

...obligatory. The remedy of an injunction is one that has always been regarded as essentially a matter for discretion. . . . If the defendants are right, in a case of this kind the court would be bound to grant an injunction, though the court considered it, as I should consider it in this case, both unjust and inconvenient. Moreover, it has never been the practice of this court to grant injunctions which are on the face of them futile or meaningless. What would be the point of granting an injunction to restrain the plaintiff from threatening to bring an infringement action in respect of a Letters Patent when by the same order the court had revoked the Letters Patent save perhaps to cast some doubt upon whether it really had been revoked? This section has emerged in the 1949 Act after considerable amendments in previous Acts. One of the problems which the Section had earlier presented, was solved by the removal from the present section of the former proviso that it had no application when an action for infringement was brought within a reasonable time after the alleged threat. I can see a sensible ground for removing that limitation. . . . There is this further point: from sub-section (1) it is plain that a person aggrieved may not seek more than one or other of the remedies set out in sub-section (2); yet, so far as I can see, if the defendants are correct, once the action has been brought and the party who has made the threats has failed to justify, the court is bound to grant all the reliefs regardless of what the plaintiff may ask for. That cannot be right, and indeed I go further and say that I cannot believe that Parliament intended in regard to the grant of an injunction to make it obligatory in any sense for a court, and particularly a Court of Enquiry, to grant an injunction. Unless the words are clear and beyond any possible doubt, I, for one, should absolutely decline to be so bound. In spite of the formula "the plaintiff shall be entitled", which in its context may not be quite happy, I am unable to construe and do not construe this section as compelling the court, given the premises, to grant all or indeed any of the relief set out in sub-section (2). In my judgment the phrase "the plaintiff shall be entitled" cannot mean more than this—that the plaintiff shall be entitled prima facie".

"In the circumstances of the case, having regard to the fact that in my judgment the patent should be revoked, and having regard also to the circumstances that Messrs. Austin now say that they make no claim to any inquiry as to damages, and do not seek damages, I am quite satisfied that the court should grant no relief whatever under Section 55".

Sub-clause (2) as redrafted by me seeks to obviate this criticism.

754. Sub-clause (3).—This sub-clause follows the language of sub-section (3) of Section 65 of the U.K. Act.

755. Sub-clause (4).—This sub-clause is a reproduction of the proviso to Section 36 of the Indian Patents and Designs Act, 1911 and is an anachronism. The corresponding proviso which had appeared in the U.K. Acts of 1883 and 1907 was omitted in the U.K. by the Amendment Act of 1932 as being unnecessary. I might recall that Evershed M.R. expressed the opinion in the Benmax case that the omission of this proviso in 1932 was proper. Sub-clause (4) might be deleted.

756. The clause would then read:

- "66. Remedy for groundless threats of infringement proceedings.—(1) Where any person (whether or not entitled to or interested in a patent or an application for a patent) threatens any other person by circulars or advertisements or by communications, oral or in writing, addressed to that or any other person, with proceedings for infringement of a patent, any person aggrieved thereby may bring a suit in a District Court having jurisdiction to try it praying for a declaration that the threats are unjustifiable besides claiming relief by way of injunction against the continuance of the threats, for damages (if any) that the plaintiff has sustained thereby, and for costs.
- (2) Unless in such suit the defendant proves that the acts in respect of which the proceedings were threatened constitute or, if done, would constitute, an infringement of a patent or of rights arising from the publication of a complete specification in respect of a claim of the specification not shown by the plaintiff to be invalid, the Court may grant to the plaintiff all or any of the reliefs prayed for.
- (3) For the removal of doubt it is hereby declared that a mere notification of the existence of a patent does not constitute a threat of proceeding within the meaning of this Section".

Clause-67—Register of Patents

757. This clause deals with the Register of Patents.

As I have already indicated, judgments deciding issues regarding the validity or invalidity of any claims of a patent in an infringement action or in a suit under Clause 66 are not to be entered in the Register of Patents since they affect only the parties to the respective litigation but they are to be entered in a separate supplemental record (vide Clause 63). But because of this no change need be made in the language of Clause 67 of the Bill.

The provisions in sub-clause (2) are more appropriate to Clause 68 and I would suggest its transfer to the later clause after sub-clause (4) of that clause as sub-clause (4a).

Clause 68—Contents of the Register of Patents

758. It was submitted to the Swan Committee that the Register of Patents should be a record as complete as possible of all transactions in relation to patents and should also afford to the public

complete information as regards the terms of the agreements relating to patents. The Committee observed that "so far as the proprietary interest in patents is concerned, it appears that the requirement of the Act is generally complied with. The same cannot, however, be said of the registration of licences, a substantial proportion of which, according to the evidence, remains unregistered. We fully support the view which has been put before us that this is an undesirable state of affairs". They considered several alternative suggestions for overcoming this evil but refrained from making any positive recommendation. I agree with the Swan Committee that every transaction which is registrable should be entered in the Register and as soon as possible after the transaction is entered into.

759. There is one other closely related matter and that is as regards registration of the agreements attached to licence grants. The Swan Committee considered that it was not expedient to provide for compulsory registration of such agreements, as they were of the view that the patentee and the licensee would normally desire to keep such agreements confidential and that it would not be in the interests of the trade that they should be made public. I do not share this view and I consider that where there is any dealing with a patent, (be it by way of title to the patent, or by way of the use of the patent) if the agreement in relation to it is embodied in a document, the law should insist upon the filing of that document with the Controller. The Swan Committee pointed out that there was no law against the grant of parole licences for the use of patents. But apart from the implied licences arising, say, from the sale of a product, I see no harm in insisting on every grant of an express licence being in writing. It is possible that parties might seek to avoid the provision as to registration of the agreement by splitting up contractual terms and keeping certain of the terms confidential, while offering for registration merely the formal ones. In such cases, there is always the danger of the collateral agreements not being admissible in evidence under sections 91 and 92 of the Evidence Act in the event of any dispute between the parties coming up before the Courts. That, in my opinion, is a sufficient safeguard against attempts at evasion of registration of the entirety of the agreement. I would suggest a reinforcing of this rule of evidence by express provision therefor in this clause.

760. To allay any fears regarding disclosure of trade secrets the clause might provide that the terms of the agreement filed before the Controller should be kept confidential and should not be open to public inspection except under the orders of Court on the lines of Section 49(5) of the Trade and Merchandise Marks Act, 1958 in respect of agreements as to registered user. Needless to say that this last provision can possibly apply only to voluntary licences.

761. The position of a title conferred by an unregistered assignment is still somewhat obscure. It is not clear, for instance, whether an unregistered interest in or dealing with the patent is effective against a subsequent registered proprietor or licensee under a registered licence who took without notice of it. In *New Ixion Tyre Cycle Company Ltd. vs. Spilsbury and others* (15 R.P.C. 380), Mr. Justice Kekewich said:

"Any person who registers an instrument, whether an assignment or otherwise, must register it subject to any rights appearing from the register to be vested in any other person."

This decision was upheld by the Court of Appeal, *vide* 15 R.P.C. 567. The effect of this judgment would be that as between two documents of different dates, the document of a later date but which is registered earlier, has priority over an earlier transaction which is registered later. In other words, in order to determine the scope of two competing titles between two documents of different dates by the same individual, the inquiry to be made is as to which of the documents was registered earlier and not which of them was executed earlier. It would be seen that such a view runs counter to the ordinary notions of law that a person can only grant such rights as inhere in him. If he has already parted with his rights, and admittedly the unregistered documents was certainly effective to convey the title because the registration is a formality to be complied with only after the title passes, the assignor had already parted with his interest and was not therefore in a position to deal with the patent and in such circumstances to ascribe priority to the document of a later date would not appear to be in accordance with accepted principles of law.

762. The problem would appear to be more complicated in cases where a person claiming under a document of a later date but registered earlier, had notice of the earlier transaction. A question may also arise as to whether the claimant under the earlier transaction could be held to be estopped by any act or omission on the part of such a claimant to notify his title to the patent before the later transaction took place. These considerations are very relevant under the Indian law where the patent is treated as a species of intangible movable property. It would appear that under the Indian law relating to transfer of movable property it is the priority of the transaction and not the priority of registration that ought to determine the relative priority between competing titles derived from the same person in respect of a patent. I am of opinion that it is desirable that the statute should specifically provide for the priority of the earlier dated transactions in the absence of circumstances from which an estoppel could be founded, provided this is coupled with a provision requiring registration within a prescribed time limit of all transactions in relation to patents.

763. Sub-clause (3).—This provides for cases where the Controller is satisfied as to the proof of title of any person but there is no provision applicable to cases where the Controller is not satisfied as to the title of the person applying for registration of an assignment or transmission. Section 44(1) of the Trade and Merchandise Marks Act, 1958 which deals with the registration of assignment and transmissions of trade marks contains a proviso in the following terms:

"Provided that where the validity of an assignment or transmission is in dispute between the parties, the Registrar may refuse to register the assignment or transmission until the rights of the parties have been determined by a competent Court."

...the inclusion of a similar provision here.

