

working of it by reason of the refusal of the patentee to grant a licence or licences on reasonable terms—

- (i) an existing trade or industry or the development thereof or the establishment of any new trade or industry in India or the trade or industry of any person or classes of persons trading or manufacturing in India is prejudiced; or
 - (ii) the demand for the patented article is not being met to an adequate extent or on reasonable terms from manufacture in India; or
 - (iii) a market for the export of the patented article manufactured in India is not being supplied or developed or such market capable of being created is not being created; or
 - (iv) the establishment or development of commercial or industrial activities in India is prejudiced; or
- (b) if by reason of conditions imposed by the patentee (whether, before or after the commencement of this Act), upon the grant of licences under the patent, or upon the purchase, hire or use of the patented article or process the manufacture, use or sale of materials not protected by the patent, or the establishment or development of any trade or industry in India is prejudiced; or
- (c) if the patented invention is not being worked in India on a commercial scale; or
- (cc) if the patented invention is not being worked in India to the fullest extent that is reasonable practicable; or
- (d) if the demand for the patented article in India is being met to a substantial extent by importation from abroad by
- (i) the patentee or persons claiming under him,
 - (ii) by persons directly or indirectly purchasing from him,
 - (iii) by other persons against whom the patentee is not taking or has not taken proceedings for infringement; or
- (e) If the working of the patented invention in India on a commercial scale is being prevented or hindered by the importation from abroad of the patented article by the patentee or the other persons referred to in the preceding paragraph.
- (2) Where in cases to which paragraph (c) of the last preceding sub-section applies, the Controller is satisfied that the time which has elapsed since the sealing of the patent has by reason of the nature of the invention or for some other cause, been insufficient to enable the invention to be worked in India on a commercial scale to an adequate extent, the Controller may adjourn the further hearing of the application under Sections 41, 41A and 41B as the case may be for such period not exceeding 12 months in the

aggregate as appears to him to be sufficient for that purpose:

Provided that such adjournment shall not be ordered unless the Controller is satisfied that the patentee has taken adequate or reasonable steps with promptitude to start the working of the invention in India on a commercial scale and to an adequate extent:

Provided further that where the patentee establishes that the patented invention could not be worked or worked adequately before the date of the application, due to any State or Central enactment or any rule or regulation made thereunder or orders of the Government, otherwise than by the imposition of conditions for the working of the invention in India or for the disposal of the patented articles or of the articles made by the process or made by the use of the patented plant, machinery or apparatus, the period during which such enactment, rule or regulation or order of Government prevented the working of the invention shall be excluded in computing the 12 months referred to in this sub-section."

Clause 42—Procedure for dealing with applications under Section 41.

629. This clause sets out the procedure to be followed by the Controller under Clause 41 which is substantially the same as that contained in Clause 46 of the Bill. By appropriate references the provisions of this section have been made applicable to proceedings relating to the endorsement of a patent with the words "licences of right" and to applications for revocation of patents.

"42. Procedure for dealing with application under Section 41.—

- (1) Where the Controller is satisfied, upon consideration of an application under section 41 that a *prima facie* case has been made out for the making of an order, he shall direct the applicant to serve copies of the application upon the patentee and any other persons appearing from the Register of Patents to be interested in the patent in respect of which the application is made and shall advertise the application.
- (2) The patentee or any other person desiring to oppose the application may, within such time as may be prescribed or within such further time as the Controller may, on application made either before or after the expiration of the prescribed time allow, give to the Controller notice of opposition.
- (3) Any such notice of opposition shall contain a statement setting out the grounds on which the application is opposed.
- (4) Where any such notice of opposition is duly given, the Controller shall notify the applicant and shall give to the applicant and the opponent an opportunity to be heard before deciding the case."

Clause 42-A—Powers of the Controller in granting licences under Section 41:

630. Sub-clauses 1 to 3 of this Clause reproduce the provisions contained in Section 38 of the U.K. Act, 1949. I have added two sub-clauses (4) and (5) which are not found either in the U.K. Act or in the Bill. The new sub-clause (4) is designed to avoid a construction similar to the one adopted in the U.K. in *James Lomax Cathro—Application for compulsory licence* (51 RPC 75). A patentee owned three related patents and an application for compulsory licence was made in respect of all the three. The applicant was able to establish an abuse of monopoly rights only in respect of one of the three. The application was in consequence dismissed in so far as it related to the other patents. The application even for the patent in regard to which abuse was proved was refused on the ground that the compulsory licensee could not, even if the licence were granted work the invention without infringing the other patents in regard to which no abuse of monopoly rights had been established. This decision was rendered under the U.K. Act of 1907, but I consider that the same rule would apply under the Patents Act, 1949.

I am aware that the unsuccessful applicant in the above case obtained subsequently a licence by making a fresh application when he established that the patent in regard to which he was able to establish abuse of monopoly could be worked without infringing the earlier patents (*vide* 51 RPC 475) but this does not alter the point which is relevant for the present purpose. Sub-Clause (4) is designed to overcome this situation.

631. Sub-clause (5).—I have made provision for an application by a licensee to the Controller for a revision of the terms as to royalty on the ground that this proved to be more onerous than originally expected.

632. I have, however, made this right of the licensee to apply for revision of terms subject to three conditions, namely, (1) it would not be entertainable within 12 months from the date of the settlement of the terms, (2) that the licensee must work the patent in order to establish the conditions for revision, and (3) that only one application shall be entertainable by the Controller in respect of a single licence. The ratio behind conditions 1 and 2 needs no explanation while the last condition is designed to impart a finality to the terms at some stage.

633. Sub-clause (6).—Substantially reproduces Clause 41(2) of the Bill.

634. The following is a draft of the clause as revised:—

“42-A. Powers of the Controller in granting licences under Section 41.—(1) Where the Controller is satisfied on application made under Section 41 that the manufacture, use or sale of materials not protected by the patent is unfairly prejudiced by reason of conditions imposed by the patentee upon the grant of licences under the patent, or upon the purchase, hire or use of the patented article or process, he may, subject to the provisions of that section, order the grant of licences under the patent to such customers of the applicant as he thinks fit as well as to the applicant.

(2) Where an application under Section 41 is made by a person being the holder of a licence under the patent the Controller may, if he makes an order for the grant of a licence to the applicant, order the existing licence to be cancelled or may, if he thinks fit instead of making an order for the grant of a licence to the applicant, order the existing licence to be amended.

(3) Where on an application under Section 41 the Controller orders the grant of a licence he may direct that the licence shall operate—

(a) to deprive the patentee of any right which he may have as patentee to make, use, exercise or vend the invention or to grant licences under the patent;

(b) to revoke all existing licences in respect of the invention.

(4) Where two or more patents are held by the same patentee and an applicant for a compulsory licence establishes that the reasonable requirements of the public have not been satisfied with respect to some only of the said patents, then if the Controller is satisfied that the applicant cannot efficiently or satisfactorily work the licence granted to him under those patents without infringing the other patents held by the patentee, the Controller may by order direct the grant of a licence in respect of the other patents also to enable the licensee to work the patent or patents in regard to which a licence is granted under Section 41.

(5) Where the terms and conditions of a licence have been settled by the Controller, an application may be made to the Controller by the licensee for the revision of the terms on the ground that the terms settled have proved to be more onerous than originally expected and that in consequence thereof the licensee is unable to work the invention except at a loss.

Provided however that no such application shall be entertained before the expiry of 12 months from the date on which the terms of the licence have been originally settled by the Controller and shall not be entertained unless the licensee has worked the invention on a commercial scale. No second application for revision under this clause shall be entertained.

(6) Any person to whom a licence has been granted under Section 41 shall be entitled to call upon the patentee to take proceedings to prevent any infringement of the patent and if the patentee refuses or neglects to do so within two months after being so called upon, the licensee may institute proceedings for the infringement in his own name as though he were the patentee, making the patentee a defendant but a patentee so added as defendant shall not be liable for any costs unless he enters an appearance and takes part in the proceedings.”

635. Clause 44(1) (a) of the Bill follows Section 39(1) (a) of the U.K. Act, 1949 in empowering the Controller to grant compulsory licences in those cases where,

- (1) the invention can be worked on a commercial scale in India, and
- (2) it would be in public interest for the invention to be worked in the country without delay.

I have already pointed out why I recommend the deletion of the first requisite.

636. A denial of the second is often put forward by patentees as a defence. In my redraft of the clause, I have dropped the second factor, for the reason that most of the prime industries and lines of industrial activity are governed by the Industries (Development and Regulation) Act, 1951 and Government may be trusted to see whether it is in the public interest that the invention should be worked or worked to a larger extent. Besides, in few of the items of either industrial or consumer goods has the country reached the saturation point so that there is little danger of unregulated over-production.

637. Clause 44(1) (b) of the Bill appears to direct the Controller to secure to the patentee the maximum royalty that could be paid leaving unmentioned the interests of the licensee who is to work the patent and the consumer who by purchasing the patented article ultimately pays the royalty. I have endeavoured to include the interests of these two parties to be taken into account by the Controller.

638. Sub-clause (2) (b) is new only in the sense that it does not find a place in the Bill. It is, however, an adaptation of provisions which found place in Section 24(1) (c) of the U.K. Act, 1907 as amended in 1919, which was, however, confined to licences granted in respect of patents voluntarily endorsed by the patentees with the words "licences of right". The power of the Controller to settle the terms of licences is on the terms of the statute without any restriction. Consequently it is possible that the provision might be construed as enabling the Controller to include as one of the terms of the licence, permission to the licensee to import the patented articles from abroad. I consider it desirable that the matter should be put beyond doubt by specific statutory provision.

639. The following redraft gives effect to the above recommendation:—

"42-B. Terms and conditions of licences to be granted under Section 41.—(1) The powers of the Controller upon an application under Section 41 shall be exercised with a view to securing the following general purposes, that is to say—

- (a) that patented inventions shall be worked on a commercial scale in India without undue delay and to the fullest extent that is reasonably practicable;
- (b) that the interests of any person for the time being working or developing an invention in India under

the protection of a patent shall not be unfairly prejudiced.

- (2) (a): In settling the terms and conditions of a licence under Section 41, the Controller shall endeavour to secure
 - (i) that the royalty and other remuneration, if any, reserved to the patentee, or other person beneficially entitled to the patent, is reasonable, having regard to the nature of the invention, the expenditure incurred by the patentee in making the invention or in developing it and other relevant factors.
 - (ii) that the patented invention is worked to the fullest extent by the person to whom the licence is granted and with reasonable profit to him;
 - (iii) that the patented articles are made available to the public at reasonable prices.
- (b) No licence granted by the Controller shall authorise the licensee to import the patented article from abroad where such importation would, but for such authorisation constitute an infringement of the rights of the patentee."

