

COMPARATIVE STUDY OF U.S. & INDIAN PATENT LAW

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Abstract

A Patent is an exclusive set of rights conferred upon the inventor to make, use, sell, exploit, export or assign his invention for a limited period of time. When any of the above act is performed by other without the prior permission or license of the inventor then it amounts to infringement. In this changing scenario where innovation is playing an important role in every field be it pharmaceutical products, technology etc. now it can be said that the 'Inventor' has become much more aware about protecting his invented product. The 'Inventor' is now aware how to challenge the validity of his invention.

The Patents Act 1970 does not clearly define as to what infringement is. But, Section 48 of Indian Patent Act confers exclusive right on the patentee that his patented invention can be prevented from being use, made or sold.

This paper basically presents the comparative study of U.S and Indian Patent Laws. It brings out various different provisions of U.S and Indian Patent laws which will be supported by landmark judgements. It contains of few opinions regarding harmonization between countries to achieve global advancement and development followed by various advantages.

Keywords: Patent, Comparative study, India & U.S, Harmonization, Advantages

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INTRODUCTION

“Invention is the root of innovation. Innovation is the major force for change in the future”.¹

Historical Background of Indian Patent Law

In the year 1857, India was the first country to have Patent Laws. This law was basically the outcome of the colonial rulers who wanted to protect the imported products / technologies from ‘reverse engineering and copying’. After Independence India revised and reviewed the laws and one such example was the Patent Act of 1970. This was formed by Justice N Raj Gopala Ayyangar Committee which clearly states the ‘patent literacy’ and also the guidelines available to the newly independent nation.² The Ayyangar Committee was largely based on recommendations. One such recommendation was to allow only process patents in connection to inventions of food, drugs, medicines and chemicals. Later India became a signatory to many international organizations with an aim to strengthen its patent law and also to achieve co-operation in the modern world³. As the acceptance of TRIPS could be achieved only with the balance between patent law policy and competition to match the national needs as well as the political economy. Though there were many dispositions by many working group still the Patent Act 1970 was amended in three stages to make it TRIPS compliant. With the effect from 1st January 2005 India has now become fully TRIPS compliant and the new system of IPR is applicable to all fields of technology including agriculture for a term of 20 years.⁴

Historical Background of U.S Patent Law

In the year 1474, a law was accepted in Italy for granting exclusive rights to the creators for their inventions. By many this is considered as the first very Patent Law. After 150 years a new proposal was forwarded named “Statute of Monopolies” which stated patent as ‘new invention’ and the monopoly on the new invention to be up to 14 years. After various laws passed by Italy, England and France the U.S Constitution finally established the U.S Patent Law under Article 1, Section 8 which states “promoting the progress of science and other

¹ Philippe Kahn, <http://izquotes.com/author/philippe-kahn>, Accessed on 21.10.2016

² <http://www.manupatra.co.in/newsline/articles/Upload/FB63D8BC-CA73-483A-9B16-62D24A669FCF.pdf>
Accessed on 21.10.2016

³ Jaya Bhatnagar and Vidisha Garg, Patent Law in India, Available at: <http://www.mondaq.com/india/x/54494/Patent/Patent+Law+in+India> Accessed on 21.10.2016

⁴ Available at: <http://www.manupatra.co.in/newsline/articles/Upload/FB63D8BC-CA73-483A-9B16-62D24A669FCF.pdf> Accessed on 21.10.2016

useful arts and securing the work of the inventors and authors by providing exclusive rights to their respective works”. The first U.S Patent Act was established in the year 1790 with the validity of the patent being 14 years. The most important significant of this Act was it required all the patent submissions to have a description of the invention at the time of application. After many amendments and modifications, the U.S Patent Act was completed when the Congress passed the ‘Leahy-Smith America Invents Act (AIA)’ in the year 2011. This recent amendment is interesting as it shifts the U.S Patent system from a “first to invent” to a “first to file”⁵.