764. Sub-clause (5).—I have already pointed out that as between two competing titles the title based on the earlier transaction, should have priority over the later transaction even though the later transaction is registered earlier. The language of the present sub-clause (5) is in absolute terms and does not exempt even an application for registration from the scope of the ban imposed by the clause. It should therefore be amended so as to read as "Except for the purposes of the application under sub-section (1) or of an application to rectify the Register". The following words must be added after "an application" and before "to rectify" in the present sub-clause (5):

"under sub-section (1) or of an application".

I would also suggest that the authority who shall not admit the unregistered document in evidence should be not merely the court but also the Controller. I suggest that for the words "any Court" in the sub-clause the words "by the Controller or by any Court" may be substituted.

765. The following amendments to Clause 68 would carry out the above recommendations:—

(1) After sub-clause (2) the following new sub-clause (2a) may be added:

"(2a). An assignment of a patent or of a share in a patent, a mortgage, licence or the creation of any other interest in a patent shall not be valid unless the same were in writing and the agreement between the parties concerned is reduced to the form of a document embodying all the terms and conditions governing their rights and obligations and the application for the registration of such document is filed in the prescribed manner with the Controller within three months or within such further period not exceeding three months in the aggregate as the Controller on application made in the prescribed manner allows from the execution thereof:

Provided that the document shall when registered have effect from the date of its execution."

(2) At the end of sub-clause (3) add the following proviso:

"Provided that when the validity of the transaction or transmission or of the mortgage, licence or other transaction referred to in sub-section (1) is in dispute between the parties, the Controller may refuse to register the assignment, transmission, mortgage, licence or other transaction until the rights of the parties have been determined by a competent Court."

(3) After sub-clause (4) insert the following as sub-clause (4a):

"(4a) Authenticated copies of all deeds, agreements, licences and other documents affecting the title to

any patent or any licence thereunder and such other document as may be prescribed shall be supplied to the Controller in the prescribed manner for being filed in the Patent Office:

Provided that in the case of licences granted under a patent, the Controller shall, if so requested by the patentee or licensee, take steps for securing that the terms of the licence are not disclosed to any person except under orders of Court."

(4) Substitute for sub-clause (5) the following:

"(5) Except for the purposes of an application under sub-section (1) or of an application to rectify the register of patents, a document or instrument in respect of which no entry has been made in the register of patents under sub-section (4) shall not be admitted by the Controller or by any Court, as evidence of the title of any person to a patent or share of or interest in a patent unless the Controller or the Court, for reasons to be recorded in writing otherwise directs."

Clause 69—Rectification of the Register

766. This clause reproduces Section 64 of the Indian Patents and Designs Act, 1911.

767. In the U.K. the provision as to rectification of the Register is contained in two sections, one of which vests power in the Controller and the other in the Court. The power of the Controller is contained in Section 76 of the U.K. Act and is confined to the correction of clerical errors or obvious mistakes. The power of the Court to rectify is not so limited but extends to the rectification of a patent for proper cause. I see considerable advantage in the adoption of similar provisions conferring powers separately on the Controller and the Court.

768. Clause 69 as it stands omitting sub-clauses (3) and (5) (which would be obviously out of place) may suffice as a provision for rectification by the Court if the expression "Controller" is replaced by the words "High Court". The marginal heading of the clause may read: "Rectification of the Register by the High Court".

769. A new sub-clause may be added in the following terms providing for notice to the affected parties:

"(3) Notice of any application to the High Court under this section shall be given in the prescribed manner to the Controller who shall be entitled to appear and be heard on the application, and shall appear if so directed by the Court."

770. The following re-draft gives effect to the above recommendations:

"69. Rectification of the Register by the High Court.—(1) The High Court may, on the application of a person aggrieved—

"(a) by the absence or omission of any entry from the Register, or

(c) by any entry made in the Register without sufficient cause, or

(c) by any entry wrongly remaining on the Register, or

(d) by any error or defect in any entry in the Register, make such order for the making of any entry therein or the variation or the deletion of any entry therein as it may think fit.

(2) The High Court may in any proceeding under this section decide any question that may be necessary or expedient to decide in connection with the rectification of the Register.

(3) Notice of any application to the High Court under this section shall be given in the prescribed manner to the Controller who shall be entitled to appear and be heard on the application, and shall appear if so directed by the Court.

(4) Any order of the High Court under this section rectifying the Register shall direct that notice of the rectification shall be served upon the Controller in the prescribed manner who shall upon receipt of such notice rectify the Register accordingly."

Clause 69A—Power of Controller to correct clerical errors etc.

771. I have appended a draft of a clause relating to the power of the Controller to correct clerical errors. As section 34 has made a special provision for the amendment of the complete specification it is necessary to except the provision of that section from the operation of the present clause. My draft follows in general Section 76 of the U.K. Patents Act, 1949.

"69A. Correction of clerical errors and obvious mistakes by Controller.—(1) Subject to the provisions of Section 34 and 35 as regards amendment of complete specifications filed in pursuance of an application for a patent, and subject to the provisions of Section 24A, the Controller may, in accordance with the provisions of this section, correct any clerical error in any patent or in any specification or other document filed in pursuance of such an application or in any application for a patent or any clerical error in any matter which is entered in the Register of patents.

(2) A correction may be made in pursuance of this section either upon a request in writing made by any person interested and accompanied by the prescribed fee, or without such a request.

(3) Where the Controller proposes to make any such correction as aforesaid otherwise than in pursuance of a request made under this section, he shall give notice of the proposal to the patentee or the applicant for the patent, as the case may be, and to any other person who appears to him to be concerned, and shall give them an opportunity to be heard before making the correction.

(4) Where a request is made under this section for the correction of any error in a patent or application for a patent or any document filed in pursuance of such an application, and it appears to the Controller that the correction would materially alter the meaning or scope of the document to which the request relates, and ought not to be made without notice to persons affected thereby, he shall require notice of the nature of the proposed correction to be advertised in the prescribed manner.

(5) Within the prescribed time after any such advertisement as aforesaid any person interested may give notice to the Controller of opposition to the request, and where such notice of opposition is given the Controller shall give notice thereof to the person by whom the request was made, and shall give to him and to the opponent an opportunity to be heard before he decides the case."

Clause 70—Evidence of entries, documents, etc.

772. Sub-clauses (1) and (2) of this clause reproduce sections 71 and 71A of the Indian Patents and Designs Act, 1911. I would suggest, however, the deletion of the proviso to sub-clause (2) as being unnecessary. It may be mentioned that the corresponding Section 77 of the U.K. Act, 1949 does not contain any such proviso.

773. I would also suggest the addition of a new sub-clause [sub-clause (3)] on the lines of Section 116 of the Trade and Merchandise Marks Act, 1958 in order to obviate the need for the presence of the Controller and other officials of the Patent Office to give evidence regarding the contents of documents.

774. This new sub-clause might read:

"(3) The Controller or any other officer of the Patent Office shall not, in any legal proceeding to which he is not a party, be compellable to produce the register or any other document in his custody, the contents of which can be proved by the production of a certified copy issued under this Act or to appear as a witness to prove the matters therein recorded unless by order of Court made for special cause."

Clause 71—Powers of the Controller

775. This clause corresponds to Section 65 of the Indian Patents and Designs Act, 1911 and Section 83(2) of the U.K. Act, 1949. The clause does not contain any provision corresponding to Section 97(c) of the Trade and Merchandise Marks Act, 1958 as to review by the Controller of his own decisions. Such a provision may be necessary where *ex parte* orders have to be set aside when a party who fails to appear establishes satisfactory cause for his non-appearance. I would accordingly propose two additional paragraphs to sub-clause 71(1) reading as follows:

"(ee) reviewing his own decision on application made in the prescribed manner;

"(eee) setting aside orders passed *ex parte*;"

776. Sub-clause (2) may be redrafted on the lines of Section 97(b) of the Trade and Merchandise Marks Act, 1958 when it would read:

"(2) Any costs awarded by the Controller in exercise of the powers conferred upon him under sub-section (1) shall be executable as a decree of a civil Court."

777. The clause as re-drafted would run:

71. **Controller to have certain powers of a civil court.**—(1) Subject to any rules made in this behalf, the Controller in any proceedings before him under this Act shall have the powers of a civil court while trying a suit under the Code of Civil Procedure, 1908 (Act V of 1908) in respect of the following matters, namely:

- (a) summoning and enforcing the attendance of any person and examining him on oath;
- (b) requiring the discovery and production of any document;
- (c) receiving evidence on affidavits;
- (d) issuing commissions for the examination of witnesses or documents;
- (e) awarding costs;
- (f) reviewing his own decision on application made in the prescribed manner;
- (g) setting aside orders passed *ex-parte*; and
- (h) any other matter which may be prescribed.

(2) Any costs awarded by the Controller in exercise of the powers conferred upon him under sub-section (1) shall be executable as a decree of a civil Court."

Clause 72—Evidence before the Controller

778. This clause reproduces Section 70A of the Indian Patents and Designs Act, 1911 and corresponds to Section 83(1) of the U.K. Act, 1949. The clause might remain as it is.

Clause 73—Exercise of discretionary power by Controller

779. This clause reproduces Section 67 of the Indian Patents and Designs Act, 1911 and corresponds to Section 81 of the U.K. Act. It is however, desirable to incorporate the opening words of Section 81 of the U.K. Act in order to make it clear that the powers under Clause 73 are "without prejudice" to the duty enjoined on the Controller by or under other sections of the Act, to give notice to the parties and hear them before deciding on the matters falling within his jurisdiction.