Clause 43—Licensing of related patents

640. My draft puts into a separate clause the provisions contained in section 37(2) (d) (ii) of the U.K. Act, 1949 read with proviso (c) to Section 37(3) (c). In substance, these provisions of the U.K. Act are contained in Clause 40(2) (d) (ii) read with proviso to Clause 41(1) of the Bill. My object in separating however these provisions from the rest of the compulsory licensing clauses included in Clause 41, rests upon the basic difference between the provision contained in the redrafted clauses 43 and 41. Compulsory licences are granted under the latter clause because of the abuse of monopoly rights, but so far as clause 43 is concerned, it is not a question of abuse of monopoly rights, but is based on the need for the working of inventions; and it is to the public interest that all inventions for which patents are granted should be worked and that no obstacles should be thrown by the existence of other patents in force standing in the way of the working of a patent. This is the reason why I have eliminated from this Clause the requirement that the application for a licence should be filed only after the expiration of three years from the date of grant and have provided that an application for licence under this Clause may be filed at any time after the grant of the patent.

641. One of the common types of abuses of patent monopolies is the use of patents for blocking purposes, i.e. "putting the patented invention on ice" while others are prepared and desirous of working them. The provisions of this clause would effectively counter any tendency to resort to such a form of abuse.

642. The conditions that the applicant must be in a position to and be willing to grant a licence to the other patentee if he so requires, follow similar provisions in the U.K. Act and in the Bill.

643. The following redraft gives effect to the above recommendation:—

"43. Licensing of related patents.—(1) Notwithstanding anything in the other provisions of this chapter, at any time

after the sealing of a patent, any person who has the right to work any other patented invention either as patentee or as licensee thereof, exclusive or otherwise, may apply to the Controller for the grant of a licence of the first mentioned patent on the ground that he is prevented or hindered without such licence, from working the other invention efficiently or to the best advantage possible:

Provided that no order under this section shall be made, unless the Controller is satisfied that the applicant is able and willing to grant or procure the grant to the patentee and his licensees if they so desire a licence in respect of the other invention on reasonable terms.

- (2) When the Controller is satisfied that the conditions of sub-section (1) have been established by the applicant, he may make an order granting a licence under the patent and on request by the patentee or his licensee under the other patent on such terms as he thinks fit.
- (3) The provisions of section 42 and of sub-section 6 of Section 42-A shall apply to the licences granted under this section as they apply to those granted under Section 41."

Clauses 44 and 45—Provisions in relation to patents for food, medicine etc.

644. These two clauses deal with patents for inventions with respect to articles of food or drink, insecticides etc. The provisions now in force are contained in Section 23CC of the Indian Patents and Designs Act, 1911 and these are reproduced in Clause 45 of the Bill.

645. Clause 44 is in the nature of a preamble and it is designed to explain the reason for the special treatment of the inventions falling within this group.

646. In regard to the general scheme of the provisions as drafted, they may broadly be summarised thus:

- (1) The clauses would have retrospective operation and apply as much to patents in force at the commencement of the Act as to those granted subsequent to that date.
- (2) In line with the existing section 23CC of the Indian Patents and Designs Act, 1911 and Clause 45 of the Bill (compare Section 41 of the U.K. Act) the period of grace of three years applicable to applications for compulsory licensing and endorsements under Clauses 41 and 41-A have been eliminated in respect of applications for licensing under this Clause. This is on the ground that compulsory licences in respect of patents relating to food, medicine, insecticides etc. are granted because of the imperative demands of public interest and not on the ground of any abuse of monopoly, a matter fully explained by the House of Lords in the decision of *Parke Davies & Company—vs. the Comptroller-General of Patents—*(71 RPC 169).
- (3) the existing provision in Section 23CC which has been adopted from Section 41 of the U.K. Act of 1949 enacts

that where an application for compulsory licence is made in respect of such inventions, the Controller would be bound to grant it, unless he has good reason for refusing the patent. These last words are of indefinite import though the better view appears to be that the application ought to be allowed unless the Controller were satisfied that the applicant was not a fit person to work the invention to public advantage. This I have endeavoured to clarify by entitling every "approved person" to work the patented invention under a licence. As this class of inventions touch public health, it is very necessary that there should be a guarantee that persons who are permitted to work the inventions are those who are qualified to work them honestly and efficiently. I consider that for this purpose, the screening of the persons who might be permitted to work these inventions should be done by the Central Government instead of by the Controller, as the former would be in a position to discharge this function more satisfactorily, having regard to the means of information available to them. I have accordingly made a provision for applications being made to the Central Government by persons desirous of working any patented invention or class of inventions and the Central Government, after considering such application, according approval and declaring them as "approved persons".

- (4) When once a person is an approved person, with respect to any particular class of inventions the patentee of an invention falling within that class is bound to grant him a licence on reasonable terms and in case of disagreement between himself and the patentee, the terms are to be settled by the Controller. This practically amounts to endorsing patents falling within this group with the words "licences of right"; with only this slight difference that before one is entitled "as of right" to make an application for the grant of a licence, he has to be "approved" by the Central Government. For this reason, I have reduced the renewal fee payable in respect of this class of patents to one-half in line with a similar provision in Clause 41-A.
- (5) I have slightly expanded the class of inventions to which this provision should apply by including articles of food and medicine for animals also. This is in line with the provision in the patent laws of Switzerland, Denmark and certain other countries. I might also point out that the definition of "drug" in the Drugs Act, 1940 includes medicaments for animals.
- (6) In sub-clause (8) I have included a provision for enabling licensees to import this class of goods, but this is subject to special directions of the Central Government taking into account public interest. This is in contrast with the powers of the Controller in regard to compulsory licences in respect of other patents [vide clause 42B(2) (b)] and

is justified by the needs of public health. In this connection the provision in section 51(4) of the Patents Act of New Zealand, 1953 might be noticed.

(7) I have removed sub-clause (4) of Clause 44 of the Bill corresponding to Section 23CC(4) of the Indian Patents and Designs Act, 1911 and made it into a separate clause, the reason being that the several sub-clauses of this clause dealing with the conditions to be imposed upon licences granted under it are obviously inapplicable and inappropriate to the licences to be granted under the other provisions.

647. The following redraft gives effect to the above recommendation:—

"44. Provisions in relation to patents for food, medicine, etc.— Whereas public interest requires that patents for inventions with respect to articles of food or medicine and curative devices and processes therefor should be worked in India with promptitude to the fullest extent possible, by reason of the prime importance of these articles and devices for ensuring the maintenance and promotion of public health and the prevention or alleviation of sickness and suffering, the provisions of the following two sections shall have effect."

648. **"45. Grant of licences by Controller in respect of patents under Section 44.—**(1) Every patent which is in force at the commencement of this Act in respect of an invention relating to a substance used or capable of being used as food, medicine (for men or animals), insecticide, germicide or fungicide or in the production of such food, or medicine or insecticide, germicide or fungicide, and every patent in force at the commencement of this Act and every patent granted thereafter in respect of:

(a) a process for producing any such substance as aforesaid, or

(b) any invention capable of being used as or as part of a surgical or curative device,

shall be subject to the provisions of this and the next succeeding section."

(2) At any time after the sealing of a patent for an invention falling within sub-section (1), any person, being a person approved in this behalf by the Central Government and referred to hereinafter as an "approved person", may require the patentee to grant to him a licence to work the patented invention in India, for the purposes set out in sub-section 9 of this section on reasonable terms.

(3) Where the patentee and an "approved person" are unable to agree as regards the terms of the licence, the same may be settled by the Controller on the application either of the patentee or the "approved person".

(4) Where in respect of a patent referred to in sub-section (1) a licence to work the invention granted before the commencement of this Act is in force, the Controller may on request by the licensee order that the existing licence be exchanged for a licence to be granted by virtue of this section upon terms to be settled by him.

(5) The provisions of sub-sections of Section 42B shall, so far as they are not inconsistent with any provisions of this section, apply to the exercise of the power of the Controller under this Section as they apply to applications under Section 41.

(6) In settling the terms of a licence under sub-section (3), the Controller shall endeavour to secure that food or medicine (for men or animals), insecticides, germicides or fungicides and surgical and curative devices shall be available to the public at the lowest price consistent with the patentees' deriving a reasonable advantage from their patent rights.

(7) A licence granted under this section shall entitle the licensee to make, use, exercise and vend the invention as food, medicine (for men or animals) insecticides, germicides or fungicides or for the purposes of production of food, medicines, insecticides, germicides or fungicides or as part of a surgical or curative device but for no other purposes.

(8) The terms of any licence granted by the Controller under this Section shall not empower the licensee to import the patented article from abroad, provided however that the Central Government may, if public interest so requires, at any time direct the Controller to include such a term (subject to such conditions as it thinks fit) in regard to a licence or licences granted or to be granted in respect of any particular patent, and thereupon the Controller shall give effect to the direction.

(9) The Central Government may on the application of any person desirous of working any patented invention or any class of inventions falling within sub-section (1) of this Section, and made in the prescribed manner, declare such person to be an "approved person" in respect of that invention or that class of inventions for the purpose of this section:

Provided that the Central Government may without prejudice to their rights, powers and privileges under the other provisions of this Act, authorise any person or authority to work an invention or class of inventions and such authorised person or authority shall be deemed to be "an approved person" for the purpose of this section.

Provided always that any person who, at the commencement of this Act, is working as a licensee any patented invention falling within sub-section (1) shall be deemed to be an "approved person" for working such invention.

In granting or refusing to grant such request the Central Government shall take into consideration the following matters:—

- (1) the manufacturing or commercial experience in the field of the applicant,
- (2) the ability of the applicant to secure the required finance and the necessary technical personnel, and
- (3) other relevant factors to ensure that the approved person shall be one who would work the invention efficiently and to public advantage.

(10) The renewal fees payable in respect of a patent falling within sub-section (1) shall be a moiety only of the fees which would otherwise have been payable.

(11) For the removal of doubts, it is hereby enacted that the provisions of this and the following two sections shall be construed as additional to those in the other portions of this chapter and shall prevail if inconsistent with such other provisions."

Clause 45-A.—Revocation for non-working of patents falling under Section 45(1)

649. This clause is new and does not find a place either in the U.K. Act, 1949 or in the Bill. Section 42 of the U.K. Act, 1949 which makes provision for the revocation of patents in case of continued abuse of monopoly even after the grant of a compulsory licence is confined to cases where an application for such licence has been filed under Section 37 (on the ground of abuse of monopoly rights by the patentee) but does not extend to cases where a compulsory licence is granted under Section 41 of that Act, (corresponding to clause 45 of the Bill). I do not consider this logical or satisfactory. If a patent falling within Section 41 of the Bill could be revoked for continued failure to work the invention even after the grant of a compulsory licence, I do not see any reason why a patent in regard to food or medicine which is not worked to an adequate extent within the country should not be revoked where there is continued non-working. If even after the provision in Clause 45 for the grant of licences it is found that the patent is not worked within the country with the result that the purpose sought to be achieved by the grant of the patent is not realised, I consider that national interests require that the patent should be taken off the Register for its presence on the Register constitutes a hindrance to the country's economy. I have therefore made a provision for the revocation of the patent in such circumstances.

