

Secretary, Ministry of Commerce and Industry  
Government of India,  
Udyog Bhawan, New Delhi - 110011  
India  
Attention: Mr. Rajiv Aggarwal  
Email: rajiv.aggarwal@nic.in

**Re: Comments on the Draft Patents Amendment Rules, 2015**

Dear Mr. Aggarwal:

The American Intellectual Property Law Association (“AIPLA”) welcomes the opportunity to submit comments on the draft amendments to the Patents Rules 2003 (“The Patents (Amendment), Rules, 2015”).

AIPLA is a national bar association of approximately 14,000 members who are primarily lawyers engaged in private or corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our mission includes helping establish and maintain fair and effective global laws and policies that stimulate and reward invention while balancing the public’s interest in healthy competition, reasonable costs, and basic fairness. Our members represent both owners and users of intellectual property, across the world, including in India.

AIPLA applauds the Central Government’s efforts to amend and improve the existing Patents Rules, 2003 and welcomes the opportunity to comment thereon. Below, please find below AIPLA’s comments on some of the topics raised in the draft Patents (Amendment), Rules, 2015. While AIPLA was not able to comment on every topic covered by the draft amendment, the absence of a comment on a particular amendment should not be interpreted as agreement with the proposed change.

**Reducing examination time lags**

AIPLA appreciates the intent of the proposed changes to Rule 24B to reduce the time lag in the examination of patent applications and the efforts of the Indian Patent Office to improve efficiency and transparency in the examination process.

The proposed amendment to Rule 24B(4)-(5) reduces from 12 months to 4 months the time for filing a response to an office action and for putting an application in order, which is extendable by another 2 months. In conjunction, the proposed Rule 24B(6) would impose a timeline of 6 months thereafter to dispose of the patent application. For examination requests filed prior to the

implementation of these proposed amendments, the proposed Rule 24B(7) would impose a timeline of 2 years from the reply to the last office action, for the Patent Office to dispose of the patent application.

AIPLA offers several observations regarding these proposed changes.

*First*, on the one hand, failure of a patent applicant to comply with the proposed timeline would be fatal to the patent application itself and, on the other hand, the proposed changes do not address the scenario where the Patent Office is unable to comply with the proposed timeline. Even under the existing Rules, certain timelines have been prescribed. For example, Rule 24B(2)(i) states that a Controller shall forward a patent application to an examiner within one month; Rule 24B(2)(ii) requires that an examiner prepare the examination report within 1 month and in all cases, within 3 months from the date the Controller refers an application to the examiner; and finally, Rule 24B(2)(iii) states that a Controller shall dispose of such an examination report, within one month thereof. Our members have observed that these timelines have not been regularly enforced in practice and applicants could be unfairly disadvantaged by Patent Office delay.

*Second*, the proposed amendments do not address the *time lag that occurs between* the request for examination and the issuance of the first examination report, which our members believe to be quite significant. While the existing Rule 24B(2)(i) requires the Controller to forward an application for examination to the examiner within one month, this limitation has now been removed from the proposed rules. Removing this time requirement, combined with a lack of enforceable timelines to cover this stage of a pending application, is a concern and effectively counteracts any benefit from the proposed Rules 24B(4)-(5).

In view of the above, AIPLA recommends that the timeline mentioned in the existing Rule 24B(2)(i) be retained, and we recommend that the Central Government consider the possibility of providing reasonable patent term extensions in cases where the Patent Office exceeds the timelines imposed under these Rules. AIPLA believes that such a system of patent term extension would improve fairness to applicants and promote accountability.

### **Time-line for putting the application in order**

As per the proposed Rule 24B(4)-(5), applicants would have 4 months, extendable by another 2 months, for putting an application in order. This period would be measured from the date on which the first statement of examination is issued to the applicant.

AIPLA respectfully submits that the timeline ought to be based on the date on which any office action is mailed (or electronically delivered) to the applicant in order to give more certainty to the applicable time period.

Under the proposed rules, the timeline would be measured from the first examination report, irrespective of whether subsequent office actions have been issued. However, there is no timeline imposed on the Patent Office to issue subsequent examination reports. The proposed rules thereby allow for the possibility that the Patent Office may issue reports after the first

examination report at *anytime*, even close to the expiration of the statutory deadline. This may result in applicants having no reasonable opportunity to appropriately respond to such subsequent reports, significantly prejudicing applicants' rights. This is also the case under the current rules, and AIPLA respectfully suggests that the Central Government use this opportunity to address this anomaly.