780. The clause may be redrafted to read:

"73. **Exercise of discretionary power by Controller.**—Without prejudice to any provisions of this Act, requiring the Controller to hear any party to the proceedings therein, or to give any such party an opportunity to be heard, the Controller shall give to any applicant for a patent, or for

amendment of a specification (if within the prescribed period the applicant so requires) an opportunity to be heard before exercising adversely to the applicant any discretion vested in the Controller by or under this Act."

Clause 73A—Disposal by Controller of applications for extension of time

781. The Bill confers on the Controller the power to extend the time to do various acts by applicants, opponents etc., and this has to be by formal application made in the prescribed manner by the party who seeks such enlargement of time. A question has sometimes been raised whether the party interested in opposing the extension need be given notice of these applications and be heard before such extensions are ordered. If notice has to be given and a hearing before extensions are allowed it would be seen that considerable delays would be caused, and to avoid this result Section 101(2) was inserted in the Trade and Merchandise Marks Act, 1958. I would suggest a similar provision, modified to meet the requirements of this Act in which the duration of the period to which extension might be granted is in most cases statutorily limited. The clause might read:

"73A. **Disposal by Controller of applications for extension of time.**—Where under the provisions of this Act or the rules made thereunder, the Controller may extend the time for doing any act, nothing in this Act shall be deemed to require him to give notice to or hear the party interested in opposing the extension nor shall any appeal lie from any order of the Controller granting or refusing such extension."

Clause 74 to 78—Patent Agents

781A. I have already dealt with this matter in detail in paragraphs 310 to 325 of Part I of this Report. My main recommendations in this connection are—

- (1) that a register of Patent Agents should be established and that this register should be maintained at the Patent Office under the Controller of Patents & Designs;
- (2) that no person whose name is not on the roll of Patent Agents should be permitted to describe or hold himself out as a Patent Agent, or to practice the profession of a Patent Agent, the transgression of the rule being penalised;
- (3) that the following classes of persons should be entitled to be registered as Patent Agents on application made in prescribed manner, namely:
 - (a) any legal practitioner entitled to act or plead before a High Court, who holds a university degree in physical science or in engineering or possesses an equivalent scientific or technical qualification;
 - (b) any person who is a graduate in physical science or engineering or possesses an equivalent scientific or technical qualification and who has passed the

Patent Agents;

- (c) any person who is a graduate in science or engineering or possesses an equivalent qualification and who has served as an Examiner of Patents for over 5 years, provided that no officer of the Patent office who has held a post involving duties as a hearing officer for more than twelve months shall be qualified to register or practice as a patent agent.
- (d) any person who has been practising as a *bona fide* Patent Agent for at least five years before the 1st January, 1960, and has filed more than 30 complete specifications within that period and not less than five specifications in each of these five years;
- (4) An alien shall not be registered as a Patent Agent provided however any alien who had been *bona fide* practising for at least five years before the 1st January, 1960 in the manner stated in para 3(d) may be permitted to be entered on the roll;
- (5) A Company or a Corporation shall not be capable of being registered as a Patent Agent;
- (6) A firm may practise as Patent Agents provided that every member of the firm is individually registered as such Agent;
- (7) Though only a person registered in the prescribed manner as a Patent Agent may describe or hold himself out as a Patent Agent, the profession of Patent Agents is not to be a closed one and there need not be any objection to allowing the applicant or a person duly authorised by him to draft the complete specification or act on his behalf before the Controller.
- (8) A legal practitioner entitled to act or plead in any High Court in India, may appear before the Controller in all proceedings under the Act and may do any act on behalf of and for the applicant other than the drafting of the specification, which, however he would be entitled to do only if he were a registered Patent Agent.
- (9) The name of a registered Patent Agent may be removed from the register by the Central Government on the ground of professional misconduct after giving him an opportunity to be heard.

The clauses relating to Patent Agents may be redrafted on the above lines.

Clauses 79 to 85—International Agreements

782. I consider that the several matters dealt with in the provisions contained in these four clauses might be better arranged than in the Bill and I have redrafted them so as to achieve this purpose and incidentally to remove some verbal defects.

783. I have also included the following additional provisions in my redraft:—

- (1) A provision on the lines of Section 132 of the Trade and Merchandise Marks Act, 1958 to provide for reciprocity between the law in India and that in other countries as regards the right of the respective nationals to apply for patents and as regards the protection of patents that may be granted—(new Clause 80).
- (2) A provision for conferring multiple priorities in respect of each of the claims of the complete specification, where such specification is filed with a single convention application based on two or more separate applications in different convention countries for the same or cognate invention. Such a provision was recommended by the Dean Committee in Australia and Section 142 of the present Australian Act implements this recommendation. I am of opinion that such a provision would be in line with the general scheme of priorities I have recommended [*vide* new Clause 81(3)].
- (3) A provision on the lines of Section 6(3)(b) of the U.K. Patents Act, 1949 under which the power of the Comptroller to post-date an application is limited in the case of convention applications so as not to conflict with the 12 month-rule laid down by the proviso to Clause 8(1). [*vide* new Clause 82(3)].
- (4) A provision on the lines of Section 14(1)(h) of the U.K. Patents Act, 1949 by which one of the grounds of opposition to a convention application is that the application was made beyond 12 months from the date of the earliest application in a convention country [*vide* new Clause 82(4)]. It would be noted that in the absence of such a ground, the limitation of 12 months would be very ineffective.
- The U.K. Act contains no specific provision regarding the breach of the 12 months rule as a ground for revocation, because it would be covered by paragraph (j) of Section 32(1) "that the patent was obtained on a false suggestion or representation". As there is a similarly worded ground in Clause 37, I have not thought it necessary to make any special provision therefor in Clause 82.
- (5) A provision on the lines of Section 52(2) of the U.K. Patents Act, 1949 under which publication of the invention after the priority date of the claim does not constitute anticipation entailing the rejection of an application or so as to invalidate a patent already granted [*vide* Clause 82(5)]. The necessity for this provision is so obvious that it needs no explanation.
- (6) A provision to give effect to the rule contained in Section 50(2)(b) of the U.K. Act, 1949 relating to the determination of the reasonable time within which applications for patents should be made in the case of "obtaining".
- (7) Lastly, a provision in Clause 84 on the lines of Section 143(3) and (4) of the Australian Act, 1952 under which an applicant in a convention application has to furnish particulars of the specifications and dates of filing of the basic

application properly authenticated to enable the Controller to verify whether the application is in conformity with the law and also to determine the priority dates of the several claims in the complete specification.

784. Besides this, I recommend the deletion of the following two provisions found in the Bill:—

(1) **Sub-clause 3 of Clause 82 of the Bill.**—This sub-clause corresponds to sub-section 4 of Section 91 of the U.K. Act, 1907 to 1946 which directed the "laying open to public inspection" of convention applications which were not accepted within eighteen months after they were filed. Dealing with this provision, the Swan Committee in paragraph 119 of their Final Report stated thus:

"* * * This was considered desirable in order that convention applications should be citable as anticipations of later British applications within about the same period from their priority date as would apply to British applications filed in the first instance with a provisional specification. This procedure leads to considerable trouble and expense in practice and has other undesirable consequences. As we have already recommended that all patents whether or not claiming priority in respect of an application in a convention country should be dated as of the date of filing the complete specification in this country, any necessity for distinguishing between convention applications and others should disappear and the later part of Section 91 (4) which deals with laying open to inspection of the documents of convention applications should be cancelled."

The above provision was accordingly deleted in the U.K. Act of 1949. The present Bill like the U.K. Act of 1949 adopts the principle that the crucial date in regard to patent rights is the date on which the complete specification is filed, and this sub-clause therefore is not necessary.

(2) **Sub-clause (1) of Clause 84.**—This sub-clause has been taken from Section 69(1) of the U.K. Patents Act, 1949. A provision in similar terms was introduced as sub-section (5) of Section 91 to the U.K. Patents Act, 1907 by an amendment effected in 1938. This was intended to give effect to Article 4-A (2) of the International Convention (ratified by that country in June 1938) reading as follows:—

"2. Every application which, under the domestic law of any country of the Union, or under International treaties concluded between several countries of the Union, is equivalent to a regular national application, shall be recognised as giving rise to right of priority."

The convention now in force under which an application for protection outside a country is treated as equivalent to an application in the country does not apply to patents for inventions and as pointed out in "*La Soudure Electrique*" etc. (56 RPC 218), the cases where the provision would be attracted would be those relating to registration of designs under the Berne convention. In the usual agreements entered into by India, there are not any clauses making provision for what the sub-clause contemplates and I do not, therefore, consider there is any need for sub-clause (1) of Clause 84.

785. I have accordingly deleted sub-clause (3) and sub-clause (1) respectively from clauses 82 and 84 of the Bill.

786. The redrafted clauses might run in these terms:

"79. **Notification as to declaration of convention country.**—(1) In this chapter, "convention application" means an application for a patent made by virtue of Section 81.