650. The condition on which the patent would be revoked is that within a period of four years from the date of the grant of the patent or 2 years from the date of the commencement of the Act, whichever is longer, which I consider is a reasonable sufficient time for working an invention of this class—the demand for the patented product in India is not being met out of the manufacture within the country. If the patentee cannot achieve this either by working the invention himself or by instructing his licensees so to work, there is no purpose in retaining the patent in force which in the circumstances would mean that the patentee would continue to enjoy the monopoly of importing the patented product from abroad which is not in the interest of the country.

651. By a proviso I have suggested that the Controller be vested with power to adjourn a proceeding for revocation for a period of 12 months if it is established before the Controller that sufficient steps have been taken promptly to start working the invention within the country to meet adequately the country's demand for the patented product. I have also added a rider providing for the exclusion of the period covered by the delay caused by statutes or order of Government preventing or hindering the working of the invention with the same exception as regards compliance with conditions which might be imposed as regards working the invention in line with a similar provision in regard to the revocation in Clause 41-B.

652. The following draft gives effect to the above recommendation:—

"45-A. Revocation for non-working of Patents falling under Section 45(1).—(1) In respect of a patent for an invention falling within sub-section (1) of Section 45 of this Act the Central Government or any person interested may, at any time after the expiration of four years from the date of the sealing of the patent or at any time after the expiration of two years from the date of the commencement of this Act, whichever is later, apply to the Controller for the revocation thereof on the ground that the patented invention or any part thereof which is necessary for the efficient working of the patent, has not been commercially worked in India by the patentee or by persons claiming under him to an extent adequate to meet the demand in India for the patented article or that such demand is being met to a substantial extent by importation from abroad, and if on such application the Controller is satisfied that the applicant has established his right to relief, may order the patent to be revoked:

Provided, however, that where it is established to the satisfaction of the Controller that adequate and reasonable steps have with promptitude been taken to start the working of the patented invention in India on a commercial scale and to an adequate extent but that owing to reasons beyond the control of the patentee or those claiming under him, it has not been possible to work or work adequately the invention in India and that if afforded further time there is a reasonable probability of the adequate working of the invention, he may by order adjourn the application for such period not exceeding in the aggregate twelve months, as will, in his opinion, give sufficient time for the invention to be so worked:

Provided further, that where it is established that the patented invention could not be worked or worked adequately before the date of the application for revocation due to any State or Central enactment, rule or regulation thereunder, or some orders of the Government, otherwise than by the imposition of conditions for the working of the invention in India or for the patented article or articles made by the patented process or made by the use of the patented plant or machinery or apparatus, the period during which such enactment, rule or regulation or order of Government prevented such working of the invention shall be excluded in computing the 12 months referred to in this sub-section.

In deciding the application, the Controller shall follow the procedure prescribed by Section 42."

653. **Clause 45-B.—Special provision for notification of patents by the Central Government.**—As stated already, this clause seeks to reproduce the substance of sub-clause (4) of Clause 45 of the Bill,

corresponding to Section 23CC(4) of the Indian Patents and Designs Act, 1911. As to the terms of the licence granted in respect of this type of patents, I have followed and clarified the present provision. The following is a draft of the provision.—

"45-B. Special provision for notification of patents by the Central Government.—The Central Government may, if satisfied that it is expedient and necessary in the public interest that a licence under a patent in force should be granted at any time after the sealing of the patent for any invention not falling within sub-section (1) of Section 45 may so notify in the Official Gazette and thereupon the following provision shall have effect, that is to say—

- (i) The Controller shall on application made at any time after the notification by any person interested grant to the applicant a licence under the said patent on such terms as he thinks fit unless he is satisfied that the applicant has not the capacity to work the invention to the public advantage.
- (ii) In settling the terms of a licence granted under this section, the Controller shall endeavour to secure that the articles manufactured under the patent shall be available to the public at the lowest prices consistent with the patentees' deriving a reasonable advantage from their patent rights.
- (iii) The provisions of Sections 42, 42A, 42B shall apply to the exercise of the power of the Controller to grant licences under this section as they apply to an application under Section 41."

654. Clause 46—Revocation of patent in public interest.—Section 25 of the Indian Patents and Designs Act, 1911 enables the Government to revoke any patent by notification if they are satisfied that the continuance in force of the patent is contrary to the public interest. This provision is omitted in the Bill but I see no reason why it should be excluded. The power conferred may seldom be used but nevertheless it is a useful provision and taking into account the conditions now obtaining as well as future needs I think it would be useful for the furtherance of the national economy. I have substantially reproduced its terms in Clause 46 in my draft.

The following redraft gives effect to the above recommendation:—

"46. Revocation of Patent in public interest.—A patent shall be deemed to be revoked if the Central Government declares by notification in the Official Gazette that the patent or the mode in which it is exercised is mischievous to the State, or generally prejudicial to the public."

Clause 47—Supplementary provisions with respect to orders under this Chapter

655. Sub-Clause (1).—This reproduces Section 23E(1) of the Indian Patents and Designs Act, 1911 which followed Section 83-A of the U.K. Patents Act, 1907—1946. The reference to "any other mode of enforcement" in the U. K. Act was apparently to the enforcement by recourse to the writ of mandamus to which applicants who succeeded before the Board of Trade had to resort, under section 22 of the U.K.

Patents, Designs and Trade Marks Act of 1883—which made no provision for the enforcement of orders granting a compulsory licence. I do not consider there is need for the retention of these words. I would suggest that the sub-clause might read—

"Any order for the grant of a licence under this chapter shall operate as if it were a deed granting a licence executed by the patentee and all other necessary parties embodying the terms and conditions, if any, settled by the Controller."

656. Sub-clause (2).—India is not a party to any international convention and in the reciprocal arrangements which she has entered into there are no restrictions in relation to the grant of a compulsory licence. Hence there is no need for the saving contained in Clause 47 (2). The sub-clause may be deleted.

Clause 47-A—Orders and directions of the Central Government final

657. I have added this new clause to provide that the orders of Government under this chapter which would include orders under Clause 46, are not to be questioned in any court. This should be so since they are passed in exercise of their administrative power on the ground that they are needed in public interest.

The following clause gives effect to the above recommendation:—

"47-A. Orders and directions of Central Government final.—

All orders or directions of the Central Government under this chapter shall be final and shall not be called in question in any court or in any proceeding."

Clause 48—Anticipation by prior publication

658. I have already explained the reasons why I consider that anticipatory publications such as would deprive an invention of novelty should not be confined to publications in India. In view of this, Clause 48(2)(b) of the Bill has to be considerably modified.

659. The language of Clause 48 (1) is derived from Sections 15 and 41 of the U. K. Patents Act, 1907 and I consider that the phraseology employed could be improved by adopting the revision which the provision has undergone in Section 50 of the U. K. Act of 1949. The clause might be redrafted as follows:—

"48. Anticipation by prior publication.—(1) An invention claimed in a complete specification shall not be deemed to have been anticipated or held to be not new by reason only that the invention was published in a specification filed in pursuance of an application for a patent made in India and dated before 1st January 1912.

(2) Subject as hereinafter provided, an invention claimed in a complete specification shall not be deemed to have been anticipated or held to be not new, by reason only that the invention was published before the priority date of the relevant claim of the specification, if the patentee or the applicant for the patent proves—

(a) that the matter published was obtained from him or (where he is not himself the true and first inventor) from any person from whom he derives title, and was

such person; and

- (b) where the patentee or the applicant for the patent or any person from whom he derives title learned of the publication before the date of the application for the patent; that the application was made as soon as reasonably practicable thereafter:

Provided that this sub-section shall not apply, if the invention was before the priority date of the claim commercially worked in India, otherwise than for the purpose of reasonable trial, either by the patentee or the applicant for the patent or any person from whom he derives title or by any other person with the consent of the patentee or the applicant for the patent or any person from whom he derives title.

- (3) Where a complete specification is filed in pursuance of an application for a patent made by a person being the true and first inventor or deriving title from him, an invention claimed in that specification shall not be deemed to have been anticipated by reason only of any other application for a patent in respect of the same invention, made in contravention of the rights of that person, or by reason only that after the date of the filing of that other application, the invention was used or published without the consent of that person, by the applicant in respect of that other application, or by any other person in consequence of any disclosure of the invention by that applicant.

- (4) Notwithstanding anything in this Act, the Controller shall not refuse to accept a complete specification or to grant a patent, and a patent shall not be revoked or invalidated by reason only of any circumstances which by virtue of this section do not constitute an anticipation of the invention claimed in the specification."

Clause 49—Previous communication, display or working

660. Virtually this clause reproduces the provisions contained in Section 51 of the U. K. Patents Act, 1949. The only drafting change I would suggest is in sub-clause (4) where for the words "accept an application", the words "accept a complete specification" might be substituted to bring it in line with my earlier recommendation as regards Clause 18 of the Bill.

Clause 49-A—Use and Publication after provisional specification

661. The U. K. Patents Act, 1949 contains in addition a provision in Section 52 dealing with cases where there has been a publication of an invention after the filing of a provisional specification or a complete specification which has been directed to be treated as a provisional specification under Clause 8(3). Possibly, even without a specific provision of this type, the courts might not treat as an anticipation any publication after the filing of an application for a patent. But still, to avoid any implication that the Indian enactment by omitting this provision intended to depart from the English law, I consider it advisable to include this provision. This puts the matter beyond argument that a publication or a use of an invention after

the priority date of a claim could not amount to an anticipation to deprive an invention of novelty. I have drafted the clause in line with U. K. provision and have numbered it as Clause 49-A.

662. The following draft gives effect to the above recommendation:—

"49-A. Use and publication after provisional specification—

Where a complete specification is filed or proceeded with in pursuance of an application which was accompanied by a provisional specification or where a complete specification filed along with an application is treated by virtue of a direction under sub-section (3) of Section 8 of this Act as a provisional specification, then, notwithstanding anything in this Act, the Controller shall not refuse to grant the patent, and the patent shall not be revoked or invalidated by reason only that any matter described in the provisional specification or in the specification treated as aforesaid as a provisional specification was used in India or published in India or elsewhere at any time after the date of the filing of that specification."

Clause—50 Co-ownership of patents

663. This clause reproduces in substance the provisions contained in Section 54 of the U. K. Patents Act, 1949. The law in regard to the inter se rights of joint patentees is now to be found in Section 37 of the Indian Patents and Designs Act, 1911, which is based upon Section 37 of the U. K. Patents and Designs Act, 1907. The changes made in the U. K. Act, 1949 were in implementation of the recommendation of the Swan Committee (paragraphs 102 to 110 of their final report). Clause 50 of the present Bill removes certain inconveniences and obscurity in language which are to be found in Section 37 of the Indian Patents and Designs Act, 1911 nevertheless it requires slight drafting changes.

664. Under the U. K. Patents Acts before 1949, there was a statutory ban imposed on the right of one co-proprietor to license a patent or his interest in it without the consent of his other co-proprietors. There was however no bar to his assigning his interest in the patent to one or more individuals, the common law right of an owner of property to do so being unfettered. The Swan Committee recommended that this defect should be removed and Section 54(3) of the U. K. Act, 1949 implements this recommendation.

