocation of Patents.**—(1) Subject to the provisions of this Act, a patent granted before or after the commencement of this Act may on the petition of any person interested or of the Central Government be revoked by the High Court on any of the following grounds, that is to say—

(a) that the invention, so far as claimed in any claim of the complete specification, was claimed in a valid claim of earlier priority date contained in the complete specification of another patent granted in India;

(b) that the patent was granted on the application of a person not entitled under the provisions of this Act to apply therefor:

Provided that a patent in force at the commencement of this Act shall not be revoked on the ground that the applicant was the communicatee or the importer of the invention in India and therefore not entitled to make an application for the grant of a patent under this Act.

(c) that the patent was obtained wrongfully in contravention of the rights of the petitioner or any person under or through whom he claims;

(d) that the subject of any claim of the complete specification is not an invention within the meaning of this Act or is not patentable under Section 3;

(e) that the invention so far as claimed in any claim of the complete specification, is not new having regard to, what was known or used in India before the priority date of the claim; or to what was published in India or elsewhere in any of the documents referred to in Section 12;

(f) that the invention so far as claimed in any claim of the complete specification is obvious and so does not involve any inventive step, having regard to what was known or used in India or what was published in India or elsewhere before the priority date of the claim;

(g) that the invention so far as claimed in any claim of the complete specification is not useful;

(h) that the complete specification does not sufficiently and fairly describe the invention and the method by

which it is to be performed that is that the description of the method or the instructions for the working of the invention as contained in the complete specification are not by themselves sufficient to enable a person in India possessing average skill in, average knowledge of, the art to which the invention relates, to work the invention, or that it does not disclose the best method of performing it which was known to the applicant for the patent and for which he was entitled to claim protection;

(i) that the scope of any claim of the complete specification is not sufficiently and clearly defined or that any claim of the complete specification is not fairly based on the matter disclosed in the specification;

(j) that the patent was obtained on a false suggestion or representation;

(k) that the applicant therefore failed to disclose to the Controller the information required by Section 7A or furnished information which in material particulars was false to his knowledge;

(l) that the applicant contravened any direction for secrecy passed under Section 23(1) of this Act, or made an application for the grant of a patent outside India in contravention of sub-section 10 of Section 23 of this Act;

(m) that leave to amend the complete specification under Section 34 or 34A was obtained by fraud; or

(n) that the invention so far as claimed in any claim of the complete specification, was secretly used in India, otherwise than as mentioned in sub-section (2) of this section, before the priority date of that claim.

(2) For the purposes of paragraph (n) of sub-section (1) of this section, no account shall be taken of any use of the invention—

(a) for the purpose of reasonable trial or experiment only; or

(b) by the Government or any person authorised by the Government or by a Government undertaking, in consequence of the applicant for the patent or any person from whom he derives title having communicated or disclosed the invention directly or indirectly to the Government or person authorised as aforesaid or to a Government undertaking; or

(c) by any other person, in consequence of the applicant for the patent or any person from whom he derives title having communicated or disclosed the invention, and without the consent or acquiescence of the applicant or of any person from whom he derives title.

(3) For the purposes of paragraphs (c) and (f) of sub-section (1),

(a) no account shall be taken of secret use, and

(b) where the patent is for a process or for a product as made by a process described or claimed, the importation into India, of the product made abroad by that process shall constitute knowledge or use in India of the invention on the date of the importation.

(4) Without prejudice to the provisions of sub-section (1) of this section a patent may be revoked by the High Court on the petition of the Central Government if the High Court is satisfied that the patentee has without reasonable cause failed to comply with the request of the Central Government to make, use or exercise the patented invention for the purposes of Government or of any Government undertaking upon reasonable terms.

(5) Every ground on which a patent may be revoked under this section shall be available as a ground of defence in any proceeding for the infringement of the patent.

(6) A notice of any petition for revocation of a patent under this section shall be served on all persons appearing from the Register to be proprietors of that patent or to have shares or interests therein and it shall not be necessary to serve a notice on any other person.

(7) Subject to the provisions of this Act the High Court may frame rules for the regulation of all matters relating to proceedings before it under this Act."

Clauses 40 to 47—Working of Patents and compulsory licensing.