Accordingly, AIPLA suggests that Rule 24B(4) be amended to state that the timeline for putting an application in order should be extended by appropriate time periods in the event subsequent examination reports are issued.

### **The proposed system of expedited examination**

While AIPLA supports including a system of expedited examination, AIPLA respectfully suggests that the Central Government proceed with caution in implementing this idea in the proposed Rules.

The proposed Rule 24C(b)-(c) enables expedited examination when the invention is being manufactured in India (or is intended to be manufactured within India within 2 years from grant). Subsequent sub-paragraphs contain procedural requirements to be fulfilled for making use of this provision, including filing relevant affidavits and corroborating evidence. The proposed Rule 24D(2) states that any false information in such requests for expedited examination may result in invalidating the patent under the relevant provisions of the Patent Act, 1970.

The grounds for seeking expedited examination under the proposed Rules 24C(b)-(c) are not compatible with the letter and spirit of India's obligations under the Agreement on the Trade-Related Aspects of Intellectual Property Rights ("TRIPs"). The proposed Rules 24C(b)-(c) deal with a matter affecting the acquisition and enforcement of patent rights and effectively, place Indian applicants at a more advantageous position than nationals from other countries. Among others, these provisions constrain foreign nationals to engage in investments within India or license the technology to an Indian national. Such constraints do not necessarily apply to Indian nationals when seeking patent protection in other countries subject to TRIPs. Moreover, Indian nationals are more likely to fulfill the requirement to manufacture in India as compared to nationals from other WTO Member countries. This discriminatory effect would be significant in industry segments where currently India's foreign investment laws place restrictions on foreign investment as well as in situations where corresponding Indian competitors may have a head-start in terms of existing manufacturing capabilities. Accordingly, AIPLA believes that the proposed Rules 24C(b)-(c) may not be in conformity with the obligation of national treatment under Article 3 of the TRIPs.

AIPLA also is concerned that the proposed Rules 24C(b)-(c) are based on several incorrect premises. Among other things, fluctuating market dynamics prevent sufficient certainty that an invention can be successfully commercialized, either when a patent application is filed or when the patent is granted. Genuine initial interest in making an invention in India may not materialize in the future due to commercial considerations, and yet patents covering such inventions may be invalidated for this reason alone for fraud.

In addition, the proposed Rule 24C(c) permits expedited examination where there is intent to make the invention within 2 years from grant. However, this timeline is extremely unrealistic in regulated industry sectors, such as pharmaceuticals and biologics, where regulatory approval itself may take several years.

Equally important, however, is the fact that such a system is not likely to serve the interests of the majority of Indian nationals. In many cases, and particularly in situations involving individual inventors, small scale industries and start-ups, at the time of filing examination requests, the applicant may not have the necessary capital or facilities to undertake making the invention in India. The proposed Rule 24C(i), however, requires proof of such capital and facilities, and therefore, the proposed expedited system would not serve a significantly large section of Indian businesses. This issue equally extends to individual inventors, small scale industries and start-ups, from other countries as well.

AIPLA is concerned with the proposed Rule 24C(13), which states that the Controller may limit the number of requests for expedited examination to be received during the year. This may be prejudicial to applicants filing such requests towards the end of the year.

Finally, proposed Rule 24D(1) states that the relevant provisions in the Act on pre-grant and post-grant opposition proceedings shall apply to an application for which a request for expedited examination has been filed. AIPLA respectfully questions the extent to which provisions relating to the participation of third parties should apply to examination procedures. Such vague cross-references may cause confusion in practice. We suggest reconsideration of the need for such a provision and clarification here to address any potential confusion.

### **Working statements**

AIPLA respectfully submits that it does not favor the statutory requirement to file working statements, since this practice is not required in other patent offices throughout the world. However, in keeping with the scope of the present document, AIPLA confines its comments to the proposed rule changes.

We note that the existing Form-27, which embodies the format in which the annual working statements filed under Section 146(2) of the Patents Act, 1970, requires a patentee and licensee to only “[g]ive whatever details are *available*”, in terms of the extent of working of a patented invention, such as the price and quantity. This flexibility has now been removed in the proposed Form-27. The existing flexibility ensured that in situations where such details are not available, the patentee or the licensee could declare this in good faith.