665. Under the U. K. Act, the change effected is directed to apply only to patents granted after the commencement of that Act [vide the opening words of Section 54(1)]. There is no reason, however, why this change should be confined to patents granted after the Act comes into force. It seems to me that it would be desirable to extend the scope of these provisions to patents already in force and provide for a saving clause regarding the rights of existing assignees of partial interests. The words "after the commencement of this Act" occurring in sub-clause (1) may therefore be deleted and a new sub-clause in the following terms added at the end as sub-clause (6):—

"(6) Nothing in this section shall however affect the rights of the assignees of partial interests in a patent created before the commencement of this Act."

... article occurring in the beginning of sub-clause (4) may be replaced by the words "patented article."

666. **Sub-clause (5).**—The expression "as they apply in relation to other choses in action" may be wholly omitted as the expression "choses in action" is inappropriate to Indian legal terminology. This omission would not affect the import of the sub-clause.

Clause 51—Power of Controller to give directions

667. This clause corresponds to Section 55 of the U.K. Act, 1949. I would suggest in addition to the saving in sub-clause (4) [which corresponds to sub-section (5) of Section 55 of the U.K. Act, 1949] a further saving on the lines of Section 154(4)(b) of the Australian Act, 1952 as follows:—

"No direction shall be given under this section so as to affect the mutual rights or obligations of trustees or of the legal representatives of a deceased person or of their rights or obligations as such, or which is inconsistent with the terms of an agreement between co-proprietors of the patent."

CHAPTER XI—Use of inventions for purposes of Government and Acquisition of Inventions by the Central Government

668. In view of the additional provisions I am recommending for inclusion in this chapter, the chapter heading might be altered to read:

"Use of inventions for purposes of Government and Acquisition of Inventions by the Central Government."

Clause 52—Definitions of "Government"

669. The General Clauses Act contains a definition of Government and therefore the present clause 52 defining the words "Government" and "purposes of Government" is unnecessary and may be deleted.

Clause 53—Use of patented inventions for purposes of Government

670. Clause 53 corresponds to Section 46 of the U.K. Act. In line with the U.K. Act, the purpose for which an invention may be used by the Government is in the Bill limited to the use for the purposes of some department of Government. As already stated, the expression "Government" includes "the Central" as well as "the State" Governments and therefore the purposes for which the clauses in Chapter XI of the Bill make provision are the use of inventions for State and Central Governmental purposes.

671. The scope of a patentee's obligation in the standard form of Letters Patent granted in the U.K. prior to the U.K. Patents Act, 1949 was limited to "supplying or causing to be supplied for our (His Majesty's) service all such articles of the said invention as may be required by the officers... administering any department of our service... at such times and upon such reasonable prices."

672. A question was mooted before the Swan Committee as to whether this limitation of the Government's power to use a patented invention or requiring the use of the patented invention only for the purposes of the Government departments would not be unduly restrictive and prove insufficient for the expanded public needs of modern times. In particular, the Committee's attention was drawn

to the fact that even by 1946 there were several public undertakings as well as nationalised industries which partook so much of the character of governmental activity as to justify their being brought within the scope of this power to use patented inventions for public purposes. Nevertheless, they expressed themselves against enlarging the scope of the Government's power in this regard. In paragraphs 70 and 71 of their Final Report they stated:

"Nor do we see any adequate reason for enlarging the purposes for which the Crown may, in normal times, use inventions under the powers conferred by Section 29, the compendious expression "for the services of the Crown" being, in our opinion, sufficient to cover, not only the needs of the armed forces and the requirements of national defence, but also the requirements generally of the various Government departments for their own use.

The status of the bodies who will be managing the nationalised industries has not, so far as we know, as yet been decided, and we feel that it would be premature to discuss the powers which will be available to them. For the purposes of this Report, we assume that they are not to be regarded as Government departments, and that the use of the products of any manufacture they undertake, in so far as they are not supplied for the use of Government departments, would not be regarded as being use of those products for the services of the Crown."

673. A view somewhat similar to that expressed by the Committee regarding the constitutional position of these public corporations was taken by the Court of Appeal in a judgment delivered by Denning L.J. in *Tamlin v. Hannaford* [L.R. (1950) 1 K.B. 18] but the position appears to be still not settled. As Professor Scammell says:—

"The exact constitutional position of the national corporation in charge of nationalised undertakings has not yet been fully settled... It has been suggested that they fall somewhere between Government departments and local authorities."

[*"Nationalisation in Legal Perspective"*, Current Legal Problems (1952).]

674. There has been some discussion of the problems arising out of the peculiar situation of these public corporations in *Narayanaswami Naidu v. Krishnamurthi* (I.L.R. 1958 Madras 513). It would appear that the case of each corporation depends on its own facts and requires a detailed examination of its constituting statute and the relation of the Corporation vis-a-vis the Government. *Tamlin v. Hannaford* however decides that Parliament may establish a corporation which is for all practical purposes a department of Government and the Central Land Board created under the Town and County Planning Act, 1947 was referred to by Denning L.J. as an instance.

675. The provisions of this chapter rest on a principle of high public policy. Under the common Law of England, "prior to the Act of 1883, the Crown was entitled to use patented inventions without the assent of or compensation to the patentee, though it was the practice to reward the patentee *ex-gratia*" (*Terrell on Patents*, 198 C & 1—17

through ever since the Patents, Designs and Trade Marks Act, of 1883 patents bound Crown, there was still reserved to the Crown a wide power to use patented inventions for its purposes. The State which grants a patent monopoly was held entitled to use the invention for governmental needs without reference to the wishes of the patentee subject only to the payment of reasonable compensation, and not what the patentee chose to demand. The question however is whether the governmental needs for which an invention could be used should be confined to use by a Government department. I have considered this question carefully and have reached a conclusion different from that of the Swan Committee.

676. In the first place I do not consider it desirable that the question as to whether any public corporation is or is not a department of Government for the purposes of the utilization of patents should be left in a state of uncertainty. This apart, whatever might be the position in the U.K. I do not consider that in the circumstances of this country it is necessary or proper to restrict the powers of Government as in the U.K.

677. In this connection I might recall a reference to paragraphs 169 to 171 ante wherein I had adverted to the introduction of the "Inventions and Designs (Crown use) Bill, 1953 in the House of Lords and its subsequent withdrawal and finally the enactment of the U.K. Defence Contract Act, 1958. What, however, is relevant to the present discussion is that even in the U.K. there was a realisation that the terms of sections 46 to 48 of the U.K. Act of 1949 were inadequate to meet the requirements of the expanding function of a modern welfare State. I consider that undertakings carried on by Government, being either owned by the Government or in which they have a substantial interest, should be in the same position as a Government department in regard to the right to use patented inventions on payment of compensation without having recourse to the compulsory licensing provisions in Chapter VIII. In the context of India's planned and controlled economy I am unable to perceive any sensible distinction between a Government department running an undertaking such as Posts and Telegraphs or Railways and a public corporation like the Sindri Fertilisers owned and controlled by the Government, though the latter might have a juristic personality different from that of the Government. Further, if in modern times authorities are created for administering new spheres of activity assumed by Government, it stands to reason that these authorities, whatever their juristic position, should be treated as indistinguishable from the State for the present purpose.

678. I therefore consider that for the purposes of this chapter the use of an invention by a Government undertaking should be treated as equivalent to Government use. In view of the nature of the changes I am recommending, I have redrafted the clause to give effect to my views.

679. An explanation is however due as to the form which I have adopted for the redraft of sub-clause (1). The authority to authorise the use of the invention would be the Central Government though the purpose for which that authority may be given, for the purposes of this chapter, would include that of the Central and State Governments as well as Government undertakings. I have done this in

order that there might be co-ordination in the utilisation of a patent, which the existence of a single authority would achieve.

680. The marginal heading in the Bill omits the word "patented" which occurs in the corresponding Section 46(1), of the U.K. Act of 1949. As an invention may be used by the Government even before the grant of the patent, the marginal heading as it now stands, appears to be appropriate. In this connection attention may be drawn to the corresponding section 125 of the Australian Act; where also the marginal heading omits the word "patented" before "invention".

681. Sub-clause (1).—My draft of the sub-clause is modelled on Section 125(1), of the Australian Act.

682. Sub-clause (2).—The words "or tested" which are found in Section 125(2) of the Australian Act, have been included in my draft. The inclusion of the word "applicant" in addition to the word "patentee" was originally suggested by the Swan Committee to be included in this sub-clause in order possibly to provide for Government being able to use an invention even before a patent is granted. But as an express provision has been made in sub-clause (4) for this purpose, there is no need to retain the reference to "applicant" in this sub-clause as is done in the Bill. Besides the words "by the applicant" in sub-clause (2) might suggest that there was an obligation to pay royalty for the use of an invention even in those cases where the application does not ultimately result in a patent. This is certainly not what is intended. I have therefore deleted the words "by the applicant or" occurring in sub-clause (2) of the Bill in my redraft.

683. Sub-clause (3).—My redraft makes two changes (1) by replacing the words "acceptance of the application" by the words "acceptance of the complete specification" to keep in line with my scheme, and (2) the omission of the reference to the "applicant" for the reasons stated with reference to sub-clause (2).

684. Sub-clause (4).—This sub-clause makes provision for authorisation being made by Government for the use of an invention even before the grant of a patent. It might be necessary therefore to make specific provision for an authorisation being given to a person to use the invention by the applicant even before the grant of a patent. The expression "applicant or" occurring in this clause may therefore be retained in addition to the term "patentee" [Compare section 125(3) of the Australian Act].

685. Sub-clause (5).—The sub-clause requires that particulars as to use of the invention by Government should be furnished to the applicant or the patentee as soon as practicable after the use is begun. As the right to compensation as well as the right to sue for infringement would arise only after the grant of patent, the word "applicant" in this sub-clause would appear to be inappropriate and may be deleted. This accords with the U.K. Act, section 46(5).

686. Sub-clause (6).—A comparison of this sub-clause with the corresponding Section 46(6) of the U.K. Act of 1949 shows that the Bill does not make any provision for the use of the invention for the supply of goods to foreign governments in pursuance of any agreement or arrangement with such government outside India. It is not known whether we have any treaty or agreement with our

neighbouring countries, for instance, Nepal, for supply of articles or other defence equipments to them. If we have, a provision on the lines of Section 46(6) of the U.K. Act or Section 125(10) of the Australian Act, would be necessary.

687. Sub-clause (6) of the Bill is restricted to Government's power to sell "any goods no longer required for Government purposes" as in the U.K. This restriction I have removed and a general power given to Government to sell articles made in pursuance of sub-clause (1), a provision which would be essential if the inventions are used in Government industrial undertakings. I have further combined the matter now found in sub-clause (7) with that in sub-clause (6) of the Bill. In effecting this change I have followed the analogy of the Australian Act.

688. Sub-clause (7).—Sub-clause (7) of my draft is new. Under the provisions of Section 53, following in this respect the U.K. Act, where compensation is payable for the use of an invention, the amount is negotiated with the patentee and the payment is made to him [Vide sub-clause (3)] and this even in cases where under the terms of Clause 54 the patentee has to share the compensation with an exclusive licensee or his assignor. It appeared to me somewhat odd that persons who were entitled to share in the compensation should have no voice in settling the total amount payable. I have sought to rectify this anomaly by requiring that the notices under sub-clause (5) which are preliminary to the determination of the compensation should be given to these "sharers" and to ensure that the negotiation of the terms, should in addition to the patentee, be with such persons also.