(2) With a view to the fulfilment of a treaty convention or arrangement, with any country outside India which affords to applicants for patents in India or to citizens of India similar privileges as are granted to its own citizens, in respect of the grant of patents and the protection of patent rights, the Central Government may, by notification in the Official Gazette, declare such country to be a "convention country" for the purposes of this Act;

Provided that a declaration may be made as aforesaid for the purposes either of all or of some only of the provisions of this Act, and a country in the case of which a declaration made for the purpose of some only of the provisions of this Act is in force, shall be deemed to be a convention country for the purpose of those provisions only."

787. "**80 Provision as to reciprocity.**—Where any country specified by the Central Government in this behalf by notification in the Official Gazette does not accord to the citizens of India, the same rights in respect of the grant of patents and protection of patent rights as it accords to its own nationals, no national of such country shall, notwithstanding anything in this Act be entitled either solely or jointly with any other person—

- (a) to apply for the grant of a patent or be registered as a proprietor of a patent,
- (b) to be registered as the assignee of the proprietor of a patent, or
- (c) to apply for a licence or hold any licence under a patent granted under this Act."

788. "**81. Convention applications.**—(1) Without prejudice to the provisions of Section 6 of this Act, an application for a patent for an invention in respect of which protection had been applied for in a convention country (hereinafter referred to as the basic application) may be made by the person by whom the application for protection was made or by the assignee of that person:

Provided that no such application shall be made by virtue of this sub-section after the expiration of twelve months from the date of the application for protection in a convention country, or where more than one such application for protection has been made from the date of the first application.

(2) Where applications for protection have been made in one or more convention countries in respect of two or more inventions which are cognate or of which one is a modification of another, a single convention application may, subject to the provisions of Section 9 of this Act, be made in respect of those inventions at any time within 12 months from the date of the earliest of the said applications for protection:

Provided that the fee payable on the making of any such application shall be the same as if separate applications have been made in respect of each of the said inventions; and the requirements of clause (b) of sub-section (1) of Section 8 shall, in the case of any such application apply separately to the applications for protection in respect of each of the said inventions."

789. "82. Special provisions relating to convention applications.—

(1) Every convention application shall,—

- (a) be accompanied by a complete specification; and
- (b) specify the date on which and the convention country in which the application for protection, or the first such application was made, and shall state that no application for protection in respect of the invention had been made in a convention country before that date by the applicant or any person from whom he derives title.

(2) Subject to the provisions of Section 9 of this Act, a complete specification filed with a convention application, may include claims in respect of developments of or additions to the invention in respect of which the application for protection was made in a convention country, being developments or additions in respect of which the applicant would be entitled under the provisions of Section 6 of this Act to make a separate application for a patent.

(3) A convention application shall not be post-dated under Section 16(2) of this Act to a date later than the date on which under the provisions of this Act the application could have been made.

(4) In addition to the grounds of opposition set out in Section 21, a convention application shall be open to the following further ground of objection, namely, that the application was not made within 12 months from the date of the first application for protection for the invention made in a convention country by the applicant or a person from whom he derives title.

(5) Where a complete specification is filed in pursuance of a convention application 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 disclosed in any application for protection in a convention country upon which the convention application is founded was used in India or published in India or elsewhere at any time after the date of that application for protection.

(6) In relation to a convention application, the provisions of Section 48(2) (b) shall be read as if the reference to "the application being made as soon as practicable thereafter" were a reference to the filing of the application in a convention country."

790. "83. Priority date of claims of complete specification in respect of convention application.—(1) Where two or more applications for patents or similar protection in respect of inventions have been made in one or more convention countries and those inventions are so related as to constitute one invention, one application may be made by any or all of the persons referred to in sub-section (1) of Section 81 within twelve months from the date on which the earlier or

earliest of those applications was made, in respect of the inventions disclosed in the basic applications.

(2) The priority date of a claim of the complete specification being a claim based on matter disclosed in one or more of the basic applications is the date on which that matter was first so disclosed.

(3) For the purposes of this Act, a matter shall be deemed to have been disclosed in a basic application for protection in a convention country, if it was claimed or disclosed (otherwise than by way of disclaimer or acknowledgement of prior art) in that application, or any documents submitted by the applicant for protection in support of and at the same time as that application; but no account shall be taken of any disclosure effected by any such document unless a copy of the document is filed at the Patent Office with the convention application or within such period as may be prescribed after the filing of that application."

791. "84. Supplementary provisions as to convention applications.—

(1) Where a convention application is made in accordance with the provisions of this chapter, the applicant shall furnish in addition to the complete specification, a copy or copies of the specification or specifications, or corresponding documents, filed or deposited by the applicant in the Patent Office of the convention country in which the basic application was made, certified by the Official Chief or head of the Patent Office of the convention country, or otherwise verified to the satisfaction of the Controller,

(a) along with the application or within three months thereafter, or

(b) within such further period after that time as the Controller allows.

(2) If any such specification or other document is in a foreign language, a translation into English of the specification or document, verified by affidavit or otherwise to the satisfaction of the Controller shall be annexed to the specification or document.

(3) For the purpose of this Act, the date on which an application was made in a convention country, is such date as the Controller is satisfied by a certificate of the Official Chief or head of the Patent Office of the convention country or otherwise, as the date on which the application was made in that convention country."

792. "85. Other provisions of this Act to apply to convention application.—Save as otherwise provided in this chapter, all the provisions of this Act shall apply in relation to a convention application and a patent granted in pursuance thereof as they apply in relation to an ordinary application and a patent granted in pursuance thereof."

Clause 86—Special provisions as to vessels, aircraft and land vehicles

793. This clause is intended to replace Section 42 of the Indian Patents and Designs Act, 1911 which runs in these terms:—

"42. Foreign vessels in Indian waters.—(1) A patent shall not prevent the use of an invention for the purposes of the navigation of a foreign vessel within the jurisdiction, of any Court in India, or the use of an invention in a foreign vessel within that jurisdiction, provided it is not used therein for

or in connection with the manufacture or preparation of anything intended to be sold in or exported from India.

- (2) This section shall not extend to vessels of any foreign State of which the laws do not confer corresponding rights with respect to the use of inventions in Indian vessels while in the ports of the State or in the waters within the jurisdiction of its courts."

By an amendment effected in 1934, the scope of the section was extended to aircraft found in Indian territory in similar circumstances.

794. It will be noticed that there are two points of difference between the present section and Clause 86, the latter being substantially a reproduction of Section 70 of the U.K. Patents Act, 1949:—

- (1) Whereas Section 42(1) of the Indian Patents and Designs Act applies to vessels and aircraft of all foreign countries, Clause 86 is confined to the vessels or aircraft of those foreign countries which happen to be in India for temporary purposes or accidentally and with which India has entered into a treaty or arrangement.
- (2) There is no provision in clause 86 regarding reciprocity as is contained in sub-section (2) of section 42 of the Indian Patents and Designs Act, 1911, this feature being due to the fact that the provisions of the clause apply only to countries with whom a treaty, convention or arrangement is in force, (see Clause 80).

795. The countries with which convention arrangements exist up till now are only a few Commonwealth countries. In the circumstances I consider that a clause on the lines of sub-section (2) of Section 42 of the Indian Patents and Designs Act, 1911 applying to every foreign country which does not discriminate against the vessels or aircraft of Indian nationals or registered in this country, should be added to the clause as it stands.

796. I would therefore recommend that Clause 86 might run in these terms:

"86. Special provisions as to vessels, aircraft and land vehicles.—

(1) Where a vessel or aircraft registered in a foreign country or a land vehicle owned by a person ordinarily resident in such country comes into India (including the territorial waters thereof) temporarily or accidentally only, the rights conferred by a patent for an invention shall not be deemed to be infringed by the use of the invention—

- (a) in the body of the vessel or in the machinery, tackle, apparatus or other accessories thereof, so far as the invention is used on board the vessel and for its actual needs only; or
- (b) in the construction or working of the aircraft or land vehicle or of the accessories thereof;

as the case may be.

- (2) This section shall not extend to vessels of any foreign state of which the laws do not confer corresponding rights with respect to the use of inventions in Indian vessels, aircraft

or land vehicles while in the ports or within the territorial waters of the State or otherwise within the jurisdiction of its courts".

Clause 87—Appeals

797. Sub-clause (1).—It seems desirable to provide in express terms that no appeal shall lie from the decisions or orders of the Central Government under this Act. A provision on the lines of Section 109(1) of the Trade and Merchandise Marks Act, 1958 is accordingly suggested for inclusion as sub-clause (1).

798. The present sub-clause (1) might be numbered as sub-clause (2). The reference to the provisions contained in the various items (a) to (t) would have to be modified to keep in line with the changed numbering I have suggested.

799. Sub-clause (3).—I would suggest that the practice of the patent offices should be to transmit a copy of the order of the Controller in every case to the parties, either by personal delivery or to the agent or to the Advocate by registered post as is the practice of the Appellate Commissioner and the Income-tax Tribunal under the Income-tax Act. This would prevent objection being raised on the ground that the party did not receive intimation of the order sufficiently early to enable him to apply for the copy of the order for the purpose of appeal. If the procedure of sending copies of the orders direct to the parties is adopted, there would be no need for any provisions on the lines of sub-clause (3). If the copies served on the parties are themselves authenticated—certified copies—they might themselves be used for filing appeals. Certified copies would be needed only in the rare contingency of the copies served, being lost or mislaid. In those circumstances, there would be no need for a provision for excluding the period spent in obtaining copies in computing limitation for filing appeals.