587. Clauses 40 to 47 of the Bill deal with what are usually termed provisions for compulsory working and compulsory licensing of patents. They reproduce substantially the existing sections 22, 23, 23A, 23B, 23C and 23D of the Patents and Designs Act, 1911 which were introduced in 1950 to give effect to the recommendations of the Patents Enquiry Committee. The amendments brought the law in this country on the topic practically in line with the corresponding provisions of the U.K. Patents Act as enacted in 1949. A special provision regarding inventions relating to food or medicine (Section 23CC) was introduced into the Indian enactment by an amendment effected in 1952 despite the views to the contrary expressed by the Patents Enquiry Committee and now forms Clause 45. It might however be mentioned that Section 23CC substantially adopts Section 41 of the U.K. Patents Act, 1949.

588. I have endeavoured to trace the history of the law in relation to compulsory working and compulsory licensing of patents in the U.K. and other countries (para 126—134 *ante*). Before however proceeding to consider the text of the clauses in the Bill and examine whether these provisions based as they are on the U.K. Patents Act, 1949 would suffice to meet the needs of the country, it is necessary to advert to one matter.

589. In the U.K. the provision regarding compulsory licensing and revocation for non-working was before the Patents Act, 1949 contained primarily in Section 27 of the Patents Act—1907—46 and both the Canadian as well as the Australian legislations have been modelled on it. In considering the sufficiency of Section 27 to

counter the misuse of patent rights the Swan Committee observed (Paras. 29 to 32 of the Second Interim Report):

> "On a superficial reading, these provisions appear to cover all the types of restrictive use of patents discussed above. But their interpretation in the High Court has somewhat narrowed their scope. For instance, in the *Applications by Brownie Wireless Company Ltd.* (46 R.P.C. 457), the Judge, in effect, decided that 'demand' did not include potential demand for a much cheaper model of the article then being sold. The expression 'new trade or industry' has been interpreted in a wide sense, as in the cotton trade or industry (*Petition of the Robin Electric Lamp Company Limited*, 32 R.P.C. pages 213-14; also *Application by Brownie Wireless Company Limited*, 46 R.P.C. 471). In this sense a new trade can only rarely be said to be founded. The expression 'the trade of any person or class of persons trading in the United Kingdom' has been taken to refer only to the existing trade of the applicant (46 R.P.C. page 473). Consequently, this particular provision can be of no benefit to an applicant who wishes to found a new business or extend an old one. The expression 'the public interest' is, according to the same judgement, to be construed in its widest meaning, namely, 'the interest of the community including every class which goes to constitute that body, namely, the purchasing public, the traders and manufacturers, the patentee and his licensees and inventors generally' (46 R.P.C. page 474). According to this interpretation, when there is a conflict between the interests of the patentee and the interests of the purchasing public, the Comptroller is not directed to prefer the wider interests of the public to those of the patentee.

590. "Such interpretations have narrowed the apparent scope of Section 27. Moreover, the uncertainty of its application, the high costs of proceedings under it which are taken to appeal, and the heavy onus of proof cast upon the applicant, who in the ordinary course is not in so advantageous a position as the patentee to furnish proof of the relevant facts, have combined to discourage resort to this section. Relatively few applications have been made under it, while the abuses which it is intended to curb still occur. In our opinion, this section as it now stands, and as now applied, does not provide a sufficient remedy against the restrictive use of patents.

591. "Moreover in our opinion the conception of 'abuse of monopoly' on which it is based is too narrow. 'Abuse' implies some positive malpractice. A patentee may fail to exploit an invention to the full extent which is desirable from the point of view of the development of British production and trade without doing anything which it would be appropriate to describe as an abuse. We are of opinion that future legislation should be aimed not only at the prevention of abuse but also at ensuring the fullest practicable use of the rights conferred by patents."

592. The Committee redrafted the provisions with a view to expand their scope. The U.K. Government accepted these recommendations and Parliament embodied this redraft in sections 37 to 42 of the Act of 1949. When however the construction of the redrafted sections came up for consideration before the Assistant Controller in 72 R.P.C. 169 (*In the matter of Colbourne Engineering Coy. Ltd.'s application....*) the revised language was subjected to a close analysis and compared with the language of Section 27 of the Patents Act, 1907—46 and though it was held that the decisions in the Robin *Electric and Brownie Wireless* cases might not determine the scope of section 37(2) (d) (iii) of the Act of 1949, it is clear that the text of the 1949 provision did not carry out fully the degree of expansion which the Committee sought to achieve. I therefore consider it necessary to effect a change in the language of the provisions in the Bill, in order to ensure that defective phrasing should not defeat the underlying purpose and I have sought in my redraft to attain this end.

