



India eases working requirements of patents

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The Patents (Amendment) Rules, 2020, came into force on 19 October 2020. These amendments were much awaited as they relate to a notorious provision of the patent laws and there has been a long history of stakeholders lobbying to abolish this provision. More importantly, the draft rules in this respect were released almost 17 months ago and the stakeholders were expecting some relief for 2020. The amended rules have great significance as they provide huge relief to stakeholders, with many glitches being removed and creases ironed out, thereby easing the requirements to a great extent.

Before the amendments

The objective of granting a patent is to encourage inventions and to ensure that the industry is able to benefit from the patent. In order to accomplish the latter, it is mandatory for a patentee, or his/her licensee, to work the patent in India.

Section 146(2) of the Patents (Amendment) Act, 2005 requires every patentee and every licensee, whether exclusive or otherwise, to furnish a statement about the extent to which the patented invention has been worked on a commercial scale in India. This is in accordance with rule 131(2) of the Patent Rules, 2003.

Prior to the Patents (Amendment) Rules, 2020, coming into force, this statement of working had to be furnished every calendar year and had to be submitted within three months from the end of each year. Such statement of commercial working is filed on form 27. The previous statement of commercial working required the patentee or licensee to reveal details such as:

- The manner and extent to which the patent has been worked;
- The licences and sub-licences granted during that year;
- Details regarding the undertaking through which the invention has been worked;
- Difficulties faced in working of the invention;
- Whether the public requirement has been met, partly or adequately, or to the fullest extent at a reasonable price; and
- If not worked, the reason of not working the invention.

Failure to furnish this information, or providing a false statement, is punishable with imprisonment or a fine, or both. The Patent Office has not taken any action against parties defaulting in the filing of



statements of commercial working, yet the provision is considered a necessary evil as it is a mandatory requirement and penal provisions are associated with it.

However, the provision does not serve any national interest, as to date no patent has been revoked on the grounds of non-working, but rather it puts a huge burden on the patentees to compile the information of commercial working and file every year.

Current amendments

The Patents (Amendment) Rules, 2020, brought in the amended rule 131, which is simplified from the earlier version. The current amended rule requires that working statements shall be furnished once in every financial year, starting from and commencing immediately after the financial year in which the patent was granted. The financial year in India starts from 1 April of a year, and ends on 31 March the subsequent year. The working statement also shall be furnished within six months from the expiry of each financial year, as opposed to the previous timeline, where the patentee had only three months to file. Therefore, the amended rule provides more time to the patent holders to file such statements, which is a welcome step for the purpose of convenience.

The most important and awaited amendment is simplification of form 27, which is required to be filed to comply with the working requirements. This single form now can be filed in respect of multiple patents, provided all of them are related patents, where the approximate revenue or value accrued from a particular patented invention cannot be derived separately from the approximate revenue or value accrued from related patents and all such patents are granted to the same patentees.

The form has been profoundly simplified and ambiguities removed. If the patented invention has been worked in India, the patentee or licensee is now required to provide the details of the approximate revenue or value that had accrued. This revenue or value may be provided under two headings – manufacturing in India and importing into India. If the patented invention has not been worked, the patentee or licensee is merely required to provide the reason and steps being taken for working of the invention.

Conclusion

The present amendment is a welcome development for the Indian intellectual property (IP) circuit. The amendments in the working requirements address a long list of hardships faced by patent holders in compiling data and information. It is also a relief for the Indian IP office, which has faced a lot of criticism due to the stringent and cumbersome requirements.

