

# IP Hotline

November 06, 2020

## PATENT (AMENDMENT) RULES, 2020: STREAMLINING FORM 27 FILINGS

### NDA + IPPRO update

The Patent (Amendment) Rules 2020 ("**Amended Rules**") have come into force on October 20, 2020. By way of the Amended Rules, certain amendments have been made to Form 27 ("**New Form 27**"). Form 27 is the form prescribed for patentees and licensees to furnish statements regarding working of their patent in India. The information required to be furnished under Form 27 has been a matter of debate for some time now.

### FORM 27: BACKGROUND

It is mandatory under the (Indian) Patents Act, 1970 ("**Act**") for every patentee and every licensee to file a statement as to the extent of commercial working of a granted patent in the Indian territory.<sup>1</sup> This working statement is embodied in Form 27 of the Patents Rules, 2003 ("**2003 Rules**"). Non-compliance with the requirement of filing the working statement within the prescribed timelines as per the Rules may invite penalty of imprisonment which may extend to six months, or with fine, or with both, as provided under section 122(1) (b) of the Patents Act.

In 2015, a public interest litigation was filed before the Delhi High Court ("**Court**") bringing to the Court's attention the lack of compliance with the working statement filing requirement under the Act.<sup>2</sup> During the course of hearing of the petition, the parties to the petition informed the Court that the wording and requirements of Form 27 present in the 2003 Rules was unclear which made compliance difficult.<sup>3</sup> One such requirement was to state whether the patentee had met the public requirement with respect to the patented invention "*partly/adequately/to the fullest extent*" without any guidance on how to determine the same. Taking note of the issues pointed out by the parties, the Court had directed the government to take action for carrying out necessary amendments to Form- 27. Pursuant to the directions of the Delhi High Court, the 2003 Rules have now been amended.<sup>4</sup>

### AMENDMENTS TO FORM 27 CARRIED OUT BY WAY OF THE AMENDED RULES

#### 1. Deadline for filing extended:

Form 27 must now be furnished in respect of every financial year within six months from the expiry of every financial year, i.e., by September of the year subsequent to the relevant financial year. Earlier, Form 27 was required to be filed in respect of each calendar year and the deadline for filing was within three months after the end of the calendar year, i.e. by March. The change from calendar year to financial year is likely to make collation of information for filing easier for patentees as the information will now pertain to the entire financial year.

#### 2. Information to be submitted:

##### a. Valued accrued

As per the New Form 27, the patentee/ licensee is required to submit the approximate revenue/ value accrued in India through manufacturing in India/import into India of the patented invention. In contrast, the 2003 Rules required the patentee to provide the "quantum and value (in rupees) of the patented product manufactured/ imported in India".

Patentees have faced difficulties over the years in determining the exact "quantum" and "value" of the patented product manufactured/imported in India as for some types of inventions these figures are not easily discernible and also raise concerns over confidentiality. As per the Amended Rules, patentees and licensees will now be able to provide approximate values making compliance easier and less cumbersome.

##### b. Requirement to provide details of licensees/sub-licensees removed

Another cause for concern from a confidentiality perspective in the earlier Form 27 was the requirement to provide details of licensees and sub-licensees. This requirement has now been removed.

##### c. No requirement to provide statement on meeting public requirement

As per the 2003 Rules, a patentee was required to state if the public requirements for the patented invention had been met partly/ adequately/ to the fullest extent at reasonable price. However, no definition or guidance on how to determine if a patentee had met the public requirement "partly/ adequately/ to the fullest extent" had been provided in the Act or the 2003 Rules. Much to the relief of patentees, this statement has been removed by way of the Amended Rules.

##### 3. One form for multiple patents:

The Amended Rules have now clarified that a patentee can file one form for multiple patents if all such patents are related patents and approximate revenue/value accrued from a particular patented invention cannot be derived separately from the approximate revenue/value accrued of the related patents.

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## TAKEAWAYS

The Amended Rules will make Form 27 filings for patentees dealing with large patent portfolios and multiple licensees/sub-licensees easier and more streamlined. The amendments address several concerns such as issues related to confidentiality and multiplicity of filings due to the requirement to make separate filings for related patents. The New Form 27 is more business friendly as the form will now contain details pertaining to the financial year and not the calendar year.

In summary, the information to be provided in the New Form 27 for the relevant financial year is below:

1. If worked in India - Approximate revenue/value accrued in India to patentee/licensee;
2. If not worked in India – Reasons for non-working and steps taken for working the invention

With amendments being made to ensure easy compliance, the Indian Patent Office is likely to ensure that patentees comply with the working statement requirement. Therefore, patentees should ensure timely compliance with the requirement to avoid facing adverse consequences.

– **Aparna Gaur, Abhay Porwal & Gowree Gokhale**

You can direct your queries or comments to the authors

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<sup>1</sup> Section 146(2) of the Act

<sup>2</sup> See <https://spicyip.com/shamnad-basheer-v-union-of-india-ors>

<sup>3</sup> See order dated February 7 2018 passed in W.P.(C) 5590/2015, *Shamnad Basheer v. Union of India and Others*, Delhi High Court

<sup>4</sup> See <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1668081>

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