593. This apart, as I have already stressed that the requirements of the law or the provisions suitable to a highly industrialised and economically developed country like the U.S.A., or U.K. may not necessarily suffice or be suitable for adoption in an underdeveloped and semi-industrialised country like ours. Such provisions, if adopted, far from furthering the industrial progress of the country might themselves hamper progress. The law has therefore to be suitably fashioned. Account has also to be taken of the fact that more than the 9/10th of the patents on the Indian Register which are of value, are owned by foreign nationals who do not work and have no inclination to work their patents here but are content to rely on their patent monopoly for blocking Indian industry or for the purpose of enabling them to import into this country products made abroad by themselves, their associates or licensees. Most of these foreign patentees are persons who have already obtained patents in their home country and very often also in several other countries in Europe and America for the same invention as the one patented in India. But it is however a fact that owing to reasons which it is beyond my purpose to analyse or explain, there are several countries in Eastern Europe in which these patentees have not applied for or obtained patent protection but in which nevertheless the same processes are used and articles produced which, if manufactured in India without the authorisation of the patentee, would constitute an infringement of the Indian Patent. It is a fact that in these East European countries the price of the article patented in India is in most cases less than that at which it is made available. The effect of the monopoly of importation conferred by the Indian Patent law on the foreign patentees who do not work their invention within the country, has to be judged in the light of these facts.

594. In this connection, it is somewhat interesting to notice that the rule of the U.K. Patents law that the importation of a patented article (as also the analogous rule regarding articles made by the patented process even where the patent extended only to the process) constitutes an infringement of the rights of the patentee was originally conceived of as an inducement and a necessary protection to enable the patentee to work his invention with profit within the country. But in the course of the evolution of the law, the protection against importation became dissevered from the working of the invention by the patentee for which it was designed as a necessary adjunct and has now emerged as an independent right, an exclusive

right of the patentee to import articles manufactured by him abroad without reference to any working of the invention within the country. In the more highly developed and industrialised countries this condition might not cause harm or might possibly even be beneficial. But in countries like India which are striving to industrialise and obtain gainful employment as well as the optimum utilisation for their natural resources, such a law is calculated to hamper the attainment of these ends.

595. The monopoly for importation which patent protection normally confers hurts the country in more ways than one. Apart from importation hindering industrial development, the consumer has to pay such price for the product as the patentee dictates and there are certainly several lines particularly in the field of drugs where the product could be manufactured in India at a cost lower than is charged for that imported. Besides cost, which is not an unimportant factor in the case of an article which is necessary for the health of the community, the working of the industry within the country will be conducive to the acquisition and diffusion of the much needed technical skill by our nationals which is of far greater potential value than the increase in employment of individuals and capital which immediately results Again, this country, as I have already pointed out, is denied the opportunity of importing goods covered by the patent from the alternative sources, to import from which might be of advantage both on account of the currency involved and of lower price.

596. In redrafting these clauses I have sought to bear these factors in mind and also the urgent necessity for the establishment and development of the industries in the country particularly in relation to food and drugs which are of vital importance to the national well-being and health.

597. In view of the considerable changes which I have made in the appended re-draft I have considered it convenient to take my re-draft as the basis and explain the nature and purpose of the changes I suggest as compared to clauses 40 to 47 of the Bill.

(In what follows the references to the clauses are to those as re-drafted and where any clause in the Bill is referred to, this is sufficiently indicated).

Clause 40—Working of patented inventions

598. I have sought to state in this clause the purpose for which patents are granted. It is somewhat in the nature of a preamble and seeks to express what has commonly been understood to be one of the main purposes of a patent grant, namely to work inventions within the country. In the draft of this preamble, I have in part adopted the phraseology employed in the proviso to Section 27(2) of the U.K. Patents Act, 1907 and have added a reference to an abuse to which patents in the Indian Register are particularly subject, namely, their utilisation for merely securing the monopoly of importation.