COMPARATIVE STUDY OF U.S AND INDIAN PATENT LAWS

The study is divided into two parts- 1) Substantive and 2) Procedural

Substantive Aspects

PATENT TERM ADJUSTMENT

United States Patent Law

Section 154(b) deals with the term of Patent Adjustment.⁶ According to this provision Utility and Plant patents may be eligible for Patent Term Adjustment which may usually result from delays due to interference proceedings or any secrecy orders.

There are three main bases for Patent Term Adjustment

- Failure of Office to take actions within specified time set forth in 35 USC 154(b)(1),
- Failure of Office to issue a Patent within three years of actual filing of application under 35USC154 (b)(1),
- Delay due to interference proceedings and secrecy order under 35 USC 181

CASE LAW

In *Janssen Pharmaceutical N.V. v. Kaposi*, a federal Court in Virginia has rule that a patentee seeking review of USPTO determination adjusting a patent term under section 154(b) provision which allows extension of a patent term for a delay between the date when the

⁵ Pamela Collins, Available at: http://www.hjklaw.com/blogs/archive/entry/a_brief_history_of_us_patent_law Accessed on 21.10.2016

⁶ Contents and Term of Patent, Reference from Indian Patent Act 1970, Available at: <http://www.wipo.int/edocs/lexdocs/laws/en/in/in065en.pdf> Accessed on 19.10.2016

application is filed and when it is ultimately issued must comply with the time limitation prescribed by patent law and not which are set forth in Administrative Proceedings Act (APA). The patentee contended that the action was timely as it was filed within 180 days. USPTO urged the Court to determine the Statue of Limitation begins to run from the date the patent is issued and not from the date of agency's final PTA determination. The matter was transferred to District court on the ground that the complaint was time barred⁷.

Indian Patent Law

The patent term extension was for the first time considered by the Second Committee appointed by the Government of India in the direction of Hon'ble High Court of Delhi in the Nitto Denko Case. According to the Second Committee the time lost during the processing of the application in the Patent Office needs the Patent Term Extension. But it was observed that this particular provision exists only in U.S and the patent term of India which is 20 years in itself is too long where 20 years' monopoly is considered blocking the competition. It was also considered that in today's world where the technologies are covered by the patent becomes unused hence encouraging unused technologies and protecting them with longer patent term is not advisable.

COMPULSORY LICENSE

Indian Patent Law

The Indian Patent Law deals with Compulsory License under Section 84.⁸ Section 84 speaks of, at any time after the expiration of three years from the date of grant of patent any person shall make an application to the Controller for grant of compulsory license on patent under the following grounds,

- that the reasonable requirements of the public have not been satisfied,
- that patented invention is not available to the public at affordable service,
- that the patented invention is not used in the territory of India.

⁷ Shook Hardy & Bacon LLP, Court determines patent law limitations, not APA, apply to Section 154 extension matters, Available at: <http://www.lexology.com/library/detail.aspx?g=00edc17e-1ef5-4763-ac63-8b2097541191> Accessed on 27.10.2016.

⁸ Supra Note 6

CASE LAW:

In *Bayer Corporation v. Union Of India*, Bayer Corp a drug multinational giant based at Germany invents a drug named 'SORAFENIB' which could be used as a life extending drug in liver and kidney cancer treatment 'NEXAVAR' was the name of the brand. An Indian generic pharmaceutical company 'Natco' filed an application with Bayer for voluntary license of the drug Nexavar. Bayer was selling the product in exorbitant price which most people could not afford. On 9th March 2012 The Patent Controller granted Compulsory License to Natco Pharma to make and market an affordable generic version of Nexavar. Bayer unsuccessfully challenged the order before IPAB and later at Bombay High Court which will be priced 97% lower than Bayer's price. As Bayer was not in a position to disclose all the R&D costs and also it failed to supply the drug to large number of cancer patients, the Supreme Court dismisses the SLP filed by Bayer. This grant of Compulsory License to Natco for anti-cancer drug is the first of its kind in India⁹.

United States Law

Under the United States code of Patent Law there is no recognition of 'Compulsory License'.

Procedural Aspects

Under the Procedural aspects the following points are differentiated

PATENTABLE SUBJECT-MATTER*United States Law*

The United States Code defines Patent under Section 101 and Patentable Subject Matter under Section 102 & 103. Section 101¹⁰ defines Patent as A Patent is a right granted to the inventor who invents or discovers process; manufacture etc. which is new, useful and non-obvious. It is specifically the right to exclude others from making, selling etc.