689. Sub-clause (8).—This extended definition of the phrase "purposes of Government" gives effect to my recommendation as regards the persons or authorities to subserve whose purposes the Central Government might direct any invention to be used.

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

"53. Use of inventions for purpose of Government.—(1) Notwithstanding anything in this Act, at any time after an application for a patent has been filed or a patent has been granted, the Central Government and any person authorised in writing by it may make, use, exercise or vend the invention for the purposes of Government in accordance with the provisions of this chapter.

(2) Where an invention has, before the priority date of the relevant claim of the complete specification, been recorded in a document by or tested or tried by or on behalf of Government, or a Government undertaking otherwise than in consequence of the communication of the invention directly or indirectly by the patentee or by a person from whom he derives title, any use of the invention for the purposes of Government may be made free of any royalty or other payment to the patentee.

(3) In and so far as the invention has not been so recorded or tried or tested as aforesaid, any use of the invention made

by the Central Government or any person authorised by it under sub-section (1) at any time after the acceptance of the complete specification in respect of the patent or in consequence of any such communication as aforesaid, shall be made upon such terms as may be agreed upon, either before or after the use, between the Central Government and the patentee, or as may in default of agreement be determined by the High Court on a reference under Section 55.

- (4) The authorisation by the Central Government in respect of an invention may be given under this section, either before or after the patent is granted and either before or after the acts in respect of which such authorisation is given or done and may be given to any person whether or not he is authorised directly or indirectly by the patentee to make, use, exercise or vend the invention.
- (5) Where an invention has been made, used, exercised or vended by or with the authority of the Central Government under this section, then unless it appears to the Government that it would be contrary to the public interest so to do, the Government shall notify the patentee as soon as practicable after the use has begun and furnish him with such information as to the extent of the making, use, exercise or vending of the invention as he may, from time to time, reasonably require.
- (6) The right to make, use, exercise and vend an invention under sub-section (1) of this section, or any provision for which this section is substituted, shall include the right to sell the goods which have been made in exercise of that right and a purchaser of goods so sold, and a person claiming through him, shall have the power to deal with the goods as if the Government or the Government undertaking, as the case may be, were the patentee of the invention.
- (7) Where in respect of a patent which has been the subject of an authorisation under this section, there is an exclusive licensee as is referred to in Section 54(3), or where such patent has been assigned to the patentee in consideration of royalties or other benefits determined by reference to the use of the invention (including payments by way of minimum royalty), the notice directed to be given under sub-section (5) shall also be given to such exclusive licensee or assignor as the case may be, and the reference to the patentee in sub-section (3) of this section shall be deemed to include a reference to such assignor or exclusive licensee.
- (8) For the purposes of this chapter references to the use of an invention for the purpose of Government shall mean the making, using, exercising or vending the invention for the purposes of the Central Government, the Government of a State or of a Government undertaking."

Clause 54—Rights of third parties in respect of Government use.

691. This clause is substantially a reproduction of section 47 of the U.K. Patents Act, 1949 of which it has been said, "Its language is involved and its interpretation not free from difficulty". Of sub-section (1) of Section 47 of the U.K. Patents Act, the comment has been made that "the word 'use' which occurs four times presumably means in each case the use for the services of the Crown defined in the opening lines and excludes any other use". (The U.K. Patents Act, 1949 published by the Chartered Institute of Patent Agents, pages 107-08). Sub-clause (1) therefore requires to be redrafted to remove ambiguity.

692. The reference in Section 47(1) of the U.K. Act to "the use of an invention by a patentee or an applicant for a patent" was designed to reverse the decision of the Court of Appeal in *Foster Wheeler Ltd., v. E. Green & Son Ltd.* (63 RPC 10). In that case it was held by the Court of Appeal that a patentee who was directed by the Admiralty to supply them with certain patented articles was bound by covenants previously entered into by him whereby he had precluded himself from supplying patented articles to any other than a sole purchaser; a suit by the purchaser restraining the patentee from supplying the Admiralty was consequently sustained. The underlying point of this decision was that a patentee directed to use an invention for Government purposes was not a "person authorised to use" it within the section corresponding to Clause 53 of the Bill. The provision in clause 47(1) is necessary and may be retained.

693. With reference to the same clause, the Swan Committee noticed the decision in *No-Nail Proprietary Ltd. v. No-Nail Boxes Ltd.* (61 RPC 94) where it was held that a stipulation for a minimum royalty entered into between a patentee and a licensee remained operative notwithstanding that the licensee was authorised by a Government department to use the invention for Government purposes. The decision was based on an interpretation of the words used in Section 29(1) of the U.K. Patents Act, 1907-46 "And the terms of any agreement or licence concluded between the inventor or patentee and any person other than Government department, shall be inoperative so far as concerns the making, use or exercise of the invention for the service of the Crown". Atkinson J. held—and his view was upheld by the Court of Appeal—that a clause providing for the payment of minimum royalty was not a payment for the use of the invention but for a failure to exercise or use the invention and was consequently not washed out by the provision just now extracted. The Swan Committee did not consider that the rule required to be altered and made no suggestion in that direction.

694. The phraseology employed in Section 47(1) of the U.K. Act of 1949 "payments in respect of such use or calculated with reference thereto" [which is adopted in Clause 54(1)] would obviously exclude minimum royalty payments with the result that such stipulations would be binding on Government and any payments to be made to licensees would have to take into account the liability of the licensee to pay such a royalty because it would be a component of the price-

charged by the licensee. I do not consider this situation proper. The principle underlying the provision contained in Section 29(1) of the U.K. Act, 1907 (corresponding to Clause 54 of the Bill) was explained by Atkinson J. in the decision just now referred to thus:

"* * *The Crown shall be in a better position than a subject to this extent that though it must pay, though it cannot use without paying something, it shall pay that which is fixed in a particular way and not that which is fixed by an agreement between the patentee and the licensee."

695. Notwithstanding that an agreement for a minimum royalty might not strictly be a payment for the use of an invention or one calculated with reference to such use, I see no principle or logic behind the doctrine that Government which is not bound by a stipulation for royalty based on use, is however bound by a minimum royalty clause.

696. I have redrafted the clause and in sub-clause (1) as redrafted I have specifically included a stipulation for minimum royalty among the conditions which do not bind the Government. The words or "calculated by reference thereto" which occur in the Bill are redundant as such payments are equally "payments in respect of such use" and are therefore omitted.

697. Sub-clause (2).—In view of the inclusion of minimum royalty in sub-clause (1), sub-clause (2) of the Bill becomes unnecessary since it makes provision solely for these cases where exclusive licensees were obliged to pay minimum royalties.

698. Sub-clause (3).—This sub-clause [sub-clause (2) of my redraft] which deals with assignors of patents who had stipulated for royalty payments from patentees has been slightly altered to suit it to the change effected in sub-clause (1).

699. Sub-clause (4).—The last portion of this sub-clause deals with two points: (1) the matters to be taken into account by the High Court in the apportionment of the payment made by the Government between the exclusive licensee paying royalties and the patentee and (2) the right to intervene on the part of the exclusive licensee before Government enters into an agreement with the patentee in regard to payments to be made under Clause 53(3). The sub-clause confers a right on the exclusive licensee to be heard on his giving notice in writing of his interest to the Government before any payment is agreed upon between the Government and the patentee, but there is no provision here or elsewhere for the issue of notice to him before such agreement is entered into by the Government. In the circumstances it would not be possible for the exclusive licensee to give notice of his interest to the Government "before the amount of any such payment has been agreed upon between the Government and the patentee". I have rectified this anomaly by a new provision, Clause 53(7), for the issue of notice to the exclusive licensee and for his being party to any agreement regarding the quantum of compensation. I have simplified the structure of clause 54(4) of the Bill and have redrafted it renumbering it as sub-clause (3).

in respect of which an application for a patent is pending, made for the purposes of Government—

- (a) by the Central Government or any person authorised by the Central Government under Section 53; or
- (b) by the patentee or applicant for the patent to the order made by the Central Government,

the provisions of any licence, assignment or agreement made, whether before or after the commencement of this Act, between the patentee or applicant for the patent (or any person who derives title from him or from whom he derives title) and any person other than the Central Government, shall be of no effect so far as those provisions—

- (i) restrict or regulate the use for the purposes of Government of the invention, or of any model, document or technical information relating thereto, or
- (ii) provide for the making of payments in respect of any use of the invention or model, etc. for the purposes of Government (including payments by way of minimum royalty); and the reproduction or publication of any model or document in connection with the said use for the purposes of Government shall not be deemed to be an infringement of any copyright subsisting in the model or document.

(2) Where the patent or the right to apply for or obtain a patent, has been assigned to the patentee in consideration of royalties or other benefits determined by reference to the use of the invention (including payments by way of minimum royalty) then in relation to any use of the invention made for the purposes of Government by the patentee to the order of the Central Government, sub-section (3) of Section 53 shall have effect as if that use were made by virtue of an authority given under that section; and any use of the invention for the purposes of Government by virtue of sub-section (3) of that section shall have effect as if the reference to the patentee included a reference to the assignor of the patent, and any sum payable by virtue of that sub-section shall be divided between the patentee and the assignor in such proportion as may be agreed upon between them or as may in default of agreement be determined by the High Court on a reference under Section 55.

(3) Where by virtue of sub-section (3) of Section 53 of this Act, payments are required to be made by the Central Government in respect of the use of an invention for the purposes of Government and where in respect of such patent there is an exclusive licensee authorised under his licence to use the invention for the purposes of Government, such sum shall be shared by the patentee and such licensee in such proportions, if any, as may be agreed upon between them or in default of agreement be determined by the High Court

under section 55 to be just, having regard to any expenditure incurred by the licensee—

- (a) in developing the said invention; or
- (b) in making payments to the patentees other than royalties or other benefits determined by reference to the use of the invention including payments by way of minimum royalty in consideration of the licence."

New Clause 54-A—Acquisition of inventions—Patents by the Central Government.

701. Section 21-A of the Indian Patents and Designs Act contains provisions regarding patents relating to instruments or munitions of war which have been assigned to the Central Government. This section was based on Section 30 of the U.K. Act, 1907—1946.

702. The Swan Committee suggested comprehensive provisions for dealing with security inventions and for the use by Government of patented inventions for Governmental purposes. Their recommendation was accepted and Section 18 of the U.K. Act, 1949 incorporates the provision as to the directions for secrecy which was evolved during the World War II, and to be found in the Defence Regulations of 1939, and Sections 46 to 49 of the U.K. Act deal with "Crown use" of inventions. The provision as regards acquisition of inventions by Government by voluntary purchase or assignments contained in Section 30 of the U.K. Act, 1907—1946, were deleted in the Act of 1949.