> "40. **Working of patented inventions.**—"Whereas patents for new inventions are granted to encourage inventions and to secure that the inventions shall be worked in India on a commercial scale and to the fullest extent that is reasonably practicable without undue delay and not merely to enable patentees to enjoy a monopoly for the importation of the patented articles, it is hereby enacted that the following provisions of this Chapter shall have effect."

599. **Clauses 41, 41A, 41B, 41C and 42.**—Clause 41 makes provision for the grant of compulsory licences; 41A for the endorsement on request by the Central Government of a patent with the words "Licences of right", (*vide* Clause 42 of the Bill) and Clause 41B for the revocation of patents if the "reasonable requirements of the public" with respect to the patented invention, as defined in Clause 41C continued to remain unsatisfied, even after the grant of the compulsory licence or the order for endorsement. This last provision for revocation is somewhat similar to Section 42 of the U.K. Act, but has no counterpart in the Bill. I have, however, considered this useful and necessary and have therefore included this provision for the revocation of patents in case of continued "abuse of monopoly" where the grant of licences or the endorsement is found insufficient to secure the working of the invention within the country.

Clause 41—Compulsory licences

600. Clause 41(1) corresponds in general to Clause 40(1) of the Bill though its form has been modelled on sub-section (1) of Section 108 of the Australian Act. The scheme of the provisions in Australia is first to state that compulsory licences or revocation may be had for non-working or inadequate working using the words the "*reasonable requirements of the public with respect to the patented invention not being satisfied*" to express this idea and then to set out in a separate section the circumstances when the reasonable requirement could be taken as not being satisfied. In fact, the italicised words and the form were adopted in Australia from Section 24 of the U.K. Patents and Designs Act, 1907 (themselves derived from earlier U.K. legislation) before its amendment in 1919.

601. Sub-clauses (2) to (4) lay down the procedure to be followed by the Controller, the details of which are set out in Clause 42 corresponding to sub-clauses 2 to 5 of Clause 40 of the Bill.

602. Sub-clause (5).—This reproduces the provisions of Clause 44(2)(a), (b) and (c) of the Bill with slight drafting changes to make the meaning clearer in the light of the decisions on the point.

603. Sub-clause (6) attracts the provisions of Clause 42A (relating to powers exercisable by the Controller) in relation to the compulsory licences granted under Clause 41; and this is in line with Clause 41 of the Bill. Similarly sub-clause (7) attracts the provisions of Clause 42B and Clause 42B corresponds substantially to Clause 44(1) of the Bill with slight verbal changes. The provisions in Clause 42B as regards the bar against importation is new, but is based on the practice in the U.K. under which a compulsory licence is granted permitting importation. As the object of compulsory licensing is to ensure that the invention should be worked within the country, its purpose would not be served but be frustrated if licencees were permitted to import.

604. Sub-clause (9) includes not merely the matter contained in Clause 44 of the Bill but in addition contains a definition of the term "patentee" extended so as to include an "exclusive licensee".

605. This addition has been necessitated in order to get over the decision in the Calbourn Engineering Company's application for compulsory licence (72 R.P.C. 169 at 179), in which it was held that an exclusive licensee of a patent who had the sole right to grant a sub-licence, was not "a patentee" within Section 37(2)(d) of the U.K. Patents Act, 1949 [corresponding to Clause 40(2)(d) of the Bill]. The added words enable this construction to be avoided.

606. **Sub-clause (10)** is new. I consider this a very necessary provision. In the present context of scientific research in this country we might expect an increasing number of applications for patents owned by Government or by Government sponsored undertakings. Where it is possible to commercially work the patented invention in this country, Government or Government undertakings might be expected to do so, either by themselves or through other persons to whom they may voluntarily grant licences. In these circumstances it appeared to me not to be proper that patents owned by Government or by Government undertakings should be subject to the provision of compulsory licensing and of revocation for non-working. I have therefore excluded from the provisions of this Chapter all patents owned by Government and by Government undertakings.

607. The following draft gives effect to the above recommendations:—

"41. **Compulsory Licences.**—(1) At any time after the expiration of three years from the date of the sealing of a patent any person interested may make an application to the Controller alleging that the reasonable requirements of the public with respect to the patented invention have not been satisfied and praying for the grant of a compulsory licence to work the patented invention.

(2) Every application under sub-section (1) shall contain a statement setting out the nature of the applicant's interest together with such particulars as may be prescribed and the facts upon which the application is based.