CASE LAW

⁹ Available at: <http://www.lawyerscollective.org/updates/supreme-court-says-no-to-bayer-upholds-compulsory-license-on-nexavar.html> Accessed on 22.10.2016

¹⁰ Reference from U.S Patent Act, Available at: <https://www.law.cornell.edu/patent/patent.part2.table.html#chapt15> Accessed on 19.10.2016

In *KSR v. Teleflex*, the dispute was about the usage of electronic sensor based adjustable gas pedals. In this particular case, Teleflex accused KSR International of using the gas pedal technology which was claimed by Teleflex. KSR argued that Teleflex on the first place cannot be granted a patent as the combination of electronic sensor and gas pedal technology was something obvious based on prior art. On reversing the decision of the lower court, the U.S Supreme Court held that sensor- based technology was obvious from the other patents and hence, Teleflex's patent is invalid¹¹.

Indian Patent law

The Indian Patent Law defines inventions under Section 3¹² of Indian Patent Act 1970 and they are as follows:

- an invention which is contrary to well established natural law
- an invention which is contrary to public order and morality
- mere discovery of an scientific principle
- mere discovery of something which is a known substance etc.

CASE LAW

In *Novartis Ag v. Union of India*, the dispute was related to section 3(d) of Patents Act. The petitioner filed a patent application with regard to ANTI LUEKEMIA drug called 'GLEVIC' which was slightly different from their 1993 version. The petitioner contended that section 3(d) is unconstitutional as it violates the TRIPS agreement and also that Indian Patent Act does not define 'efficacy'. The Court rejected both the contentions stating first, WTO's Dispute Settlement Body provides for remedy and the complete mechanism for violating TRIPS Agreement. Second, the Court observed that 'Efficacy means ability to produce a desirable result'. It further added that test of efficacy would include the utility, function and purpose of the product. Hence, the Supreme Court found that since the petitioner did not pass the test of section 3(d) the patent application filed by the petitioner is rejected.¹³

PATENT FOR PLANTS

¹¹ Rishab Jain, Patentability Criteria of an Invention and when it is not Granted-India, Available at: <https://www.hg.org/article.asp?id=19759> Accessed on 19.10.2016

¹² Supra Note 6

¹³ Aayush Sharma, Section 3(d) of Indian Patents Act1970: significance and interpretation. Available at: <http://www.lexology.com/library/detail.aspx?g=3f92413f-107c-4886-aca7-24633a341e22> Accessed on 19.10.2016

United States Law

The United States Code deals with Plant patents under Section 161-164. Section 161 states that whoever invents or discovers and asexually reproduces any new variety of plants which includes hybrids, mutants, newly found seedling other than a tuber propagated plant may obtain a patent with subject to certain conditions.

Section 162-164, these sections deal with various other provisions such as grant of patent, description and claim and assistance of department of agriculture.

Explanation of Section 161, asexually propagated plants are those plants which are reproduced not merely from seeds but rather by using other methods such as grafting, budding, layering, inarching etc.

Indian Patent Law

The Indian Patent Law deals with Patents for plants under Section 3(j).

Section 3¹⁴ deals with the non-inventions among which one of them are Plants and animals in whole or in part thereof other than micro-organisms but which include seeds, species and other biological processes for propagation or production of animals.

CASE LAW

In *Monsanto Technology v. Controller General of Patents* the issue involved was whether patent could be granted to an invention which is explained as a method of producing transgenic plant with increased heat, drought and salt tolerance. The Indian Patent Office refused to grant patent on the following grounds:

- Lack of inventive step in the claim of subject matter,
- Claim in the application was not considered as invention as the function of cold shock protein was disclosed in the prior art which makes obvious to a person who is skilled in the art,
- Most important the Patent Application does not fall within the meaning of Section 3(j) of the Indian Patent Act 1970. This became the primary reason for rejecting the application.

