



## LATEST IP UPDATE FROM POTTER CLARKSON

### WORKING OF PATENTS IN INDIA

The patent office in India has indicated its intention to impose (substantial) fines on patentees (or licensees) who do not file an annual statement of working. In view of this, we recommend that you ensure that statements of commercial working in India are filed by a deadline of 31 March 2010 for all patents in India that:

- were in force during 2009; were granted before 2010; and
- are (co-)owned or licensed by you.

If required, we can assist with the preparation and filing of such statements.

#### Background

The patent law in India requires patent holders (or licensees) to file, by 31 March of each year, statements regarding the extent to which in-force patents, which have been granted by the end of the preceding year, have been worked commercially in India during the preceding year. However, the Indian Patent Office has not previously taken any action against patentees who failed to file such statements.

A Public Notice issued in late December 2009 indicates that the patent office now intends to use the sanctions at its disposal. The sanction for failing to file a statement of working is a fine of up to 1 million rupees (approximately \$25,000).

The penalty for knowingly providing false information in a statement of working is imprisonment for up to 6 months and/or a fine.

These sanctions can be imposed upon all (co-)owners and all licensees of a patent.

Details in connection with the statement of working are discussed below. There are a number of issues (such as the level of product supply that will satisfy the requirement for a patent to be "sufficiently worked") where there is uncertainty due to the absence of relevant case law. However, we can assist you with obtaining appropriate advice on any questions that you may have in connection with how (or whether) the statement of working should be drafted in respect of any patents (co-)owned or licensed by you.

#### Commercial Working

The production of a patented article in India (even if for export) or the use of a patented process in India constitutes commercial working in India. It is not clear whether importation of a patented article (or product of a patented process) would also constitute commercial working in India but this seems unlikely.

If a patent has been worked, the statement of working for that patent should provide information on:

- the quantum and value (in Rupees) of the patented product produced in India during the preceding year; and
- whether (as far as one can tell) the "public requirement" during that year has been met partly, adequately or to the fullest extent at a reasonable price.

Whether a patent has been worked in India or not, the statement of working should provide information on:

- the quantum and value (in Rupees) of the patented product imported into India during the preceding year; and
- any (sub-)licenses granted during the previous year.

### **Non-Working**

Failure to work a patent in India (or failure to provide a statement of working) does not result in the patent becoming susceptible to revocation. A statement is still required, however, indicating any reasons for non-working of the patent.

A patent that is not "sufficiently worked" within three years of grant in India will become vulnerable to an application for a compulsory licence. Although it is not clear what "sufficiently worked" means, it appears that supplying public demand in India at a reasonable price is likely to meet this requirement.

Although the patent office in India could publish the contents of statements of working, it currently has no plans to do this.

### **Recommendation**

We recommend that you ensure that statements of commercial working in India are filed by a deadline of 31 March 2010 for all patents in India that:

- were in force during 2009;
- were granted before 2010; and
- are (co-)owned or licensed by you.

Even if the patents in question have not been worked in India during 2009 we recommend filing such statements, including any reasons for non-working.

We are available to assist you with the preparation and filing of such statements.

If you require any further information, please contact your usual adviser at Potter Clarkson.

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The information in this Newsletter was correct at the date of release. More up to date information is available by contacting Potter Clarkson LLP. All comments contained here are of a general nature and full professional advice should be sought on any specific problem. Please note that all our Newsletters can be found on our website:

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