800. Further, under the power given to the High Courts to frame rules for the procedure governing the hearing of appeals provision might be made for the extension of time in filing an appeal on the lines of Section 5 of the Limitation Act. This would suffice to cover cases where the order served on the party is lost, and he is unable to obtain a certified copy in time. Sub-clause (3) may therefore be deleted.

801. If the above suggestions are adopted, the clause would read:—

"87. Appeals.—(1) No appeal shall lie from any decision, order or direction made or issued under this Act by the Central Government or from any act or order of the Controller for the purpose of giving effect to any such decision, order or direction.

(2) An appeal shall lie to a High Court from any direction, decision or order of the Controller under any of the following provisions, that is to say,

- (a) any order under Section 14.
- (b) direction, decision or order under Section 16.
- (c) any direction under Section 17.
- (d) any decision under Section 21.

- (e) any order under Section 21-A.
- (f) any decision or order under Section 22.
- (g) any decision or order under Section 31.
- (h) any order under Section 32.
- (i) any order under Section 34.
- (j) any order under Section 36(4).
- (k) any order under Section 41.
- (l) any order under Section 41-A.
- (m) any order under Section 41-B.
- (n) any order under Section 42-A.
- (o) any order under Section 43.
- (p) any order under Section 45(3).
- (q) any order under Section 45A.
- (r) any order under Section 45-B.
- (s) any direction under Section 51(1), (2).
- (t) any order refusing to register a document under Section 68(3).
- (u) any order under Section 69A.

- (3) Every appeal under this Section shall be in writing and shall be made within three months from the date of the direction, decision or order as the case may be, of the Controller, or within such further time as the High Court may in accordance with rules framed under Section 88 allow.

Clause 88—Procedure for hearing of appeals

802. The procedure for hearing appeals under this Clause follows Section 23(G) of the Indian Patents and Designs Act, 1911 in providing that an appeal shall be heard by a Bench of two Judges. This was possibly because it was thought that no appeal would lie from the decisions of a single Judge hearing an appeal from the Controller. The view which was once entertained by the Calcutta High Court has since been overruled by the Supreme Court. Hence there is no need for a Bench on that ground. In the report relating to the revision of Trade Marks Law, I have considered the relative merits of appeals being heard by a single Judge or by a Bench in detail and suggested that it was sufficient if appeals were heard by a single Judge and Section 109 of the Trade and Merchandise Marks Act, 1958 gives effect to this. The clause may be redrafted on the lines of Section 109(4) of the Trade and Merchandise Marks Act, 1958.

803. Sub-clauses (2) and (3) are a repetition of the provisions of Clause 65 and may therefore be omitted.

804. Sub-clause (4).—I would suggest the omission of the words "save as otherwise provided", as a rule inconsistent with the Act could not but be contrary to the provisions of this section as well.

805. If the above suggestions are accepted, the clause would read:

- "88. Procedure for hearing of appeals.—(1) Every appeal before a High Court under Section 87 shall be preferred by a petition in writing and shall be in such form and shall contain such particulars as may be prescribed.
- (2) Every such appeal shall be heard by a single Judge of the High Court:

Provided that any such Judge may, if he thinks fit, refer the appeal at any stage of the proceedings to a Bench of the High Court.

- (3) Where an appeal is heard by a single Judge, a further appeal shall lie to the Bench of the High Court.
- (4) The High Court may make rules consistent with this Act as to the procedure to be followed in respect of appeals made to it under Section 87."

Clause 89—Contravention of secrecy provisions relating to certain inventions

806. This clause reproduces substantially the provisions of Section 18(6) of the U.K. Act, 1949 [cf. Section 131(2) of the Australian Patents Act]. The offence in question is analogous to that punishable under Section 5(4) of the Official Secrets Act of 1923 under which the punishment imposed may extend to two years imprisonment or fine without limit. I would suggest that the limitation of fine to Rs. 1,000 now appearing in Clause 89 may be deleted and the fine may be without limit.

807. In passing it may be pointed out that Section 20(5) of the Canadian Patents Act treats an analogous misconduct as an offence under the Official Secrets Act of that country.

Clause 90—Practice by non-registered patent agents

808. This clause is in line with Section 28(2) of the U.K. Act of 1949 and Section 136 of the Australian Act and needs no change.

Clause 91—Falsification of entries in register

809. A comparison with the corresponding provisions of Section 33 of the Australian Act or Section 90 of the U.K. Act, 1949 or Section 83 of the Trade and Merchandise Marks Act, 1958 as to the penalty for falsification of entries in the register shows that the punishment now provided under Clause 91 is insufficient. I would accordingly suggest that taking into account the gravity of the offence, the same punishment of 2 years imprisonment may be awarded under this clause as in Section 83 of the Trade and Merchandise Marks Act, 1958.

Clause 92—Unauthorised claim of patent rights

810. The punishment provided for the offence appears to be much too severe for the transgression involved. Under the corresponding provision in the U.K. Act of 1949 [Section 91(1)], the penalty for the offence of false representation that an article sold is a patented article is a fine not exceeding £5, while for the use of the words, "Patent Office" on the offender's place of business, the punishment is a fine not exceeding £20. Similarly under the Australian Act [Section 174 (2)], the punishment for this offence is £100. In the light of these precedents, I should consider that a fine which may extend to Rs. 500 would be reasonable and sufficient.

811. There is also one other matter which I desire to mention: The gravamen of the offence is a false representation that an article enjoys patent protection under the law in India. It has, however,

to be remembered that imported articles sometimes bear the mark "Patent" or "Patented", words employed to indicate that the article has obtained patent protection in the country of its manufacture. On the clause as it stands, it is possible that even in these cases a person who sells such articles would be guilty of an offence because there is no subsisting patent for that article in India. In this respect, the provisions contained in Clause 174 of the Australian Act appear to me to be not open to this objection and therefore preferable to the form adopted in Section 91(1) of the U. K. Act on which the clause is based.

812. I would therefore redraft the clause to read:

"92. **Unauthorised claim of patent rights.**—(1) If any person falsely represents that any article sold by him is patented in India or is the subject of an application for a patent in India, he shall be punishable with a fine which may extend to Rs. 500.

(2) For the purposes of this section—

(a) a person shall be deemed to represent that an article is patented in India if there are stamped, engraved or impressed on or otherwise applied to the article the word "patent" or "patented" or some other word or words expressing or implying that a patent for the article has been obtained in India, and

(b) a person shall be deemed to represent that an article is the subject of an application for a patent in India, if there are stamped, engraved or impressed on, or otherwise applied to, the article the words, "patent applied for", "patent pending" or some other word or words implying that an application for a patent for the article has been made in India.

Explanation.—The use of the words "patent", "patented", "patent applied for", "patent pending" or other word or words expressing or implying that an article is patented or that a patent has been applied for shall be deemed to refer to a patent in force in India, or to a pending application for a patent in India as the case may be, unless there is any accompanying indication that the patent has been obtained or applied for in any country outside India."

Clause 93—Wrongful use of words "Patent Office"

813. Although under the corresponding section 91(2) of the U. K. Act of 1949 and Section 173 of the Australian Act, 1952-1955, the penalty for the offence is limited to a mere fine, the punishment under Section 82 of the Trade and Merchandise Marks Act 1958 for the corresponding offence includes imprisonment for six months or fine or with both. Having regard to the prevailing conditions in India, I would suggest that the clause may be amended on the lines of Section 82 of the Trade and Merchandise Marks Act, 1958.

Clause 94—Refusal or failure to supply information

814. There are two points to which I would advert in connection with this clause. The first is as regards the penalty imposed. The

second is as to what other consequences which a failure to supply information or the supplying of false information ought to have upon the continuance of the patent; in other words, whether the penal consequences of a failure to obey the directions of the Controller should be confined merely to the punishment of the offender or whether it ought not to extend to affect the patent itself in connection with which this refusal was made or incorrect information furnished, or the interest, if any, of the offender in the Patent.

815. In regard to the first matter, namely, the punishment, I would draw a distinction between a mere refusal or failure to supply information without lawful excuse, and the supplying of information which is known or has reason to be believed to be false. Whatever justification there might be to impose a punishment of imprisonment in the latter case, I do not consider that a mere refusal or a mere failure to furnish information which is called for by the Controller ought to subject the offender to a punishment of imprisonment. In that class of cases, I would consider that the imposition of a fine not exceeding Rs. 1,000 would be ample.

816. In cases, however, where information is disclosed but is deliberately false, a punishment of imprisonment would seem to be called for on the analogy of a false statement on oath. For this purpose, the rules might prescribe that the patentee or a licensee—exclusive or non-exclusive—who is called upon to furnish information and who does so, should affirm the truth of that statement by having an affidavit sworn to before an officer competent to administer an oath. The information furnished should be in the form of an annexure to the affidavit affirmed before such an officer.

817. The next point is as to whether the failure to disclose the information or the furnishing of false information should not have consequences upon the continuance in force of a patent or on the interest in the patent of the person failing to give information or giving false information. Having considered the matter carefully I have reached the conclusion that it is not practicable to devise a scheme which would confine the effect of such an added penalty to the party responsible and that there would have to be an elaborate provision for the protection of innocent persons. I have therefore considered it proper to confine the penalty to the fine and imprisonment as already indicated.