(3) In considering the application filed under this section the Controller shall follow the procedure prescribed by Section 42.

(4) The Controller if satisfied that the reasonable requirements of the public with respect to the patented invention have not been satisfied may order the patentee to grant a licence upon such terms as he may deem just.

(5) In determining whether or not to make an order in pursuance of an application filed under sub-section (1) the Controller shall take account of the following matters:

(i) the nature of the invention, the time which has elapsed since the sealing of the patent and the measures already taken by the patentee or any licensee to make full use of the invention;

(ii) the ability of the applicant to work the invention to the public advantage;

(iii) where the invention relates to a scheduled industry under the Industries (Regulation and Development) Act 1951 whether the applicant has been or would be granted permission to work the invention if a licence were granted;

(iv) the capacity of the applicant to undertake the risk in providing capital and working the invention if the application is granted;

but shall not take into account any working of the invention by the patentee or those claiming under him after the making of the application.

(6) Where the Controller directs the patentee to grant a licence he may as incidental thereto exercise the powers set out in section 42A.

(7) In settling the terms and conditions of a licence granted under this section, the Controller shall have regard to the matters set out in Section 42-B.

(8) An application under this section may be made by any person notwithstanding that he is already the holder of a licence under the patent and no person shall be estopped from alleging that the reasonable requirements of the public with respect to the patented invention are not satisfied by reason of any admission made by him, whether in such licence or otherwise or by reason of his having accepted such licence.

(9) In this Chapter the expression "patented article" includes any article made by a patented process, and the expression "patentee" includes an exclusive licensee.

(10) No application under this Chapter shall be entertained in respect of a patent owned by the Government or by any Government undertaking."

Clause 41A—Endorsement of patent with words "Licences of right"

608. This provision as to endorsement of patents with the words "Licences of right" finds no place in the Australian Patents Act or the Canadian Act. It was first introduced in the U.K. Patents Law by the amending Act of 1919. When, however, these provisions were taken over into the Indian Patents and Designs Act, 1911 by the amending Act of 1950, the right to apply for such endorsements was confined to the Central Government. "Persons interested" in working the invention might not be expected to desire that others besides themselves should also have the right to obtain licences under the patent and so it appears to me to be sufficient and desirable that the right to apply for endorsements should be restricted as it has hitherto been and as is contained in Clause 42 of the Bill.

609. Clause 41A in its general scope follows the pattern of Clause 42 of the Bill and the changes made are only to bring it in line with the scheme which I have adopted in regard to the redrafting of these provisions.

"41A. **Endorsement of Patent with words "licences of right".**—

(1) At any time after the expiration of three years from the date of the sealing of a patent the Central Government may make an application to the Controller alleging

that the reasonable requirements of the public with respect to the patented invention have not been satisfied and requesting for an order that the patent may be endorsed with the words "Licences of right".

(2) In considering the application filed under sub-section (1), the Controller shall follow the procedure prescribed in Section 42.

(3) The Controller if satisfied that the reasonable requirements of the public with respect to the patented invention have not been satisfied may make an order that the patent be endorsed with the words "Licences of right".

(4) Where a patent has been so endorsed any person who is interested in working the patented invention in India, may require the patentee to grant him a licence for the purpose on reasonable terms and if the parties are unable to agree on the terms of the licence either of them may apply in the prescribed manner to the Controller to settle the terms thereof.

(5) The Controller shall after notice to the parties and hearing them and after making such enquiry as he may deem fit decide the terms on which the licence shall be granted by the patentee.

(6) The provisions of sub-sections (1), (2), (4), (5) and (6) of Section 42A (regarding the powers of the Controller) and of Section 42B shall apply to the licence granted under this section as they apply to licences granted under Section 41.

(7) If in proceedings for the infringement of the patent (otherwise than by importation of the patented article from other countries) the infringing defendant is ready and willing to take a licence upon terms to be settled by the Controller, no injunction shall be awarded against him and the amount recoverable against him by way of damages, if any, shall not exceed double the amount which would have been recoverable against him as licensee if the licence had been dated prior to the earliest infringement.

(8) Where a patent of addition is in force, any request made under this section for an endorsement either of the original patent or of the patent of addition shall be treated as a request for the endorsement of both patents and where a patent of addition is granted in respect of a patent which is already endorsed under this section, the patent of addition shall also be so endorsed.