¹⁴ Supra Note 6

After the rejection Monsanto files an appeal before the IPAB (Indian Patent Appellate board). In view of the IPAB's view the method which was claimed for grant of patent was not merely a leap from prior art to the invention, it did involve a journey of individual steps involving human intervention which was considered sufficient to overrule the findings of the Patent Controller. Hence, IPAB held that human intervention in plant cell and its production was enough to grant patent at least to the process claim if not to the product¹⁵.

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¹⁵ Swarup Kumar & Shivaarti Bajaj, *Challenges to the patenting of essentially biological processes in India*, Available at: <http://www.remfray.com/wp-content/uploads/rs-articles/challenges-patenting-essentially-biological-processes-in-india---lsipr.pdf>. Accessed on 19.10.2016

¹⁶ Supra Note 6

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GRANT OF OPPOSITION

U.S Patent Law

The Leahy-Smith America Invents Act (H.R. 1249) introduced Post-grant review proceedings into U.S Patent Law. 35 USC 301-307¹⁸ deals with Post -grant opposition. U.S only deals with the concept of Post-Grant opposition.

The provision reads as follows: Any person who is not the owner of the Patent may file an application in case of any opposition which should not be less than 9 months from the date on which the patent is actually granted to the owner of the Patent. The post-grant opposition has a few advantages:

- Promise to improve patent quality by bringing more information into the process.
- Focuses on the most valuable patent. Patent that are most likely to have an effect in the market are most likely to be opposed.
- Price lowers on reducing the number of invalid patents.
- Offers increased flexibility. It addresses the uncertainty that hampers innovation (lessens licensing, commercialization and marketing).

Indian Patent Law

The Indian Patent Law deals with Pre as well as Post grant opposition under Section 25(1) and 25(2)¹⁹ of Indian Patent Act 1970.

¹⁷ < <http://www.lawyerscollective.org/updates/supreme-court-says-no-to-bayer-upholds-compulsory-license-on-nexavar.html> > Accessed on 22.10.2016

¹⁸ 35 USC 301-307: Post Grant Opposition, Reference from U.S Patent Act, Available at: <http://www.wipo.int/edocs/lexdocs/laws/en/in/in065en.pdf> Accessed on 19.10.2016.

¹⁹ Supra Note 6

Pre-grant opposition Section 25(1): Any person can represent for opposition against the grant of a patent after the publication of application for a patent but has not before its grant. This acts as a safety not to record any questionable patent before the patent has been actually granted.

Post grant opposition Section 25(2): Any interested person can file a notice for a post-grant opposition before the expiry of one-year term from the date of publication of grant of patent.

CASE LAW

In *Hindustan Lever Ltd. v. Godrej Soaps*, a patent was filed by Hindustan Lever Ltd. On 14th Oct 1992 in India which was opposed by Godrej Soaps. This particular Patent had two priorities of U.K dated 14th Oct 1991 and 14th July 1992 and was granted on 18th may 1996 in India. The ground of opposition was:

- Prior Publication
- Prior Pubic Use
- Obviousness and Lack of Inventive step.

Thus, the court held that the applicant has failed to comply with the requirements mentioned under section: 8 or has disclosed such information which he knew was false. After making the amendments and specification in claim, the opposition was dismissed²⁰.

PATENT AGENT

U.S Patent Law

37 CFR (Code of Federal Regulation) 11.6 describes the requirements of a Patent Agent.

Registration of Attorneys and Agents,

- Attorney - any citizen of U.S who is an Attorney and an alien who is an Attorney and who lawfully resides in U.S may be registered as a patent Agent.
- Agent - Any citizen who is not an Attorney and resides lawfully in U.S and an alien who is not a resident of U.S may be registered as a Patent Agent.

²⁰ Patent Opposition Systems in India and Other Countries, Available at: <http://www.ipproinc.com/admin/files/upload/5f5e1080d1259a6b3d4e60c193a58351.pdf> Accessed on 25.10.2016

- Foreigner - any foreigner who is not a resident of U.S shall file proof that he or she is registered in good standing before the patent office of the country in which he or she resides and practices may be registered as a Patent agent (with some conditions)²¹.