818. The clause may be redrafted to read:—

"94. **Refusal or failure to supply information.**—(1) Any person who refuses or fails to furnish to the Controller any information or statement which he is required to furnish under Section 105 shall be punishable with fine which may extend to Rs. 1,000.

(2) Any person who being required to furnish information referred to in sub-section (1) furnishes such information or statement which is false and which he either knows or has reason to believe to be false or does not believe to be true, shall be punishable with imprisonment which may extend to six months or with fine or with both."

Clause 95—Contravention of provisions of Section 98 by officers and employees of the Patent Office.

819. I do not consider there is any necessity for the provision in Clause 95. If there is a breach of discipline on the part of an officer or an employee of the Patent Office, he might be suitably dealt with departmentally and that ought to suffice. This clause may be deleted.

Clause 96—Offences by Companies

820. This clause corresponds to Section 93 of the U.K. Act, 1949. I would however, suggest that the provision might be redrafted on the same terms as Section 88 of the Trade and Merchandise Marks Act, 1958.

Clause 97—Restrictions on employees of Patent Office as to right or interest in patents.

821. The clause is in order.

Clause 98—Officers and employees not to furnish information etc.

822. The clause is in order and may stand as it is.

Clause 99—Avoidance of certain restrictive conditions

823. This clause in terms reproduces Section 57 of the U.K. Patents Act, 1949. The object of the provision which dates in the U.K. from 1907 (*vide* Section 38 of the Patents Act, 1907) is to ensure that patent rights are not made an instrument of a monopoly wider in scope or longer in duration than that afforded under the patent by the statute. In the United Kingdom it was however, found that the provision in the Patents Act was not by itself sufficient to meet the myriad forms in which restraints on trade which were injurious to public interest were devised and built around patent grants and even without reference to Patents. This evil has been sought to be countered by recourse to special legislation—The Monopolies and Restrictive Practices (Inquiry and Control) Act, 1948 and Restrictive Trade Practices Act, 1956.

824. In paragraph 203 *ante*, I have already indicated my opinion as regards the desirability and necessity for directing an investigation by a special commission as to the extent to which monopolies and restrictive trade practices prevail in this country in order to devise suitable machinery for eradicating the evil.

825. Leaving aside these larger questions, there is no doubt that a clause of this sort would operate to minimise certain forms in which patentees usually attempt improperly to extend their patent rights. It is therefore very essential that the clause should be framed so as to be free from ambiguity and leave as few loopholes as possible to evade its provisions.

826. Speaking of the language of Section 38 of the U.K. Act of 1907, the Swan Committee said:—

"Section 38 proved of little value, owing to the ease with which its provisions can be evaded. The meaning of the section is far from clear, and its wording is so limited as to provide

easy means of evading and defeating the object with which the section was inserted in the Acts. It is not difficult to frame a contract which is highly restrictive in its operation, while remaining within the letter of this section. An applicant for a licence may be confronted with the choice of accepting a licence on these restrictive terms or going without". (Second Interim Report paragraph 35).

827. Section 57 of the Act of 1949, however, which replaced this section is not very different though the scope and operation of the provision have been slightly extended. The criticism to which the Swan Committee subjected Section 38 of the U.K. Act of 1907 is, I should consider, applicable though not in the same measure to Section 57 of the U.K. Act of 1949.

828. I set out the provision of Clause 99 in a questionnaire which was circulated to persons interested in patents and I enquired as to whether this provision was (1) necessary or (2) sufficient. Almost unanimously the answer was that it was both necessary and sufficient. I am however, not persuaded that the precise implications of the provision, the ambiguity in its language and the ease with which it could be evaded were fully realised by those who answered the questionnaire.

829. There has been just one decision in which the language of this provision has been considered, *vide* 71 R.P.C. 1 (*Tool Metal Manufacturing Coy. Ltd. v. Tungsten Electric Coy. Ltd.*). Keeping in mind the contentions that were urged in that case and the construction which Pearson, J., was inclined to adopt of the words used and also bearing in mind the loopholes pointed out by others (*vide e.g.* Blanco White, Patents for Inventions at pp. 266 to 270), I would redraft the clause as follows:

"99. Avoidance of certain restrictive conditions.—(1) It shall not be lawful to insert—

- (i) in any contract for or in relation to the sale or lease of a patented article or of an article made by a patented process, or
- (ii) in a licence to manufacture or use a patented article, or
- (iii) in any lease or licence to work any process protected by a patent;

a condition the effect of which may be—

- (a) to require the purchaser, lessee, or licensee to acquire from the vendor, lessor, or licensor, or his nominees, or to prohibit him from acquiring or to restrict in any manner or to any extent his right to acquire from any person or to prohibit him from acquiring except from the vendor, lessor, or licensor or his nominees, any article other than the patented article or an article other than that made by the patented process; or
- (b) to prohibit the purchaser, lessee or licensee from using, or to restrict in any manner or to any extent the right of the purchaser, lessee or licensee, to use an article other than the patented article or an article other than that made by the patented process, or which is

nominees;

- (c) to prohibit the purchaser, lessee or licensee from using, or to restrict in any manner or to any extent the right of the purchaser, lessee or licensee to use any process other than the patented process;

and any such condition shall be null and void.

- (2) An agreement between the vendor, lessor or licensor and the vendee, lessee and licensee respectively for or in relation to the purchase or use of the articles or processes specified in any of the foregoing sub-clauses (a), (b) or (c) shall be a restrictive condition falling within sub-section (1) notwithstanding that such agreement is made before or after the contract relating to the sale, lease or licence of the patented article or process, and whether or not the restrictive conditions are embodied in such sale lease or licence as the case may be.
- (3) In proceedings against any person for the infringement of a patent, it shall be a defence to prove that at the time of the infringement there was in force a contract relating to the patent and containing a condition declared unlawful by this section, provided however, that this sub-section shall not apply if the plaintiff is not a party to the contract and proves to the satisfaction of the court that the restrictive condition was inserted in the contract without his knowledge and consent, express or implied.
- (4) Any contract for the sale or lease of a patented article or for licence to manufacture, use or work a patented article or process, or relating to any such sale, lease or licence, whether made before or after the commencement of this Act, may at any time after the patent or all the patents by which the article or process was protected at the time of the making of the contract has or have ceased to be in force, and notwithstanding anything to the contrary in the contract or in any other contract, be determined by the purchaser, lessee, or licensee as the case may be, of the patent on giving three months' notice in writing to the other party.

The provisions of this sub-section shall be without prejudice to any right of determining the contract exercisable apart from this sub-section.

- (5) Nothing in this section--
- (a) affects a condition in a contract by which a person is prohibited from selling goods other than those of a particular person;
- (b) validates a contract which, but for this section, would be invalid;
- (c) affects a condition in a contract for the lease of, or licence to use, a patented article, by which the lessor or licensor reserves to himself or his nominee the right

to supply such new parts of the patented article as may be required to put or keep it in repair.

- (6) The provision of this section shall apply to contracts made before the commencement of this Act, in so far as any restrictive conditions declared unlawful by this section continue in force after that date."

830. The principal changes I have made in my redraft are:—

- (1) The characterisation of the improper restrictive condition in the opening para of the clause as "unlawful" instead of as void. This was because it was doubtful if a condition which is void by virtue of a statute would avoid similar terms in a foreign contract, i.e., those to which the proper law of contract would not be the Indian law. Bearing in mind that most of the Indian patents are held by foreigners, this appeared to me to be matter for serious consideration. The form I have adopted is derived from Section 38 of the U.K. Patents Act, 1907 the language of which has been adopted in Section 112 of the Australian Patents Act, 1952—1955.
- (2) Sub-clause (2) has been framed to counter any attempt to evade sub-clause (1) by resorting to different or separate contracts (1) for the sale, lease or licence of or under a patent and (2) the restrictive conditions regarding the acquisition or use of unpatented goods or processes.
- (3) Sub-clause (3) has been strengthened as compared to sub-clause (2) of the Bill in that the onus of proving want of knowledge or consent is thrown on the plaintiff which is reasonable since he would be in a better position to lead evidence on the point than the infringer-defendant.
- (4) Sub-clause (4) of my redraft is not in the Bill. Its language is derived from Section 58(1) and (3) of the U.K. Patents Act, 1949 with, however, this variation that the option to determine the contract is not available to the patentee. As the rule embodied in Section 58 of the U.K. Act has been designed to counter attempts by patentees to extend the duration of their patent monopolies beyond that allowed by the statute, it stands to reason that the option to avoid such a contract should be confined to the other party. For the same reason, I have omitted the provision for compensation in the event of the determination of the contract to be found in Section 58(2) of the U.K. Act, 1949.
- (5) Sub-clause (6) makes provision for the retrospective operation of this clause to agreements which, having been made before the commencement of the Act, continue in force thereafter. In this respect, it makes a departure from the Bill which by Clause 115(2) (d) expressly confines Clause 99 to agreements entered into after the new Act. I do not, however, consider this proper or necessary. When once it is conceded that these are restraints on trade which are contrary to public policy and public interest, I do not see

might be brought into force some reasonable time, say three months after the rest of the Act so that parties might refashion their contracts so as to take them outside the provisions of the clause.