(9) The renewal fees payable in respect of a patent endorsed as provided under this section shall as from the date of the endorsement be one half of the fees which would otherwise have been payable.

(10) All endorsements of patents made under this section shall be entered in the Register of Patents maintained under Section 67 and published in such manner as may be prescribed."

41B.—Revocation of Patents by the Controller for non-working

610. As I have indicated already, there is no clause corresponding to this in the Bill.

611. A provision for the revocation of a patent in the event of non-working or inadequate working has been a feature of the U.K. Patent law ever since 1902 (*vide* the Patents Act, 1902—2 Edw. 7 ch. 34 s. 3). The U.K. Patents Act of 1907 made the provisions in this regard more stringent (*vide* sections 24 and 27) and this was introduced in a slightly modified form in the Indian Patents and Designs Act, 1911 (Sections 22 and 23). The Patents Enquiry Committee recommended in their interim report the enactment of a law which would vest in the Controller power to revoke a patent for continued non-working, if compulsory licensing proved inadequate to achieve the purpose of getting the inventions worked in the country [*vide* Appendix IV draft of s. 22(11)]. When in pursuance of the recommendation contained in the interim report, the Indian Patents and Designs Act, 1911 was amended in 1950, the provision for revocation for non-working was however omitted, a feature repeated in the Bill of 1953. It may be pointed that such a highly industrialised country like the U.K. in which it is held that the Patent system conduces to the accelaration of the rate of invention and where consequently the rights of patentees are jealously guarded, the Patents Act, 1949 carries a provision (section 42) under which patents which continue to be inadequately worked even after the grant of a compulsory licence could be revoked. I need only recall that when in 1958 a proposal was made at the Lisbon Conference of the International Union for the Protection of Industrial Property to eliminate from the laws of the member States of the Union provisions for the revocation of Patents for non-working, it was opposed by the U.K. Government, whose delegate said:

> "We are in some doubt whether the time is yet ripe to abolish completely the power to revoke patents on the ground of failure to work."

612. I consider that the Indian law should contain a provision for revocation for non-working. My draft of the clause follows in general the lines of section 42 of the U.K. Patents Act, 1949 and Section 109 of the Australian Patents Act, 1952. In the questionnaire which was issued dealing with the provisions as to compulsory licensing, I sought an answer to a query as to whether a provision on the lines of Section 42 of the U.K. Act was desirable. A considerable number of those who answered the questionnaire desired the inclusion of such a provision. Apart from the opinions expressed by these individuals or bodies, I am satisfied that unless there is a residuary power vested in the Controller to revoke a patent in the event of the invention not being worked to an adequate extent in the country, the compulsory licensing provisions themselves might fail to achieve their purpose. Further I consider that the existence of such a provision might itself serve as an inducement to the patentees so to instruct their licensees with the details of such technical information as they have and to render them such assistance as might be needed to enable them to work the invention commercially and adequately so that the patent might remain in force and the patentees derive benefit from the royalties which the licensees should be paying during the term of the patent.

[illegible] above consideration, I consider that it is essential that there should be a provision on the lines of Clause 41B set out below.

"41B. Revocation of Patents by the Controller for non-working.—(1) The Central Government or any person interested may, after the expiration of two years from—

(a) the date of the grant of the first compulsory licence or

(b) where a patent has been endorsed under section 41A with the words "Licences of right" from the date of such order,

apply to the Controller for an order revoking the patent on the ground that the reasonable requirements of the public with respect to a patented invention have not been satisfied.

(2) Every application shall contain such particulars as may be prescribed and the facts upon which such application is based and applications other than by the Central Government shall set out the nature of the applicant's interest.

(3) In considering the application filed under sub-section (1), the Controller shall follow the procedure prescribed by Section 42.

(4) The Controller if satisfied that the reasonable requirements of the public with respect to the patented invention have not been satisfied may make an order revoking the patent."

Clause 41C—When reasonable requirements of the public deemed not satisfied

614. This is the crucial clause in this group of provisions relating to compulsory licensing and revocation for non-working. In drafting this clause, I have followed in general the provisions of Section 110 of the Australian Act of 1952 and combined with it matter found in Section 37(2) of the U.K. Act of 1949, with such changes as appeared to be necessary either to get over some of the decisions in the U.K. or to widen the scope of the provision so as to suit them to the conditions in India.