703. The Indian Patents Bill follows this pattern. The provisions relating to security patents are contained in Clause 23, those relating to Government use of patented inventions in Clauses 52 to 56 and there is no clause corresponding to Section 21-A of the Indian Patents and Designs Act, 1911.

704. I am of opinion that in India there is a need for a provision for enabling Government to compulsorily acquire patented inventions or inventions for which applications for patents are pending, as under the law, as it stands, Government have no power to make such acquisition. Such a power to acquire a patent would be useful to Government in more than one contingency. For instance, where the Government have to pay compensation for the use of an invention under Clause 53(3), the payment to be made would depend upon the amount of use of the patented invention. In conceivable cases it might be more economical to buy the patent outright, instead of having to make periodical payments of royalty. Again, there might be cases where it would be necessary to acquire a patent outright in the public interest, for the proper exploitation of the invention. It may also be necessary in some cases to acquire allied or cognate inventions or patents of improvement for the proper and efficient working of a main invention.

705. The Bill no doubt provides for obtaining compulsory licences under certain circumstances but apart from the necessity to establish the statutory conditions before such licences are obtained, an outright purchase might in some cases be more economical and satisfactory than a licence under the patent. After all the power

to acquire would be merely enabling and as it might be useful in certain contingencies, I would recommend a provision on the lines of Clause 54-A which follows. I might add that a similar provision exists in Australia (vide Section 129 of the Australian Patents Act, 1952-55).

706. "54-A. Acquisition of inventions and Patents by the Central Government.—(1) The Central Government may, if satisfied that it is necessary that an invention being the subject of an application for a patent or a patent should be acquired from the applicant or the patentee for a public purpose, publish a notification to that effect in the Official Gazette, and thereupon the invention or patent, and all rights in respect of the invention or patent shall, by force of this section, stand transferred to and be vested in the Central Government.

(2) Notice of the acquisition shall be given to the applicant or if a patent has been granted to the patentee and other persons, if any, appearing in the register as having an interest in the patent.

(3) The Central Government shall pay to the applicant or patentee and other persons appearing on the register as having an interest in the patent such compensation as may be agreed upon between the Central Government and the applicant, patentee or other persons as the case may be; or, as may in default of an agreement, be determined by the High Court under Section 55 of the Act.

(4) The Central Government may by rules made under this Act prescribe the manner in which the compensation payable for the acquisition of an invention shall be determined."

Clause 55—Reference of disputes as to Government use.

707. This clause corresponds to Section 48 of the U.K. Act of 1949. I have redrafted sub-clauses 1 to 3 to bring them into line with my other recommendations and also with a view to clarify the import of the provisions contained in them.

708. Sub-clause (1).—The reference to the High Court in the sub-clause as well as in the rest of the section is to that High Court which has territorial jurisdiction over the patent. It will be noticed that in this sub-clause the party to the dispute on the Government side is the Central Government though the use to which the invention was put which gave rise to the dispute might have been for the benefit of a State or a Government undertaking. The reason for this is that under Clause 53 it is the Central Government alone that gives the authorisation whether the purpose be that of the Central Government or of a State Government or of a Government undertaking.

709. The proviso to sub-clause (1) of the Bill needs revision. In view of the fact that it is possible that parties that raise the dispute are employees of Government undertakings the scope of the proviso should be widened. The next question that would arise is as to the authority to decide the dispute, whether this

should be the employer in each particular case or whether one Central authority should be vested with jurisdiction in that behalf. In view of the position of the Central Government vis-a-vis the administration of the patent laws as also the circumstances that it is an authorisation by them that enabled use to be made of a patented invention giving rise to the dispute before the Court, I consider that it would be advantageous and proper that the Central Government should be vested with jurisdiction to decide the dispute and have accordingly made provision therefor in my redraft of the proviso.

710. Sub-clause (2).—This sub-clause enables applications being made by Government for the revocation of the patent upon any of the grounds set out in Section 37. There are two points arising out of this: (1) The sub-clause does not expressly state whether such revocation proceedings should be by way of an independent application or by way of counter claim in the same proceeding. Since Government would have the power to apply for revocation of the patent under the terms of Clause 37 by an independent proceeding it is presumed that the reference to revocation in sub-clause (2) is one by way of counter claim in the same proceeding in which the Government's right to use the invention or the terms of payment for such use are in dispute before the High Court. I have made this clear in my redraft. (2) The Bill empowers "the Government" to apply for revocation which would mean the Central Government or the Government of any State. In my redraft of Clause 37 I have confined the right to file petitions for the revocation of a patent to the Central Government. Because of that provision and also for the reason that the dispute before the Court in which the counter-claim for revocation would be filed, would be one between the Central Government and the patentee, I have in my redraft restricted the right to apply for revocation by way of counter-claim to the Central Government.

711. The words "in any case" in sub-clause (2)(b) of the Bill are taken from section 48(2)(b) of the U.K. Act of 1949 but are somewhat obscure. These words are apparently intended as a contrast to the words "if the patentee is a party to the proceedings" occurring in paragraph (a) of sub-clause (2), so as to cover cases where the patentee is not a party to the proceeding. The words "in any case" have therefore been substituted by the words "whether the patentee is or is not a party to the proceedings".

712. Sub-clause (3).—The expression "counsel" in this sub-clause may be substituted by the word "Advocates" which is the term normally used in India. In view of the fact that the proceedings under Clause 55 are before a High Court, it is not proper to use the words "Legal Practitioners" or "Pleaders" and my redraft carries this out.

713. The following is a draft of clause 55:—

"55. Reference of disputes as to Government use.—(1) any dispute as to the exercise by the Central Government or a person authorised by it of the powers conferred by

Section 53, or as to terms for the use of an invention for the purposes of the Government thereunder or as to the right of any person to receive any part of a payment made in pursuance of sub-section (3) of that section or as to the amount of compensation payable for the acquisition of an invention or a patent under Section 54-A, may be referred to the High Court by either party to the dispute in such manner as may be prescribed by the rules of the High Court:

Provided that where the invention claimed in the patent was made by a person who at that time was in the service of the Central Government, or of the Government of a State, or was an employee of a Government undertaking and the subject matter of the invention is certified by the relevant Government or the principal officer of the Government undertaking to be connected with the work done in the course of the normal duties of a Government servant or employee of the Government undertaking, any such dispute shall be settled by the Central Government after hearing the patentee and such other parties as the Central Government considers have interest in the matter.

- (2) In any proceedings under this section to which the Central Government is a party, the Central Government may—
 - (a) if the patentee is a party to the proceedings petition by way of counter-claim for revocation of the patent on any ground upon which a patent may be revoked under Section 37; and
 - (b) whether a patentee is or is not a party to the proceedings, put in issue the validity of the patent without petitioning for its revocation.
- (3) If in such proceedings as aforesaid any question arises whether an invention has been recorded, tested or tried as is mentioned in Section 53, and the disclosure of any document recording the invention, or of any evidence of the test or trial thereof, would, in the opinion of the Central Government, be prejudicial to the public interest, the disclosure may be made confidentially to the Advocate of the other party or to an independent expert mutually agreed upon.
- (4) In determining under this section any dispute between the Central Government and any person as to terms for the use of an invention for the purposes of the Government, the High Court shall have regard to any benefit or compensation which that person or any person from whom he derives title, may have received, or may be entitled to receive, directly or indirectly in respect of the use of the invention in question for the purposes of Government.
- (5) In any proceedings under this section, the High Court may at any time order the whole proceedings or any

question or issue of fact arising therein to be referred to an official referee, Commissioner or an arbitrator on such terms as the High Court may direct and references to the High Court in the foregoing provisions of this section shall be construed accordingly".

Clause 56—Saving

714. This clause is a reproduction of Section 102(2) of the U.K. Act of 1949. Under the corresponding section 128 of the Australian Act, however, the restrictive words "under any law for the time being in force relating to customs or excise" do not occur. As other Indian enactments besides the Sea Customs Act and the Central Excise Act contain provisions under which forfeitures may take place, (*vide* for instance sections 126 and 127 Chapter XVIII of the Indian Penal Code) the scope of the clause should not be confined to articles forfeited under laws relating to Customs or excise. I would suggest that the Australian model may be followed and the words "relating to customs or excise" be deleted.

Clause 57—Power of Court to make declaration as to non-infringement.

715. This clause is substantially a reproduction of Section 66 of the U.K. Act of 1949. The Swan Committee recommended the adoption of this provision in view of the rule in equity that the Courts had no jurisdiction to pronounce a declaratory judgment unless the defendant had denied the right of the plaintiff and asserted any adverse right in himself. The position is the same in India under Section 42 of the Specific Relief Act, Act I of 1887.

716. The Swan Committee dealt with this matter in paragraphs 135 to 139 of their final report. The Committee considered that provisions which had been adopted in the patent laws of Australia, Czechoslovakia and Canada, providing for obtaining a declaratory judgment might be usefully incorporated in the U.K. Patents Act of 1949 subject to certain conditions.

717. This recommendation was accepted by Parliament and the provision including the conditions suggested were enacted as Section 66 of the U.K. Act, 1949. I consider it would be an advantage to have a similar provision in the Indian statute also.

718. The drafting of Clause 57(1) is however defective in so far as it does not specify the relief which the plaintiff seeks and which he desires or insists upon the defendant acknowledging. This sub-clause does not also state, as does the U.K. section that the relief was available "notwithstanding that no assertion to the contrary had been made by the patentee or licensee". If the opening words of sub-clause (1) are substituted by the following, these defects would be remedied:

"57. Power of Court to make declaration as to non-infringement.—(1) Notwithstanding anything contained in Section 42 of the Specific Relief Act, 1887 (Act I of 1887), any person may institute a suit in the District Court having jurisdiction, for a declaration that the use by him of any process, or the making, use, or sale of any article by

him, does not or would not constitute an infringement of a claim of a patent against the patentee or the holder of an exclusive licence under the patent, notwithstanding that no assertion to the contrary has been made by the patentee or the licensee, if it is shown....."

719. Sub-clause (2).—This sub-clause follows sub-section (2) of Section 66 of the U.K. Act, 1949 which implemented the recommendation contained in paragraph 139(2) of the report of the Swan Committee. The words "District Court" may be substituted by the word "Court".

720. Sub-clause (3).—This sub-clause reproduces substantially Section 66(3) of the U.K. Act of 1949 and Section 120(5) of the Australian Act. The last portion of the sub-clause, however, needs revision. An implication which might be raised by the granting of a declaration as to non-infringement in favour of the plaintiff might be that the patent is not valid. It is this implication which is stated to be negated by the words at the end of the sub-clause. Similarly the possible implication that would arise when the plaintiff's suit for declaration as to infringement is dismissed might be that the patent is valid. The clause should expressly seek to negate this implication also as in the case of the other one. Accordingly, I would suggest that the last portion of the sub-clause might run thus:

"The making or refusal of such a declaration in the case of a patent shall not be deemed to imply that the patent is invalid or valid".

721. Sub-clause (4).—I would suggest that the words "date of advertisement of acceptance" be changed to "date of publication of the complete specification" as in the U.K. Act of 1949.