- (6) I have omitted sub-clause (3) of the Bill. The basis of sub-clause (1) is that contracts containing such conditions are unreasonable restraints of trade and are, therefore, contrary to public policy. Such conditions are, however, agreed to by purchasers, lessees and licensees because of the superior bargaining power which patentees enjoy by virtue of the monopoly conferred on them by law. If this is so, it is somewhat illogical to provide what in effect is a loophole for such covenants being entered into and enforced. An unreasonable restraint on trade is not merely unfair as between the parties but is injurious to public interests and I, therefore, consider that sub-clause (3) of the Bill should be deleted. I have already pointed out that when the clause which ultimately became Section 38 of the U.K. Act of 1907 was originally introduced into the House of Commons, and in the Bill as it emerged from that House, the matter contained in sub-clause (3) was absent, and that it was in the House of Lords that the two provisions were added. I have further stated that the existence of these provisions in the U.K. Act have practically nullified and rendered ineffective the provision contained in the main body of the Section. This is an additional reason why I recommend the deletion of sub-clause (3). Sub-clause (4) is only consequential on sub-clause (3) and should also be deleted.

Clause 100—Fees

831. I would suggest a modification of sub-clause (2) on the lines of Section 127 (2) and (3) of the Trade and Merchandise Marks Act, 1958.

Clause 101—Privilege of reports of Controller

832. Clause 101 reproduces Section 60 of the Indian Patents and Designs Act, 1911 with a proviso which is taken from Section 79 (2) of the U.K. Act, 1949.

Clause 102—Restriction upon publication of specification

833. I would suggest that the provisions in Clauses 101 and 102 may be combined and the present Clause 102 be numbered as sub-clause (1) of the re-drafted Clause 101 and the present Clause 101 as sub-clause (2) of that clause on the lines of the U.K. Act with a slight change to meet the requirements of Clause 23. In my notes to Clause 23, I have indicated that in cases of applications for grant of patents in regard to which secrecy directions have been imposed by the Controller, the Central Government should have the right to inspect the complete specification at any time before its acceptance in order to

The clause may be redrafted as follows:—

- "101. Restriction upon publication of specifications etc.—(1) Subject to the provisions of Section 23 of the Act, an application for a patent, and any specification filed in pursuance thereof, shall not, except with the consent of the applicant, be published by the Controller or be open to public inspection at any time before the date of advertisement of acceptance of the application.
- (2) Reports of or to the Controller made under this Act shall not be open to public inspection or be published by the Controller, and such reports shall not be liable to production or inspection in any legal proceeding unless the Court certifies that the production or inspection is desirable in the interests of justice, and ought to be allowed:

Provided that the Controller may, on application made in the prescribed manner, by any person, disclose the result of any search made under Section 12 of this Act in respect of any application for a patent where the complete specification has been published".

Clause 103—Publication of patented inventions

834. This clause is a reproduction of Section 36 of the Indian Patents and Designs Act, 1911 and corresponds to Section 94 (1) (d) of the U.K. Act, 1949 and Rule 145 of the U.K. Patent Rules, 1949. The provision corresponds to Section 175 of the Australian and Section 127 of the Canadian enactments.

835. In this connection, I would suggest that there might be as in the U.S.A. the publication of a combined journal for Patents, Designs and Trade marks as Government has now decided to amalgamate the Patent and Trade Marks Offices. (See section 4 of the Trade and Merchandise Marks Act, 1958). This official journal may contain all notifications, advertisements and other matters required to be published under the Patents Act, the Designs Act and the Trade and Merchandise Marks Act.

836. The following redraft of the clause seeks to give effect to this recommendation:—

- "103. Publication of patented inventions.—(1) The Controller shall issue periodically a journal to be called the Patent Office Journal and shall publish therein all such particulars of applications for patents as are required by this Act to be published and all such other matters as are directed by this Act or the Rules made thereunder to be published therein and such other matter and information relating to Patents, Designs and Trade Marks as may appear to him to be useful to the public.
- (2) The Controller may also prepare and publish in such form as he deems expedient indexes and abridgements of specifications, catalogues and other works relating to inventions and patents as may be prescribed or as he thinks fit."

Clause 104—Powers of Controller to correct clerical errors

837. I have already discussed in my notes under Clause 69 the scope of the power to be vested in the Controller to correct clerical errors in connection with the application for a patent and other relevant documents. I have suggested a draft of the clause and it is numbered Clause 69A. In view of this, Clause 104 is unnecessary and may be deleted.

Clause 105—Power of Controller to call for information from patentee

838. Opinion has been expressed that this provision enabling the Controller to call for periodical statements from the patentee or the exclusive licensee as to the commercial working of the invention in India might prove a burden rather than an advantage, and that for this reason this provision should be omitted. It is urged that the particulars as to the user submitted by the patentee or the exclusive licensee could not be the subject of scrutiny or cross-examination by the Controller so that one could not be sure that the statements furnished by the patentee or the exclusive licensee were correct. It was stated that it was possible that the patentee might furnish untrue or incorrect statements with a view to enable him to confront any applicant for compulsory licence with the incorrect statements when the time for this arose.

839. There were others who expressed the opinion that compliance with the provisions of this clause would compel manufacturers to disclose their trade secrets and that if this requirement were insisted upon, they would rather close down than to continue to work the patent. I am not inclined to take this threat seriously. I am also not satisfied that the provision would be either useless or would be of disadvantage to the general public. Most of the industries in which patents are worked are covered by the requirements of the Industries (Development and Regulation) Act of 1951 under which manufacturers are bound to furnish to Government particulars as to the working and other details of manufacture. Besides, Clause 94 provides for a sufficiently deterrent punishment for furnishing false statements as to the working of the invention by a patentee or the licensee. I feel that this provision will enable the Controller to have detailed particulars as to the actual working of the invention. It would enable him to dispose of quickly and efficiently applications for compulsory licences and endorsements of "licences of right" under the relevant clauses of the Bill.

840. Further, particulars as to working of the invention would be useful for statistical purposes as at present no estimate can be made of the extent to which patents are being worked.

841. The latter objection seems to be rather exaggerated. The information which the Controller requires under this clause is as to the "extent to which the patent is commercially worked in India", and such information is generally disclosed in the Directors' Report and the balance sheets of the companies and do not involve the disclosure of any trade secrets. No legitimate exception could therefore be taken to any provision under Section 105.

842. On the clause as it stands the Controller might require information as to working only from a patentee or an exclusive licensee. I consider this insufficient to achieve the purpose of the clause. The patent may be worked not by the patentee but by a non-exclusive licensee. In such case, it is possible that the patentee might not be in a position to furnish particulars as to the extent to which the patent has been commercially worked in India. If in such a case the Controller cannot require the non-exclusive licensee to furnish information the purpose of the clause would fail. There does not appear to be any logical principle behind the exclusion of the non-exclusive licensee from the operation of this clause. After all, the clause is designed to find out the extent of commercial working of every patent and as a patent could be worked by exclusive as well as non-exclusive licensees, there is no reason why the latter should be excluded from the scope of this clause. I would, therefore, suggest that for the words "an exclusive licensee", the words "a licensee, exclusive or otherwise" may be substituted.

843. I would also suggest that for the words "the patent has been commercially worked", the words "the patented invention has been commercially worked" may be substituted.

844. I would accordingly recommend the retention of this clause with the modification I have suggested which is carried out in the following draft.

"105. Power of Controller to call for information from patentee.—The Controller may, at any time during the continuance of the patent, by notice in writing, require a patentee or a licensee, exclusive or otherwise, to furnish to him within two months from the date of such notice or within such further time as the Controller may allow, such information or such periodical statements as to the extent to which the patented invention has been commercially worked in India as may be specified in the notice."

Clause 106—Service of notices, etc. by post

845. This clause is the same as Section 73 of the Indian Patents and Designs Act, 1911 and corresponds to Section 97 of the U.K. Patents Act of 1949.

The word "pre-paid" may be inserted before the word "post".

Clause 107—Declaration by infant, lunatic, etc.

846. I would suggest that sub-clause (1) might be amended by the substitution of the word "minority" for the word "infancy" in line 10 as the word used in the Indian Contract Act and in the Indian Majority Act is "minority" and not "infancy", and the addition of the word "lunacy" immediately after the word "minority".

Clause 108—Security for costs

847. This clause corresponds to Section 74-A of the Indian Patents and Designs Act, 1911 and Section 82(2) of the U.K. Act of 1949. The reference to the High Court may be deleted from this clause as in any event High Courts have the power to require any person to

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security for the payment of costs under the Civil Procedure Code and that power will be attracted to proceedings under this Act and it is necessary to provide only for proceedings before the Controller.

Clause 109—Transmission of copies of specification, etc., and inspection thereof

848. This clause reproduces Section 72 of the Indian Patents and Designs Act, 1911. I would suggest two minor drafting changes, namely, for the word "appointed" the word "specified" may be substituted and for the words "approved by" the words "with the approval of".