615. **Sub-clause (1)(a).**—This is based on Section 110(1)(a)(i) of the Australian Patents Act of 1952. The reference here to "a part of the patented article as necessary for its efficient working" is an improvement on the language of the provision in the U.K. Act of 1949 and I have therefore adopted it.

616. **Sub-clause (1) (a) (i).**—This also is an adaptation of Section 110(1)(a) of the Australian Patents Act. The changes that I have made are two; the first consists in the omission of the word "unfairly" qualifying the word "prejudiced", which occurs in the corresponding Australian section and is found in the U.K. Act [Section 37(2)(d)(iii)]. [Compare Clause 40(2)(d)(ii) of the Bill]. The word "unfairly" did not occur in Section 27(2)(d) of the U.K. Patents Act of 1907 but was introduced by the Act of 1949. The omission of this word would avoid the construction put upon the provision in *Colbourne Eng. Coy. Ltd.* (72 R.P.C. 169 at p. 179). The other consists in the reference to the "trade and industry of any person etc.". These words found a place in Section 27(2)(d) of the U.K. Patents Act of 1907—1946 but were omitted in the Act of 1949 possibly because they were considered unnecessary in view of the expression "the establishment or development of commercial or industrial activities" [*vide* draft clause 41C(1)(a)(iv)] which was newly introduced in the Act of 1949. I consider it preferable to retain both these grounds.

617. **Sub-clause (1)(a)(ii).**—This sub-clause has been adopted from Section 110 of the Australian Act with slight drafting changes.

618. **Sub-clause (1)(a)(iii).**—The ground that a demand for the manufacture of a patented article for export might serve as a ground for the grant of a compulsory licence was recommended by the Swan Committee and adopted in the U.K. Patents Act of 1949. This became necessary by reason of the decisions of Courts which held that "the demand" referred to in Section 27(2) of the U.K. Patents Act of 1907—46 was confined to the demand for the product in the United Kingdom. The Swan Committee recommended this extension in view of these decisions (*vide* paragraph 29 of the Second Interim Report of the Swan Committee).

619. The first part of this ground is derived from Section 37(2)(d)(i) of the U.K. Patents Act, 1949. The second part referring to "the creation of a new market" is my addition and appears to me to be an improvement over the provision contained in Section 37(2)(d)(i) of the U.K. Act of 1959 and one needed in view of the country's present industrial requirements.

620. **Sub-clause (1)(a)(iv).**—This paragraph reproduces Section 37(2)(d)(iii) of the U.K. Act, 1949 with this change that the word "unfairly" which qualifies the word "prejudiced" in the U.K. enactment is omitted in my draft for reasons which I have dealt with in my comment under paragraph (i).

621. **Sub-clause (1)(b).**—This paragraph combines the provisions of Section 37(2)(e) of the U.K. Patents Act of 1949 and Section 110(1)(b) of the Australian Act and corresponds in general to Clause 40(2)(c) of the Bill with however the omission of the word "unfairly" which qualifies the word "prejudiced" in the other enactments.

622. **Sub-clause (c).**—This paragraph is particularly based upon Section 37(2)(a) of the U.K. Patents Act, 1949 which has been reproduced in Clause 40(2)(a) of the Bill. An important change that I have made is the omission of the words "being capable of being commercially worked in India." The omission of these words will have a two-fold effect:—

(1) It would deprive the patentee of one of the defences usually raised to applications for a compulsory licence. The very fact that a person comes forward to take a licence offering to pay reasonable royalties to the patentee ought to afford sufficient proof that the invention is capable of being commercially worked within the country and even if according to the patentee the attempt of the applicant to work it would fail, the applicant should be given a chance. This is on the assumption that in fact the invention is capable of being worked in the country.

