

Patent Amendment rules 2020

January 4, 2021

In news

The Union government recently published the Patent Amendment rules 2020, amending the format of a statement that patentees and licensees are required to annually submit to the Patent Office disclosing the extent to which they have commercially worked or made the patented inventions available to the public in the country.

Key highlights

Making inventions in India & disclosing it: India's patent law imposes a duty on the patentee to commercially work the invention in India to ensure that its benefits reach the public. The purpose of granting patents itself is to not only encourage innovation but also ensure that the inventions are worked in India and are made available to the public in sufficient quantity at reasonable prices.

Revocation of patent if failed: A failure of above mentioned duty could trigger compulsory licensing or even subsequent revocation of the patent under the Patents Act, 1970

- The information on the extent of the working of the invention in India is critical for the effectiveness of these public interest measures provided by law to check abuse of patent monopoly (e.g. excessive pricing or scarce supply of the invention).
- Section 146(2), a unique provision not found in patent laws of most other countries, requires every patentee and licensee to submit to the Patent Office an annual statement explaining the extent to which they have worked the invention in India. The disclosure is to be made in the Form 27 format as prescribed under the Patent Rules, 2003.

- This statement is meant to help the Patent Office, potential competitors, etc. to determine whether the patentee has worked the invention in India and made it sufficiently available to the public at reasonable prices.

Public Interest Litigation(PIL) in Delhi High Court:

- The recent amendment to the form 27 was made pursuant to a PIL filed by Shamnad Basheer before the Delhi High Court in 2015.
- The PIL brought to the Court's attention the rampant non-filing and defective filing of Form 27 by patentees/licensees and sought a direction to the government to strictly enforce the patent working disclosure rules and take action against the violators.
- It also called for a reform of Form 27, arguing that the information it sought was grossly insufficient to ascertain the extent of the working of the patent.
- The government acknowledged that the Form 27 format was problematic and provided an undertaking to the court to effect appropriate amendments.
- The court accordingly disposed of the PIL in 2018, directing the government to complete the amendment process within the timelines mentioned in the undertaking.

News changes

Consequent to Delhi High Court's Order dated 23-04-2018 in writ petition No. WPC- 5590 of 2015 in the matter of Shamnad Basheer Vs UOI and others, stakeholder consultation was undertaken in order to streamline the requirements related to submission of statement regarding the working of a patented invention on a commercial scale in India (Form 27).

The Patents (Amendment) Rules, 2020, which came into effect on 19 October 2020, have further streamlined the requirements

related to filing of Form 27 and submission of verified English translation of priority documents, which is not in English language.

Important changes with reference to Form-27 and Rule 131(2) are as follows:

1. Patentee would get flexibility to file a single Form-27 in respect of a single or multiple related patents
2. Where a patent is granted to two or more persons, such persons may file a joint Form-27
3. The patentee would be required to provide 'approximate revenue / value accrued'
4. Authorized agents would be able to submit Form-27 on behalf of patentees
5. For filing Form-27, patentees would get six months, instead of current three months, from expiry of financial year
6. Patentee will not be required to file Form-27 in respect of a part or fraction of the financial year
7. While on one hand the requirements in Form-27 regarding submission of information by patentees have been eased, it may be noted that Section 146(1) of the Patents Act, 1970 empowers the Controller to seek information from the patentee, as may be deemed appropriate.

Important changes with reference to Rule 21 are as follows:

1. If the priority document is available in WIPO's digital library, the applicant would not be required to submit the same in the Indian Patent Office
2. Applicant would be required to submit verified English translation of a priority document, where the validity of the priority claim is relevant to the determination of whether the invention concerned is patentable or not.

What does the amended form require now?

Instead of calling for more elaborate details of the

information already sought in the Form as suggested in the PIL, the amended form has removed the requirement of submitting a lot of such important information altogether, thus damaging the core essence of the patent working requirement and the Form 27 format.

The form now requires the patentees and licensees to provide only for the following information: whether the patent has been worked or not; if the invention has been worked, the revenue or value accrued in India from manufacturing and importing the invention into India; and if it has not been worked, reasons for the same and the steps being taken towards working.

They are no longer required to provide any information in respect of the quantum of the invention manufactured/imported into India, the licenses and sub-licenses granted during the year and the meeting of public requirement at a reasonable price.

The removal of the requirement of submitting any licensing information, including the disclosure of even the existence of licenses (instead of seeking further details such as names of licensees/sub-licensees and the broad terms of the licenses as suggested in the PIL), means that the patentees/licensees can just self-certify that they've worked the patent without having to support the claim with the data on how they've done so, including through licensing/sub-licensing the patent.

The omission to mandate disclosure of details such as the price of the invention, its estimated demand, the extent to which the demand has been met, details of any special schemes or steps undertaken by the patentee to satisfy the demand, etc., as recommended in the PIL, makes it extremely difficult to ascertain whether the invention has been made available to the public in sufficient quantity and at an affordable price.

Its impact on inventions & public health

- The government has significantly weakened the critical duty imposed by the law on patentees/licensees to disclose patent working information, so much so that it has defeated the very purpose of it.
- The lack of this information could prevent invocation of compulsory licensing and other public interest measures in cases of patent abuse and make certain inventions inaccessible to the public.
- Such lack of accessibility in case of patented medicines could in turn have adverse consequences for public health of the country.
- The amendment has significantly watered down the disclosure format, and this could hamper the effectiveness of India's compulsory licensing regime which depends on full disclosure of patent working information.
- This in turn could hinder access to vital inventions including life-saving medicines, thereby impacting public health.