Clause 110—Information relating to patents

849. This reproduces Section 59-A of the Indian Patents and Designs Act, 1911 and substantially Section 78 of the U.K. Act, 1949. The present clause may be retained and the documents which should be open to inspection and of which copies could be had may be specified in the rules as in rule 137 of the U.K. Patent Rules, 1949.

Clause 111—Loss or destruction of patent

850. This corresponds to Section 39 of the Indian Patents and Designs Act, 1911, Section 80 of the U.K. Act of 1949 and Section 71 of the Australian Patents Act, 1952-55. I would suggest two minor drafting changes in this clause so as to make it read:—

"111. **Loss or destruction of patent.**—If a patent is lost or destroyed, or its non-production is accounted for to the satisfaction of the Controller, the Controller may at any time, on application made in the prescribed manner, cause a duplicate thereof to be sealed and delivered to the applicant."

Clause 112—Models to be furnished to Indian Museum

851. This clause reproduces the present Section 41 of the Indian Patents and Designs Act, 1911 corresponding to Section 47 of the U.K. Act, 1907. There is however no corresponding provision in the present U.K. Act, 1949. It appears that little use has been made of this section and I would therefore suggest its deletion.

Clause 112-A—High Court to make rules

852. I would add a new clause empowering the High Courts to make rules in respect of proceedings before them on the lines of Section 110 of the Trade and Merchandise Marks Act, 1958.

"853. **112A. High Court to make rules.**—The High Court may make rules consistent with this Act as to the conduct and procedure in respect of all proceedings under this Act before it."

Clause 113—Power to make rules

854. This clause has to be revised in the light of the provisions contained in the several clauses of the Bill as finalised. Hence I am leaving it untouched.

Clause 114—Special provisions relating to certain patents.

855. This clause contains special provisions as to patents granted before the relevant dates in Part B States and in merged territories may be retained.

Clause 115—Repeal, saving and transitional provisions

856. Sub-clause (2) (a).—I would suggest the addition of the word "Registration" in the sub-clause to make it clear that except as specially provided, all patents in force would be governed by the provisions of this enactment.

857. Sub-clause (2) (c).—I would recommend the deletion of this sub-clause for reasons stated in the notes on Clause 50.

858. Sub-clause (2) (d).—For the reasons stated in my notes on Clause 99, I would recommend the deletion of this sub-clause.

859. Sub-clause (2) (e).—As I am recommending the continuation of the opposition proceedings before grant, this clause is unnecessary and may be deleted.

860. Sub-clause (2) (g).—I have recommended the deletion of Clause 30 making provisions for the extension of the term of a patent on the ground that the patentee had not made sufficient profits during the normal term of 16 years. Since there might be cases where patentees have had the term enlarged by having recourse to Section 15 of the Indian Patents and Designs Act, 1911 a saving might be inserted in their favour as sub-clause (gg)—saving their extended terms from the operation of the new Act.

861. Sub-clause 2(i).—Sub-clause (2) and (3) of Clause 58 empower an exclusive licensee to institute a suit for infringement and to recover damages. But for these sub-clauses even in a case where a patentee has parted with his rights in favour of an exclusive licensee, the patentee alone could sue, with the result that, having suffered nominal damages he would recover only such nominal sum from the infringer, while the exclusive licensee who had sustained real and substantial damages by the infringement would be without a remedy—the only party benefiting by this state of the law being the infringer. It is to remedy this state of affairs that sub-clauses (2) and (3) of Clause 58 have been designed. I do not see any point in restricting the scope of these sub-clauses in the manner in which it is done by the saving clauses and would extend the scope of the provisions contained in sub-clauses (2) and (3) of Clause 58 to infringements committed before the commencement of this Act. Sub-clause (i) may therefore be deleted.

862. Sub-clause (2) (j).—There is no question of existing patentees having a vested right regarding the amount payable by them for obtaining a renewal. Payments which fall due after the commencement of the Act should be regulated by the new Act. The sub-clause may be suitably modified.

FIRST SCHEDULE

863. **Fees.**—My recommendations include suggestions by which the Patent Office would render greatly increased service to the

suggestion made regarding the scope of examination, as well as the enlarged grounds of opposition, would also increase the work of the Patent Office which would need to be greatly strengthened both as regards quality as well as in the number of officers. All this would necessarily mean increased cost though I consider that the cost is well-worth incurring. There is justification therefore for increasing the fees payable for the several proceedings for which provision is made in the First Schedule. I might mention that in the U.K., the fees payable which were fixed by the Patents Rules, 1949 were recently increased in 1958.

864. In regard to the quantum of enhancement, I would refer to three matters:

(1) In general the fees might be fixed on the lines of the U.K. Rules of 1958.

(2) As regards renewal fees, I would prefer the amount being increased every year instead of the same being constant for 4 years as at present. I might mention that in the U.K. under the U.K. Patents Rules, 1958, as well as in Switzerland (Section 108 of the Act of 1954) the fee payable for renewal is increased every year. Further, I would recommend that renewal fees be made payable from the third year and not merely from the fifth year as in the Indian Patents and Designs Act, 1911. The rule relating to the payment of the renewal fee might contain a clause on the lines of that found in the section of the Swiss Act already referred to reading—

"Where a principal patent is granted later than two years from the date of the patent application, the fees which have become due in the meantime may be paid within a term of three months from the official date of the recordal of the patent in the Register of patents."

Incidentally I would suggest that the "year" for the determination of the date when renewal fee should be paid might be a conventional year, say, the calendar year or preferably the year beginning with the 1st of April following the date of the patent instead of the year calculated from that date as at present. Such a computation would in great part reduce the need for specific notices to parties as to the date when the renewal fee is payable and would also tend to administrative convenience.

Even in regard to this item I would suggest in general the U.K. model for determining the quantum of the fee.

(3) As explained in the notes to clause 115 (2) (j) I do not see any impropriety in an enhanced renewal fee being charged for a patent in force at the commencement of the Act.

Yours faithfully,

N. RAJAGOPALA AYYANGAR.

MADRAS;

The 14th September, 1959.

APPENDICES

APPENDIX "A"

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APPENDIX 'A'

TABLE (1) ((Vide paragraphs 26 and 136)

Comparative Table of Applications for Patents in India during the periods (a) 1930—38: (b) 1949—58

Year	1930—1938			Year	1949—1958		
	Total number of applications filed	By Indians	By other than Indians		Total number of applications filed	By Indians	By other than Indians
1930	1,099	114	985	1949	1,725	345	1,380
1931	940	109	831	1950	1,851	352	1,499
1932	928	162	766	1951	2,108	422	1,686
1933	954	199	755	1952	2,272	473	1,799
1934	1,007	203	804	1953	2,235	406	1,829
1935	980	156	824	1954	2,497	403	2,094
1936	1,068	199	869	1955	2,736	403	2,333
1937	1,246	202	1,044	1956	3,067	482	2,585
1938	1,243	220	1,023	1957	3,456	527	2,929
1939	1,060	238	822	1958	3,572	529	3,043
	10,525	1,802(17%)	8,723		25,519	4,342(17%)	21,177

APPENDIX 'A'

TABLE (2) (Vide Paragraph 26)

Patents Granted From 1950—57—analysed according to the subject of the inventions

Year	Chemical Industries			Metallurgy			Food etc.			Engineering			Textile Technology			Miscellaneous		
	Ind.	Forgn.	Total	Ind.	Forgn.	Total	Ind.	Forgn.	Total	Ind.	Forgn.	Total	Ind.	Forgn.	Total	Ind.	Forgn.	Total
1950	13	271	284	10	72	82	22	111	133	48	560	608	4	90	94	48	275	323
1951	33	378	411	7	76	83	35	87	122	70	509	579	14	111	125	73	341	414
1952	36	414	450	7	91	98	18	77	95	45	409	454	10	114	124	50	294	344
1953	27	351	378	6	73	79	30	129	159	68	617	685	12	110	122	77	291	368
1954	44	409	453	15	131	146	31	341	372	50	339	389	25	146	171	92	209	301
1955	56	448	504	11	100	111	48	430	478	44	368	412	14	135	149	64	203	267
1956	34	479	513	2	80	82	30	402	432	37	467	504	7	114	121	42	278	320
1957	68	656	724	10	69	79	8	51	59	109	884	993	14	125	139	45	279	324
TOTAL	311	3406	3717	63	692	760	222	1628	1850	471	4153	4624	100	945	1045	491	2169	2660

Total number of patents granted 14,656.
 Total number of patents granted to Indians 1,663—(11.3 per cent).

APPENDIX 'A'

TABLE (3) (Vide Paragraph 136)
Applications for Patents relating to Drugs and Pharmaceuticals

Year	Number of applications		Total
	Indian	Foreign	
1947	12	143	155
1948	7	121	128
1949	5	139	144
1950	8	151	159
1951	17	203	220
1952	18	224	242
1953	18	267	285
1954	13	300	313
1955	7	325	332
1956	13	476	489
1957	25	543	568

APPENDIX 'A'

TABLE (4) (Vide Paragraph 26)
Number of Patents for inventions relating to antibiotics in force on the 1st April, 1959
analysed according to the nationality of the Patentees

U. S. A.	115
U. K.	32
Switzerland	11
France	8
Germany	8
Denmark	7
India	5
Italy	4
Netherlands	2
Japan	2
Austria	1
Total	195