AIPLA believes that the removal of this flexibility could create a significant barrier to several types of patent applicants, especially those in certain technology sectors where commercial products often contain more than a single patented invention and where innovation occurs at a very high rate. In such cases, it is practically impossible for patentees/licensees to record and maintain details, as required under Form-27. Collating the details for Form-27 is particularly difficult in today’s globalized supply chain, where incremental value additions to a product are

made all over the world and license agreements may cover global patent portfolios of several hundreds to thousands of patents. The law should not mandate the impossible, and removing the above-mentioned flexibility in Form-27 effectively imposes an impossible obligation in such cases.

Furthermore, in the proposed new Form-27, there is a requirement to provide “Quantum” and “Value,” even in the case of “Grant of Licenses” by a patentee. The meaning and scope of these terms in the context of patent licenses are unclear. In particular, the term “Quantum” could refer to sales volume or number of licensees (sub-licensees), or other possible meanings. Similarly, the term “Value” could refer to royalties, or to the product revenue, or other possible meanings.

In view of the above, AIPLA respectfully submits that the proposed Form-27 be amended to require applicants only to “[g]ive whatever details are *available*” and further provide clarity on the meaning and scope of the terms “Quantum” and “Value” in the context of patent licenses. In addition, AIPLA also suggests that the Form-27 be amended to exempt applicants from providing such details where there is no one-to-one correspondence between patent and product or when the licenses by the patentee are not individual patent licenses.

#### **Amendment at national phase**

The proposed Rule 20(1) defines “corresponding to an international application” as “*an international application as filed under international phase of [the PCT], which includes amendments made by the applicant under Article 19, and communicated to Designated Office under Article 20 or any amendment made under sub clause (b) of clause (2) of Article 34 of the [PCT]*”.

AIPLA notes the recent decision issued by the Kolkata Patent Office in India in *Re: Ericsson*, on July 30, 2015, which expresses a similar statement of law, holding that a national phase application that is not identical to the international application, shall be deemed *not* to have been filed in India.

In addition, the above formulation in the proposed Rule 20(1) only deals with amendments made under Article 19 of the PCT that have been communicated to the designated offices under Article 20 of the PCT, thereby implicitly excluding amendments made under Article 19 of the PCT that have *not yet* been communicated to the designated offices. This means that in cases where the amendments under Article 19 of the PCT are not communicated to the designated offices, an applicant would be required to file the unamended international application as the national phase application in India, pay the fee for the unamended application, and be constrained to pursue the same amendment subsequently through an amendment under Sections 56-59 of the Patents Act, 1970. AIPLA notes that the restriction under Section 59 of the Patents Act, 1970 goes much beyond those contained in Article 19(2) of the PCT. The proposed Rule 20(1), together with the aforementioned decision in *Re: Ericsson*, may be misinterpreted to nullify the entitlement to make amendments. AIPLA is concerned that the proposed Rule 20(1) as written thus may be read to be incompatible with the PCT, and we respectfully ask for this issue to be clarified.

In this connection, it may also be important to add that, given these restrictions, an applicant would be constrained to pay the fee based on the claims at the international level, even if the applicant does not intend to pursue many of these claims at national phase in India. This is true particularly in situations where Indian law does not allow the patentability of certain claims and yet, the present and the proposed rules would require the applicant to pay for such claims. AIPLA respectfully submits that this may not be fair to applicants.

In view of the above, AIPLA respectfully requests that the proposed Rule 20(1) be amended to ensure that a patent applicant's entitlement to amend an application under Articles 28 and 41 before the designated office, is retained under Indian law.

**Draft Rule 135**

The proposed amendment to Rule 135 states that if the agent in question does not file the required authorization or power of attorney within three months from the date of filing the application/document, the Patent Office will not process such application/document further. AIPLA suggests that the last sentence of the proposed Rule, i.e. "*...failing which no action shall be taken on such application/documents for further processing*", be deleted, inasmuch as an applicant may suffer delay where patent agents may have failed to be diligent. It is respectfully submitted that applicants should not experience additional delay or lose patent rights based on the fault of an agent alone.

Again, AIPLA appreciates the opportunity to provide these comments on the draft Patents (Amendment), Rules, 2015. Please contact us if you would like us to provide additional information on any issues discussed above.

Sincerely,



Denise W. DeFranco

President

American Intellectual Property Law Association