722. Clause 58—Suits for infringement of patents: Sub-clause (1).—I suggest that this sub-clause may follow the lines of Sections 105 and 106 of the Trade and Merchandise Marks Act, 1958 (Act 43 of 1958) and be in this form:

"(1) No suit by a patentee for infringement of a patent shall be instituted in any court inferior to the District Court having jurisdiction to try the suit.

(1A) The relief which a Court may grant in any suit for infringement includes an injunction (subject to such terms, if any, as the Court thinks fit) and at the option of the plaintiff, either damages or an account of profits".

723. It would be seen that in the redrafted sub-clause (1) the acts constituting infringement are not set out but these would have to be gathered from the provisions contained in Clause 27 read in the light of the patent grant.

724. The new sub-clause (1A) would merely define the reliefs which the Court may grant to the successful plaintiff in a suit for infringement.

725. In the United Kingdom before 1919 it was open to the successful plaintiff in an infringement action to obtain in addition to an injunction either damages or an account of profits. The latter

alternative, namely, an account of profits was taken away by Section 10 of the U.K. Amending Act of 1919 (amending Section 34 of the Act of 1907) and the plaintiff's rights were restricted to an injunction and damages. The Swan Committee recommended the restoration of the law as it was before 1919 and this recommendation has been implemented in Section 60 of the U.K. Act, 1949. Under the Indian Patents and Designs Act, 1911 the successful plaintiff in an infringement action may, in addition to an injunction, obtain either damages or an account of profits. The same position obtains under the Trade and Merchandise Marks Act, 1958 also. My redraft adopts the form in Section 106 of the Trade and Merchandise Marks Act, 1958.

726. Sub-clauses (2) and (3).—These sub-clauses reproduce substantially sub-sections (1) and (2) respectively of Section 63 of the U.K. Act, 1949. The only change I would suggest is the addition of the words "or an account of profits" after the words "in awarding damages" in sub-clause (2).

727. With regard to sub-clause (4), the corresponding provision in the U.K. Act of 1949 is to be found in sub-section (4) of Section 32 which deals with revocation of patents. I have in my redraft of Clause 37 included this provision as sub-clause (5). Besides, a provision on these lines in this clause might unless properly phrased be interpreted as enabling a defence to be raised on the ground that the patent is liable to be revoked under Chapter VIII which is not intended. Hence sub-clause (4) may be deleted.

728. Sub-clause (5).—In the scheme which I have outlined earlier (*vide* paragraph 284 *et seq* *ante*), every District Court and every High Court having original jurisdiction would be competent to entertain suits in relation to infringement of patents. In such suits, it would be open to the defendant to raise a plea attacking the validity of the patent, and such courts would be competent to decide that issue and pronounce upon the validity or otherwise of the patent. Such a decision however would have no effect on the patent as such; it would only be binding as *res judicata* between the parties to that litigation.

729. If the defendant desires to have a patent revoked, the proceedings for the purpose would have to be initiated in the competent High Court which would have jurisdiction over the patent in question. In view of this scheme the provision for a counter-claim as is provided for in sub-clause (5) is out of place and might therefore be deleted.

730. In this connection the only other point to be considered is whether there is any necessity for making a provision for a defence by way of counter-claim for the revocation of a patent where the suit for infringement is filed in a High Court which is competent to entertain a petition for the revocation of that patent. I do not consider it necessary to make any specific provision for this purpose. The competent High Court might be one of the three chartered High Courts, namely, Madras, Bombay and Calcutta and these Courts have by their rules made provision for the entertainment of counter-claims. In the case of these courts therefore, without any provision therefor in the Patents Act, a counter-claim for

revocation would be open as supplemental to a defence raising the validity of the patent

731. In regard to the other High Courts, as they do not have, under their Letters Patent any original jurisdiction, suits for infringement could come up for trial before them only if such suits are transferred under the powers contained in Section 24 of the Civil Procedure Code. In cases of such transfers, these Courts would be bound to follow the procedure which would have applied if the suits were tried in the Courts in which they were originally filed, with the result that the procedure by way of counter-claim might not be applicable. But even here no real inconvenience would be felt because in such a contingency, the transferred suit for infringement and any substantive petition for revocation filed before that competent court could be heard and disposed of together and the High Courts might be expected to order a joint trial of connected proceedings. I need hardly point out that if the suit remains in the District Court, there is no question of a counter-claim because the District Courts would be incompetent to entertain petitions for revocation of patents.

Clause 59—Innocent infringement—Liability for Damages

732. Under the Bill, a successful plaintiff in an action for infringement is entitled to damages or an account of profits made by the infringing defendant. Clause 59 embodies the rule imposing the restriction on the recovery of damages where the infringement is innocent, its language being modelled on Section 30 of the Indian Patents and Designs Act, 1911. Based on this language an argument was addressed to me in a case relating to the infringement of a patent regarding Sulphathiazol, that the statutory protection afforded to innocent infringers was confined to claims for damages and did not extend to a claim for an account of profits. This argument was possible because Section 30 of the Indian Patents and Designs Act, 1911 while referring to claims to damages, did not refer to the relief of an account of profits and a similar argument would be open on the terms of Clause 59. I would therefore suggest the inclusion of the words "or an account of profits" after the words "damages" in sub-clauses (1), (2) and (3). The marginal heading also might be similarly modified.

733. There is one further matter to be noticed in regard to the language used in sub-clause (1) to indicate the state of mind of the innocent infringer to qualify for the statutory protection. The words used in the sub-clause are: "he was not aware nor had reasonable means of making himself aware of the existence of the patent". The italicized words are repeated in the explanation to the sub-section. The words used in the corresponding section 59 of the U.K. Act, 1949 are: "had no reasonable grounds for supposing", while the Australian Act [Section 124(2)], uses the expression "had no reasons to believe". The distinction between the Australian and the U.K. forms appears to be that "belief" implies a higher degree of awareness than "supposing". For the purposes of this clause, it would be necessary for the infringer to establish that the infringement was committed in good faith. There would be a lack of good faith only if there are no reasonable grounds for belief that the patent existed. The words used in the Bill "nor had reasonable means of making himself aware of the

existence of the patent" equates means of knowledge with knowledge itself which does not appear to me to be either just or proper. I consider the Australian form more appropriate and would recommend its adoption. This would mean the substitution of the words "and had no reasonable grounds for believing that the patent existed" for the words "nor had reasonable means of making himself aware of the existence of the patent". I would only add that this would bring the scope of the protection afforded by clause 59 into line with that contained in Section 106(1)(b)(i) of the Trade and Merchandise Marks Act, 1958, which deals with the case of an innocent infringer of a registered trade mark. The phraseology of the explanation should be suitably modified to make it accord with the change in sub-clause (1).

Clause 60—Order of inspection etc. in suit

734. This clause corresponds to the provisions of Section 31 of the Indian Patents and Designs Act, 1911. In the U.K. there is no corresponding provision but in conducting an enquiry and granting interim relief, the court adopts the procedure laid down in rule 20 of Order 53-A of the Supreme Court Rules. As the Civil Courts in India are governed by the provisions of the Civil Procedure Code, which confers upon them power to pass interim orders by way of inspection, injunction, accounts or the imposition of other terms, there is no necessity for this provision in the Bill. The clause may be deleted.

Clause 61—Certificate of contested validity of specification

735. The clause is derived from Section 32 of the Indian Patents and Designs Act of 1911 which follows Section 35 of the U.K. Patents and Designs Act, 1907, a section which underwent modification in the U.K. Patents Act of 1949. The power to grant certificates of validity was before 1949 confined to actions for infringement and did not extend to cases where the validity of a claim was unsuccessfully challenged in a petition for revocation. The law was altered in 1949 and under Section 64(1) of the U.K. Act of 1949, certificates of validity could be granted in any proceeding in which the validity of a claim of a specification was challenged and was upheld. Section 169 of the Australian Act follows in this respect the provision contained in Section 64 of the U.K. Act of 1949. Undoubtedly there is logic in the change effected by the U.K. Patents Act of 1949 but for reasons which I shall set out presently I would recommend that the proceedings in which certificate of validity could be granted be confined to petitions for revocation.

736. Under the scheme which I have dealt with in detail earlier (vide paragraph 291 ante) I have suggested that while the validity of the claims of a patent could be challenged in any suit for infringement the same would not affect the patent as such but only have effect as a proceeding *inter partes* between the parties to the infringement action. If the validity of a claim of a patent is desired to be challenged so as to affect the patent itself, this should be done only in a petition for revocation which could be entertained by that High Court, which would have territorial jurisdiction over the office in which that patent is registered or is deemed to be registered. As

infringement actions could be filed in any District Court which has territorial jurisdiction to entertain the suit and as the result of the proceeding is not binding on any person not a party to that proceeding, there is the possibility of the validity of a claim being upheld in one court and pronounced against by a different court trying another infringement action. If the validity of the claim should come up for consideration on a third occasion and there are conflicting earlier decisions touching the validity of the claim it would not be possible for that Court to grant any relief on the basis of the certificate of validity. In the U.K. such a conflict of decisions cannot arise as both infringement actions and petitions for revocation would be filed in and disposed of, only by the High Court. In view, therefore, of the multiplicity of courts which would have jurisdiction to entertain suits for infringement in which the validity of the claim might come into question, I would recommend that the power to grant certificates of validity might be confined to the competent High Courts trying petitions for revocation.

737. Sub-clause (2).—This follows in general Section 64(2) of the U.K. Act of 1949 but its language and scope is, however, open to some ambiguity. In this connection the following matters require attention:—

- (i) In any subsequent suit for infringement, the penalty of costs on the higher scale should be visited only if the defendant contests the validity of the claim in regard to which the certificate was granted in a previous suit.
- (ii) Such a penalty should be imposed only if the party, raising the plea as to validity of a claim, is proved to have been aware of the grant of such a certificate, and that notwithstanding such knowledge, unsuccessfully disputed the validity of the claim.
- (iii) Sub-clause (2) refers to 'infringement of patent', 'revocation of patent' and 'party relying on the validity of the patent', whereas certificate under sub-clause (1) refers only to the 'validity' of a claim that was contested in those proceedings. The words used in the Australian Act, Section 169, are to be preferred as they avoid this difficulty.
- (iv) Whereas the concluding words of Section 64(2) of the U.K. Act as well as Section 169 of the Australian Act entitle the successful plaintiff in an action for infringement or the successful respondent in a revocation proceeding to a higher scale of costs "so far as concerns a claim in respect of which certificate was granted", the last words of Clause 61(2) of the Bill direct the grant to the patentee of "all costs on the higher scale incidental to the suit" and do not restrict it to the costs so far as concerns the claim, as in the U.K. and the Australian statutes. It is clear that the costs payable on the higher scale should be confined to the costs incidental to the claim whose validity was improperly and unsuccessfully contested in the later proceeding. The proviso is taken from the U.K. Act of 1949 [Section 64(2)] but substitutes the word 'decree' for the word 'proceedings'. The effect of this change would be that the proviso would apply only to appeals in suits for infringement and would

not apply to appeals against orders in petitions for revocation. This is presumably not what was intended. The proviso may be amended on the lines of the U.K. statute so as to cover appeals both in suits for infringement and petitions for revocation.

