

## IP Hotline

December 30, 2004

### PATENTS AMENDMENT ORDINANCE, 2004

The Patents Amendment Ordinance, 2004 ("Ordinance"), which amends the Patents Act, 1970 ("Act"), has been promulgated after receiving assent from the President of India. Since 1995 this is the third amendment, which seeks to comply with India's commitment under Agreement on Trade Related Intellectual Property Rights ("TRIPS"). This Ordinance will be valid for a period of 6 months, within which time both the houses of the Parliament of India will need to pass a bill to confirm the amendment. Else the Ordinance will lapse. In that case a new ordinance will have to be promulgated.

Some of the important amendments sought to be made by the Ordinance are

- **Introduction of Product Patent and removal of the EMR provisions:**
  - The Ordinance removes the bar on patentability of pharmaceuticals and agro-chemicals from January 1, 2005. Thus, product patents can now be granted in India. The black box applications for product patents will be examined beginning January 1, 2005.
  - The provisions for Exclusive marketing rights (EMRs) have been removed. As required by TRIPS, a transitional arrangement in the form of EMRs was introduced since 1995 pending introduction of the product patent.
  - The applications for patent in respect of which EMRs were granted will be examined for the grant of patent immediately on the commencement of the Ordinance.
  - All suits relating to infringement of the EMRs granted before January 1, 2005 will be dealt with in the same manner as if they were suits concerning infringement of patents under the Patents Act.
- **Software Patents:** Earlier amendment introduced a clause which said that computer programme per se are not patentable. The experts had interpreted that software with technical effect could be patented as language of such amendment was similar to that in England where software as such was not patentable. Now, as per the current amendments, the Ordinance clarifies that software having (i) Technical application of computer programs to industry; and (ii) combination of computer program with the hardware - can be patented if they otherwise fulfill the test of patentability. This provision will give further boost to the thriving software industry in India.
- **Change in the Procedure** for grant, publication and opposition of patent:
  - All the applications would be published after expiration of the period to be specified by the Rules, except on the grounds of secrecy or when the application is abandoned or withdrawn. The applicant could make an application for earlier publication.
  - The stage of acceptance and advertisement of the application for opposition has been replaced by the stage of grant of patent.
  - The new provisions allow both pre-grant and post-grant opposition. The pre-grant opposition can be filed anytime after the publication of the patent application but before a patent is granted. The post-grant opposition can be filed within a period of one year from the date of publication of the granted patent. The grounds on which pre-grant opposition can be filed are limited - (i) patentability including novelty, inventive step and industrial applicability; (ii) non-disclosure or incorrect mention of source and geographical origin of biological material used in the invention and anticipation of invention by knowledge (oral or otherwise) available within any local or indigenous community in India or elsewhere.
- **Rights prior to the Grant:** The Ordinance clarifies that post-publication of the application for patent grant and until the date of the grant of a patent, the applicant shall have the like privileges and rights as if a patent for the invention has been granted on the date of publication of the application. However, he shall not be entitled to institute any proceedings for infringement until the patent has been granted.
- **Security Provisions:** The ordinance also prohibits any person resident in India from applying for and being granted any patent for an invention outside India without written permission of the Controller of Patents. The application for a patent for the same invention has to be filed in India first, not less than six weeks before the application outside India. Before granting such permission in respect of invention, which is relevant for defense purpose or atomic energy, the Controller has to obtain prior consent of the Central Government.
- **The term of the patent** (which is 20 years) in respect of national phase applications under the Patent Cooperation Treaty shall now be computed from the international filing date and not from the date of filing of the national phase application, as was the case prior to amendment.
- **Import of patented article:** Due to the amendment to Section 107A of the Act, importing a patented invention solely for uses reasonably related to the development and submission of information required under any Indian law or in a foreign law, that regulates the manufacture, construction, use, sale or import of any product does not constitute infringement within the meaning of the Act.
- **Compulsory License:** A new provision has been inserted in the Chapter of Compulsory License. The provision

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provides for grant of license to manufacture and export the patented product to any country having insufficient or no manufacturing capacity in the pharmaceutical sector to address public health problems provided a compulsory license has been granted in that country. The amendment seeks to implement the agreement on Para 6 of Doha Declaration on TRIPS and public health. This will allow Indian companies to produce and export AIDS drugs to African and South East Asian countries.

- The Ordinance also introduces heavy penalty for offences under the Act.

Gowree Gokhale

*Source:* Patents Amendment Ordinance, 2004

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