(2) If in fact the invention cannot be worked within the country, the effect of the omission of these words is to

enable an endorsement of the patent to be obtained on the application by the Central Government. If within two years of such endorsement no one takes any licence under the patent and works the invention, the patent will fall to be dealt with under Clause 41B and could be revoked. The main difficulty faced by an underdeveloped country consists in this, that it may not be always profitable to a patentee to start an industry to work the invention there though it might be useful in the long run for the country to have such an industry established. If the object of the patent law in granting patent protection for an invention is principally to have the patented invention worked within the country so as to diversify employment, there does not seem to be any justification for the grant of a patent monopoly for an invention which cannot be worked within the country. The grant of such a patent is of little value to the national economy and constitutes a handicap to it by reason of the exclusive rights of importation granted to the patentee for the term of the patent. Such exclusive right as already explained precludes the country from seeking alternative sources of supply for the same goods from other countries where the patentee does not enjoy patent protection. It would therefore seem that there is no point in excluding from the operation of this Chapter, patents which are not capable of being commercially worked within the country. In cases where it is not possible to work the invention within the country it will serve national interest to have that patent revoked rather than permit it to be on the Register and enable the patentee to have a monopoly for importing the patented article for the full term of 16 years. In view of these considerations I have thought it proper to remove the condition that a patented invention should be capable of being commercially worked in India, from this clause.

623. **Sub-clause (1)(d).**—This in substance adopts Clause 40(2)(b) of the Bill corresponding to Section 37(2)(b) of the U.K. Act of 1949. The reference however to the category of persons by whom importation might take place is taken from Section 110(1) of the Australian Act, and I have included it for the reason that though the clause merely reproduces the effect of the decisions as to what constitutes importation by a patentee it would be convenient to have in statutory form the precise provisions upon the point.

624. **Sub-clause (1)(e).**—This corresponds to Section 37(2)(c), of the U.K. Act, 1949 and Section 110(1)(d) of the Australian Act and is nearly similar to Clause 40(2)(d)(ii) of the Bill.

625. **Sub-clause (2).**—The frame of this sub-clause has been adapted from Section 110(2) of the Australian Act with two new provisos which I have added. In the sub-clause I have drafted the maximum period for which the Controller might adjourn the application—application for compulsory licence or application for endorsement or application for revocation of the patent—would be 12 months. This would give the patentee four years (1 year+3 years) to work the invention and to resist an application for compulsory licence or compulsory endorsement with the proviso however that the adjournment could be granted only if the patentee has before the date of the application taken adequate steps to start the working of the invention within the country. One of the provisos makes provision for the exclusion of the time when owing to the operation of any enactment or orders of Government a patentee is prevented from starting the industry or working the invention. Where the non-working is due to such a cause it is obvious that a patentee should have further time to avoid orders for compulsory licensing or revocation. Cases however where the patentee does not work the invention because he is unwilling to comply with the conditions which the Government might impose on him, either in regard to the manner of working, or as regards the disposal of the manufactured articles are however specifically excepted.

626. It will be noticed that Clause 40(1) of the Bill provides for an application for a compulsory licence and for endorsement being made only after the expiry of three years from the date of the sealing of the patent. The Patents Enquiry Committee in paragraph 51 of their Interim Report suggested that there might not be this time lag of three years but that applications could be admissible on the sealing of the patent. In making that recommendation they purported to follow the recommendations of the Swan Committee and the draft Bill originally prepared in the U.K. But during the passage of the Bill in the House of Lords this was altered and Section 37 of the Act enabled application for compulsory licences to be made only on the expiry of three years from the date of the sealing of the patent. When the Indian Patents and Designs Act, 1911 was amended by Act 32 of 1950 the amended Section 22 provided for applications for compulsory licence being filed only after the expiration of three years in line with the provision in the U.K. Act of 1949. Clause 40(1), of the Bill follows this provision. I consider that the patentee should be allowed a sufficient interval of time to work the patented invention after the grant of the patent and that the period of three years for which provision has been made in the Bill is reasonable.

627. I also consider that the period of two years after the grant of a compulsory licence or the grant of endorsement of the patent with the words "Licences of right" which is allowed before an application for revocation could be filed is also reasonable. In the U.K. it appears to be a matter of doubt as to whether a patent endorsed with the words "Licences of right" under Section 37 of the U.K. Patents Act, 1949 could be revoked on the ground of non-working under Section 42 of that Act. I have endeavoured to make this point clear in the language used in my draft of Clause 41B.

628. The following draft gives effect to the above recommendations:—

"41C. When reasonable requirements of the public deemed not satisfied.—(1) For the purpose of the last three preceding sections the reasonable requirements of the public shall be deemed not to have been satisfied—

(a) if, by reason of the default of the patentee to manufacture in India to an adequate extent and supply on reasonable terms the patented article or a part of the patented article which is necessary for its efficient