

Comments on Draft Patent Rules (2019) of India

1. Amendment related to priority documents (Rule 21)

We support this amendment, because the new rule will make clear that, when an application is filed under the PCT, the submission of an English translation of the priority document is required in accordance with Rule 51*bis*.1(e) of the Regulations under the PCT.

We hope that the DPIIT will systematically provide your Controller and Examiners with necessary training in order that they can get prepared for such a rapid change in practice.

We think that the new rule should also require the submission of an English translation of the priority document for a patent application filed with the Patent Office, only when the priority date is relevant to the decision to grant a patent. If the submission of an English translation of the priority document is required based on the same reason for the PCT and Paris-Convention routes, it will help reduce the burden on applicants and the complexity of procedures for examination in India. More specifically, we propose adding the same provisions as in the amended Rule 21 to Rule 121.

2. Amendment related to obligation to furnish statements on working of patented inventions (Rule 131 and Form 27)

(1) Our opinion on this obligation as a whole

We propose abolishing the system for mandatory statements itself. Even if the amended rules and Form are put into effect, the patentees will still have much burden of furnishing their statements. Nowadays, such a system is preserved only in India, which is against the international trend toward less burden on the patentees. (Although a similar system exists in Turkey, it is no longer mandatory but optional.)

If its immediate abolition is practically impossible, we propose making such a revision that can minimize the burden on the right holders.

Under such premise, we submit the following opinions on the amendment:

(2) Draft Rule 131

We agree with the provision that statements shall be furnished "starting from the calendar year commencing immediately after the calendar year in which the patent was granted." This makes clear that it is unnecessary to furnish statements for the calendar year in which

the patent was granted, which will help reduce the burden on the right holders.

However, we disagree with the frequency of submission: once in respect of every calendar year. If the patentees have to collect sales data and prepare documents to furnish their statement every year, they will not only have a heavy workload but also incur cost for the submission via their local representatives. Such burden appears to be too much, when compared to the systems in other countries.

We recommend that the frequency of submission be changed to one of the following:

- (i) Only once for the entire term of a patent, at any point in time after the grant, or
- (ii) A decreased frequency of submission, e.g. once in every three years after the grant.

(3) Draft Form 27

(a) Our opinion on this form as a whole

We generally agree with the modifications that will help reduce the burden on the patentees, e.g. simplification of what types of information to provide in the form when "Not worked," and elimination of certain items such as "number of licenses" and "public demand."

However, even with these modifications, the form will still be complicated and will place a heavy burden on the patentees. Therefore, we recommend that the form be further simplified. An example is a simplified form that can be completed only by clicking checkboxes.

As described later, certain types of information to be provided in Form 27 may contain various confidential information (including trade secrets) for the patentee company, such as information on sales, values, licenses etc., disclosure of which will be considerably detrimental to the patentee. For this reason, submission of these types of information items by Form 27 should be eliminated or be made optional, not mandatory or compulsory. Of course, any penalty for a failure to provide information by Form 27 is unacceptable. If it is not possible to eliminate such items, then we request that the contents of the submitted Form 27 should not be open to the public.

(b) Separate cases for product and process patents

According to the draft form, if the patentee has already worked the patented invention, then they are asked to provide information in different manners, depending on whether the subject matter is a product or a process. We do not think this is appropriate, since the reason for such distinction is not clear and we see little need for this. Another reason why we oppose to this is that there may be a case where such distinction is difficult, e.g. when the scope of patent is defined by a mixture of product and process claims or a product-by-

process claim. Therefore, the distinction between product and process should be abolished.

If it is not possible to abolish this distinction, then we propose that specific examples should be given to clarify how to identify which case is relevant and how to give details in each case.

(c) Approximate value accrued in India

According to the draft form, if the patented invention is worked, the right holder is requested to provide details of approximate value (in INR) accrued in India. We do not think this is appropriate for the reasons described below. This item should therefore be eliminated, or at least, it should be optional, not mandatory.

(i) Firstly, it is not clear what concept and/or calculation method should be applied to determine the approximate value. Moreover, it is not clear whether the "value" is accumulative or on a single-year basis. If accumulative values are required, the starting point of calculation is not clear. Without clear conditions to be based on, the right holders cannot provide information.

(ii) In business activities, sales of patented products are not only achieved by the patented inventions, but also are related to people, goods and money from the sections of development, manufacturing, logistics, marketing, management, etc. It is extremely difficult to extract the amount of value brought about by the patented inventions alone. In recent years, an increasing number of patents are included in individual products; in some cases, a few thousand patents are related to a single product. Consequently, it is difficult to calculate even an approximate value brought about by each patented invention.

(iii) When the right holder is located outside India and the patented products are imported to India by a third party, the right holder often cannot get information about sales by the third party in India. In such a case, it is difficult to calculate the approximate value brought about by the patents in India. Therefore, this requirement is unfair to foreign right holders.

(iv) According to the draft form, where the value accrued from a particular patented invention cannot be derived separately from the value accrued from related patents, the details of all such patents, including the patent numbers, are required to be provided. However, it is not clear what to do if the "related patents" are not Indian patents but foreign patents. If it is necessary to provide information on related patents registered abroad, the right holder will have a huge workload to fill in Form 27 due to the need to collect information on all of the patents related to the products.

(iv) If a product is related to a combination of Indian and foreign patents, it is not clear what concept and/or calculation method should be applied to calculate the value accrued from the Indian patents alone in India. If the "value accrued from all such patents" means a value calculated from the amount of sales in the world, the right holder will have to bear an even heavier workload, which is unacceptable.

(vi) Approximate value accrued in India is confidential information for the right holders, and so is sales data requested in the existing Form 27. According to the rules, information provided in Form 27 shall be publicly available on the website. Therefore, the obligation to provide such information will force the right holders to disclose confidential information.

(d) "Justification for not working" patented invention

In the draft form, the right holders are requested to provide "details with justification for not working" if the patent is not worked. We do not think this is appropriate because we do not clearly see for what reason the justification is needed.

If it is not possible to eliminate this item, then we request at least clarifying the reason why submission of this information is necessary, and giving specific examples of "justification for not working."

The "justification for not working" may contain confidential information. In such a case, the right holders should be allowed to choose not to give such justification.

(e) Requirement of submission of Form 27 by licensees

At the end of the form, there is a note, "Every licensee (exclusive or otherwise) is required to file this Form ... each licensee shall file this Form individually." This part should be deleted for the following reasons.

Since terms and conditions of a license agreement are supposed to be kept secret, licensees are often obliged to maintain the confidentiality. Disclosure of them will constitute a breach of the license agreement. Therefore, submission of the statement on working of patented invention will likely lead to a disclosure of confidential information and a breach of the agreement. Moreover, if such a requirement is imposed on licensees, more and more patentees will hesitate to license their patents, which could make it difficult to work patented inventions and have adverse effects on economic activities in India.

Thank you for reading our comments.