

# IP Hotline

January 15, 2013

## ATTENTION PATENTEES: DEADLINE TO FILE FORM 27 APPROACHES

This alert is a reminder for all patent holders of Indian patents to file Form 27 before the deadline of **March 31, 2013**. Form 27 is a declaration by the patentee or its licensee(s), describing the extent of commercial exploitation, alternatively called "working of the patent" in India in the past calendar year. Form 27 needs to be filed in relation to each granted patent.

## WHY IS THERE A REQUIREMENT OF FILING FORM 27?

A patent is a monopoly right granted in favor of a patentee to utilize and monetize the patented invention to the exclusion of others. This is done with the objective of encouraging the development of new and useful inventions and technology for public good. However, the purpose of grant of an exclusive monopoly right will become futile if the patentee, either itself or through his licensees, does not commercially exploit the patent. In that regard, Indian Patent Act, 1970 ("Act") prescribes Form 27 to collect information from patent holders as to whether the invention has been used/worked or not, the extent of such use and the reasons if any of non-use. The form must be filed with the appropriate patent office in India (i.e. the original patent office where the patent was initially filed) before March 31st.

A separate form is required to be filed in respect of each patent including in cases of related patents having common patentee. No official filing fees is required to be paid along with the Form 27.

## DETAILS TO BE FURNISHED IN FORM 27<sup>1</sup>

- The patentee is required to provide the quantum and value (in Indian Rupees) of the patented product manufactured in India or imported from other countries.
- The patentee is required to give a declaration as to whether the requirement of the public has been met partly or adequately or to the fullest extent at a reasonable price by the working disclosed in the Form 27. While providing details of the working, the details of all the licenses and sub-licenses granted during the last calendar year are required to be disclosed too.
- Form 27 needs to be filed even if the patent has not been worked in India. Where the patent has not been worked, the patent holder should specify the reasons for not working of the patent and the steps being taken for working of the invention.

The form needs to be signed by the person making the statements or his duly authorized patent agent to certify that the facts and matters stated therein are true and correct.

In addition to the above, the Controller of Patents<sup>2</sup> ("**Controller**") also has the power to send a notice and call for information such as periodical statements evidencing that the patented invention has been commercially worked in India. This notice may be issued at any time during the continuance of the patent. A patentee or a licensee receiving the notice must furnish such information to the Controller within two months from the date of such notice or within such further time as the Controller may allow.<sup>3</sup>

The Patent Act does not provide adequate guidance or signposts on what details and/or documents if any are required to be mentioned in the Form 27.

## WORKING OF A PATENT THROUGH LICENSEE

If the patent has been exploited by the licensee(s) of the patentee in India, the patent would be deemed to have 'worked' in India and therefore, a direct exploitation of patent rights by the latter is not required. However, the mere act of having granted a license would not be considered as 'working of patent', unless the licensee has in fact worked the patent in India.

## CONSEQUENCES OF NOT FILING FORM 27

Any person who is required to submit Form 27 or such additional information as called for by the Controller fails to submit Form 27 shall be liable to penalty which may extend to INR 1,000,000<sup>4</sup> (i.e. INR One Million or approx. USD Twenty Thousand Dollars) .

Further, if it is discovered that the information provided in Form 27 is false, the provider of the information may become liable for imprisonment for a term which may extend to six months, or with fine, or with both<sup>5</sup>.

## CONSEQUENCES OF NOT WORKING A PATENT IN INDIA

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A patent that has not been worked for three years from its grant is vulnerable to issuance of a compulsory license.

Any interested party which has been unsuccessful in procuring a voluntary license from the patentee can file an application with the Controller requesting for a compulsory license after expiry of three years from grant of the patent. Such person needs to establish the occurrence of any of the three conditions mentioned in Section 843 of the Act. One such condition is that the patent should have 'not worked in the territory of India'. If the Controller is satisfied, he may grant the applicant a non-exclusive compulsory license for the balance term of the patent, unless a shorter term is consistent with public interest. The patent can subsequently be revoked after the expiration of two years from the grant of the compulsory license on application by any third party or the Government if it is established that the compulsorily licensed patent has not satisfied the purpose for which it was granted. Information contained in Form 27 filed, would be available to such applicant seeking a compulsory license to establish the non-working of the patent. It is relevant to note that the Controller while granting the first ever compulsory license to NATCO for Bayer's patented drug NEXAVAR<sup>7</sup>, relied on the Form 27 filed by Bayer while coming to the conclusion that the patented product has not been worked in India.

There is no provision for suo motu revocation by Controller. Neither is 'non-working' a ground for revocation of a patent by a person interested under Section 64 of the Act. Therefore, non-working would not directly lead to revocation of patent.

### GROWING IMPORTANCE OF FORM 27

Details of Form 27 can also be inspected by any member of the public vide the provisions of the Right to Information Act, 2005, ("**RTI Act**") which mandates the public authorities (for example, the Controller or other officers of the Patent Office) to provide requested information to the public (unless such information is exempted from disclosure under the RTI Act). The Controller, in any case, has the power to publish information received by him, including details in Form 27 to the public<sup>6</sup>.

### ANALYSIS: WHAT A PATENT HOLDER IN INDIA MUST ENSURE

Thus, not only is it vital for the patent holders to file Form 27, it is equally important to furnish adequate and correct information so as to avoid the risk of being penalized under the provisions of the Act. Further, all efforts must be made by the patent holder (either directly or through its licensees in India) to work the patent in India, else the patent may become susceptible to compulsory licensing.

- Aditi Jha & Gowree Gokhale

<sup>1</sup> Section 146(2) of the Act read with Rule 131(2) of the Patent Rule, 2003 ("Rules").

<sup>2</sup> Section 2 (1) (b) of the Act defines "Controller" as : Controller means the Controller General of Patents, Designs and Trade Marks referred to in section 73.

<sup>3</sup> Section 146(1) of the Act.

<sup>4</sup> Section 122 (1) (b) of the Act.

<sup>5</sup> Section 122 (2) of the Act.

<sup>6</sup> Section 146 of the Act.

<sup>7</sup> [http://www.nishithdesai.com/New\\_Hotline/IP/IPLab\\_March2112.pdf](http://www.nishithdesai.com/New_Hotline/IP/IPLab_March2112.pdf)

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