738. One other matter may be considered with regard to this proviso. The proviso even as amended as suggested above, will apply only to costs in the appellate court and the effect of the proviso will be that when an unsuccessful defendant or an unsuccessful petitioner for revocation files an appeal against the order of the first court, the costs of any appeal would be on the ordinary scale and not on the higher scale. In cases, however, where the patentee is unsuccessful in the first court (in the 2nd proceeding) but succeeds on appeal, the question is, whether the appellate court should be bound to order costs on the higher scale in so far as it relates to the costs of the first court. It would seem from the language of the proviso in the U.K. Act that this matter is not free from doubt although the payment of the costs on the higher scale as regards the trial court would not in such cases appear to be reasonable or just. The award of costs on the higher scale is to discourage and penalise frivolous attacks on patents, the validity of the claim of which has been pronounced by a competent court. Where, however, the trial court in the 2nd action finds against the patentee, the action of the party who attacks the validity of the claim cannot be said to be frivolous or unreasonable and hence there is no justification for penalising him with the higher scale of costs because he fails in the appellate court. In such cases if the defendant in the infringement action or the plaintiff in the revocation proceeding is finally unsuccessful, he should be made to pay only the costs under the Civil Procedure Code and not the special costs provided under Clause 61(2). If this view is accepted, the proviso should be amended suitably.

739. In the appended redraft I have endeavoured to give effect to the above suggestions:—

- "61. Certificate of contested validity of specification.—(1) If in any proceedings before a High Court for the revocation of a patent under Section 37, the validity of any claim of a specification is contested, and that claim is found by the court to be valid, the Court may certify that the validity of that claim was contested in those proceedings and was upheld.
- (2) Where any such certificate has been granted, then, if in any subsequent suit before a court for infringement of that claim of the patent, or if in any subsequent proceeding for revocation of the patent, in so far as it relates to that claim, the patentee or other person relying on the validity of the claim, obtains a final order or judgment in his favour, he shall be entitled to an order for the payment of his full costs, charges and expenses of and incidental to, any such suit or proceeding properly incurred so far as they concern the claim in respect of which the certificate was granted unless the Court trying the suit or proceeding otherwise directs:—

Provided that the costs as specified in this sub-section shall not be ordered when the party disputing the validity of the claim satisfies the court that he was not aware of the grant of the certificate when he raised the dispute and withdrew forthwith such defence, when he became aware of such a certificate:

Provided further that courts hearing appeals from decrees or orders in suits for infringement or petitions for revocation shall not be held to be empowered by virtue of this sub-section to pass orders for costs on the scale referred to therein."

Clause 62—Relief for infringement of partially valid specification

740. This Clause enlarges the present section 35-A of the Indian Patents and Designs Act, 1911 and is substantially a reproduction of Section 62 of the U.K. Act, 1949. The explanation which occurs at the end of the clause does not appear in the corresponding section of the U.K. Act but appears at the end of section 35-A of the present Indian Patents and Designs Act of 1911 and may be retained.

741. I have already pointed out in my notes under Clause 58 that in the U.K., relief by way of account of profits which was deleted under the amending U.K. Act of 1919 has now been restored under the U.K. Act of 1949 (Section 60) and that the applicant has now the option to claim either damages or an account of profits in addition to injunction. In view of the new clause [Sub-clause 58(1)] proposed by me, the proviso has to be suitably modified, say, as—

"Provided that the court shall not grant relief except by way of injunction save in the circumstances mentioned in sub-section (2)".

742. Sub-clause (2).—For reasons already stated, the words "or an account of profits" should be added after the word "damages".

743. Sub-clause (3).—Should be deleted as it would be inconsistent with the scheme I have recommended under which amendments of specification of a patent could be ordered only by the competent High Courts and when dealing with petitions for revocation (*vide* Clause 34-A). The explanation should appear at the end of sub-clause (2), modified by the addition of the words "or an account of profits" after "damages".

Clause 63—Transmission of orders of the High Court to the Controller

744. This is a reproduction of Section 33 of the Indian Patents and Designs Act, 1911. There is no corresponding provision in the U.K. Patents Act of 1949 but there are some parallel provisions in the Australian Patents Act [Sections 104, 119 and 172(2)] and in the Canadian Act (Section 64). Under the procedure which I have suggested in regard to the determination of the validity of a patent in an action for infringement and for revocation of a patent, the transmission of orders to the Controller and the entry on the register would fall under two heads:

(1) **Petitions for revocation.**—In regard to each patent there would be only one competent court, namely, the High Court

having territorial jurisdiction over the head office or the branch office, as the case may be, where the patent is registered or deemed to be registered. When a petition for revocation has been filed in that High Court, the following orders might be passed:—

(a) The patent might be revoked or some of the claims may be deleted. In that event the court passing the order might be enjoined to forward a copy to the Controller who would make entries in the Register conformably to it. The Australian Act makes provision for parties lodging copies of the orders of court with the Controller but I would prefer the courts themselves forwarding copies as being much simpler and on the ground that it saves time.

(b) The High Court may dismiss the petition for revocation *in toto*, holding that every claim of the patent challenged in the proceedings was valid, or might dismiss the petition for default or for non-prosecution or for other causes not touching the merits of the patent. In this case also it is necessary that the order of the court should be transmitted to the Controller and lodged in his office with entries in the Register showing the proceeding which has taken place in respect of the patent and its result.

(c) During the course of proceedings on a petition for revocation before the High Court the specification of a patent might be amended (*vide* Clause 34-A). In such cases also the final order allowing amendment should be entered in the Register so that thereafter the specification of the patent would read as amended. In my draft of Clause 34-A I have made specific provision for this purpose and therefore there is no need to include such orders under Clause 63.

(2) **Other proceedings.**—The other type of proceedings, namely, infringement actions or suits under Clause 66 of the Bill might be filed in any court not below a District Court within whose jurisdiction the cause of action to sue might arise. The opening words of Clause 63 include orders and decrees passed in suits for infringement and provide for these being entered on the Register.

745. On the scheme which I have recommended, however, though issues as to the validity of claims of a patent might be raised as a defence in these proceedings, the effect of any finding as to the invalidity by the Courts would not extend beyond that proceeding and the parties to that proceeding. In other words, it would have no effect whatsoever upon any of the claims of the patent entered on the Register. For this reason I would suggest that judgments and decrees passed in suits for infringement and in suits under clause 66 of the Bill where the validity of the claims of any patent is put in issue should be forwarded to the Controller and should be entered by him not in the Register of Patents but in a supplemental record.

...any part of the clause gives effect to these recommendations—

- "63. **Transmission of orders of the High Court to the Controller.**—(1) Every order of the High Court on a petition for revocation including orders granting certificates of validity of any claim shall be transmitted by that Court to the Controller who shall cause an entry thereof and reference thereto to be made in the Register of Patents.
- (2) Where in any suit for infringement of a patent or in any suit under Section 66 of this Act, the validity of any claim or a specification is contested and that claim is found by the Court to be valid or not valid, as the case may be, the Court shall transmit a copy of its judgment and decree to the Controller who shall on receipt thereof cause an entry in relation to such proceeding to be made in the prescribed manner in a supplemental record.
- (3) Where an appeal is preferred against the decision of the courts referred to in sub-section (1) or sub-section (2) the provisions of the said sub-sections shall also apply to the court or courts determining the appeal."

Clause 64—Power of High Court to stay proceedings etc.

747. This clause is unnecessary and may be deleted as in the scheme proposed by me a petition for revocation can be filed only before one High Court, viz. that having territorial jurisdiction.

Clause 65—Hearing with assessor

748. This corresponds to Section 35 of the Indian Patents and Designs Act, 1911. Similar provisions are found in Sections 84(2) and 84(3) of the U.K. Patents Act, 1949 and Sections 149(a) and 167 of the Australian Patents Act, 1952-55. The precise functions of the assessors, the manner of their appointment, the scale of remuneration and other details are not set out in the clause, nor is provision made for rules being framed for the purpose, as under Section 84(2) of the U.K. Act. Order 37-A rule 12 of the Rules of the Supreme Court represent the rule made in the U.K. under this provision.

749. I would suggest that the material portions of the above rule 12 of Order 37-A may be incorporated as part of the statute itself, as owing to the multiplicity of court competent to hear suits for infringement, it would be desirable to have a uniform provision in the Act to be followed by the courts. The appended redraft seeks to carry out this suggestion:

- "65. **Scientific Advisers.**—(1) In any suit for infringement or in any proceeding before a court under this Act, the court may at any time, and whether or not an application has been made by any party for that purpose, appoint an independent Scientific Adviser to assist the court or to enquire and report upon any question of fact or of opinion not involving questions of law or construction.
- (2) The Court shall nominate the Scientific Adviser and shall settle the question or instructions to be submitted or given to him.

- (3) The remuneration of the Scientific Adviser shall be fixed by the Court and shall include the costs of making a report and a proper daily fee for any day on which the Scientific Adviser may be required to attend before the Court, and such remuneration shall be defrayed out of public funds."

Clause 66—Remedy for groundless threats of infringement proceedings.

750. This clause corresponds to Section 36 of the Indian Patents and Designs Act of 1911 and follows the language of Section 65 of the U.K. Patents Act of 1949.

751. **Sub-Clause (1).**—The words "by circulars, advertisements or otherwise" in this sub-clause have appeared in the U.K. Acts since 1883 and have been considered in some cases. It has been held that the words "or otherwise" are not to be construed *ejusdem generis* with the proceeding words "circulars, advertisements". In *Skinner & Co. v. Perry* (10 RPC 5), Bowen L.J. in dealing with this point stated:

"Using language in its ordinary sense, it is difficult to see that an intimation ceases to be a threat because it is addressed to a third person in answer to an inquiry, or because it is addressed to the person himself * * * If I threaten a man that I will bring an action against him, I threaten him none-the-less because I address that intimation to himself".

752. The words "or otherwise" have also been considered in the recent case of *Benmax v. Austin Motor Co. Ltd.* (70 RPC 284) by the Court of Appeal. Evershed M. R. observed thus—

"* * * It seems, however, to be established that the words "or otherwise" must not be construed *ejusdem generis* so that the letter written, for example, by a patentee's solicitors before action brought and threatening to bring an action for infringement of the patent, must be regarded as within the formula "where any person otherwise threatens any other person"...."

In my redraft which I have appended I have substituted for the ambiguous word "otherwise" a detailed reference to communications which that word might signify.

753. **Sub-clause (2).**—Evershed M. R. pointed out in the above decision that the expression "the plaintiff shall be entitled to the following reliefs" in the corresponding Section 65(2) of the U.K. Act of 1949 was ambiguous. It was urged before the court that on a proper construction of Section 65(2) of that Act every party establishing threats and proving that they were unjustifiable was entitled as of right not merely to a declaration but to an injunction and damages. Dealing with this matter, the learned Master of the Rolls stated:

"Now it is quite true that the terms of the second sub-section appear to be obligatory—"the plaintiff shall be entitled to the following relief"—But it would be startling if these