CASE LAW

In *Hsuan-Yeh Chang v. Kappos*, Plaintiff Hsuan-Yeh Chang in his official capacity as undersecretary of Commerce for Intellectual Property and Director of USPTO brings an action against the defendant. The Complainant alleges that the PTO acted arbitrarily and capriciously and in excess of its statutory authority in violation of administrative procedures Act by denying his full registration as a patent agent under 35 C.F.R 11.6 (b) on the basis of his immigration status. The parties have cross moved for summary-judgement. The court finds that PTO has not acted within its statutory authority and was not an abuse of its discretion, therefore Court denies Plaintiff's motion and grants defendant's cross - motion²².

Indian Patent Law

Section 126 of Indian Patent Act 1970 deals with Patent Agent.²³ It states that a person shall be eligible to have his name entered in the register of Patent agents on fulfilling certain conditions,

- He is a citizen of India,
- he has completed the age of 21 years,
- has obtained a degree in science, engineering and technology,
- has passed the qualified examination for the purpose,
- for a total period of not less than 10 years, functioned either as examiner or as Controller.

CASE LAW

In *Sp. Chockalingam v. Controller of Patents*, an advocate filed a writ petition under section 226 of the Indian Constitution before Madras High Court declaring the deletion of Patent amendment Of 2005. He contended that amendment of 2005 has been unconstitutional as it omitted the words 'Advocates' from section 126. He also pointed out that where in one

²¹ Legal Information Institute, 37 C.F.R 11.6 - Registration of attorneys and agents, Available at: <https://www.law.cornell.edu/cfr/text/37/11.6> Accessed on 25.10.2016

²² Amy Berman Jackson , HSUAN-YEH CHANG V. KAPPOS , Available at: <https://casetext.com/case/hsuan-yeh-chang-v-kappos> Accessed on 26.10.2016

²³ Supra Note 6

hand advocates are allowed to argue patent cases on the other hand they are not allowed filing patent case for their clients. In this particular case the Madras High Court held that the writ petition is allowed and the impugned order as unconstitutional, ultra vires, void and unenforceable thus, meeting the ends of justice²⁴.

OPINION

From the above mentioned points it is visible that India and U.S possess different patent laws. Each country grants patent to the inventor within its own territory on various reasons such as social conditions, political issues etc. According to me, India and U.S are not the only countries having different patent laws but there are many. In this globalizing world where the economic activities are becoming increasingly globalized, it has become a need for harmonization. To achieve harmonization between countries there must be some sort of balance between the patent diversity and patent harmonization. This concept of harmonization comes with many advantages which are as follows: -

- *Process of obtaining a patent is simplified:* Since different countries have different patent laws the patentability requirements differs among all making the procedure difficult for the applicants. By harmonizing the substantive patent law this process can be simplified for all applicants.
- *Reducing the work load of the patent office:* If the Patent laws are harmonized then the report of one country could be relied by other countries on the basis of search and examination including steps like determination of patent claim, prior art and claim system. This will result in load reduction.
- *To broaden the patentable subject matter:* The subject matter of patent varies among countries. Some have restricted laws of patentable subject matter. The advantage of broadening the subject matter could be encouraging new generation technologies like information technology, nanotechnology and biotechnology.
- *Increase in legal certainty:* If there occurs harmonization between countries, and an invention obtains patent in one country then probability of it obtaining a patent in another country becomes quite predictable. This will result in legal certainty.

²⁴ Sp. Chockalingam v. Controller of Patents, Available at: <https://indiankanoon.org/doc/194075199/> Accessed on 26.10.2016.

- *Reducing cost patenting:* The cost to obtain a patent is high and it is not affordable to all. Different patent laws bring with it difference in forms, formats and procedures. On harmonizing, the cost, procedure, forms and formats could be unified.

This concept of harmonization has some disadvantages too:

- If some country has string IPR then manufacturers of the patented invention would consider delivering their products to the country which has appropriate conditions. This in turn will harm the other countries as they will lose opportunity to create employment for society.
- If all patent laws will be harmonized, then there will be a lot of mistakes which will be carried from one patent office to another. Moreover, these mistakes will remain unchecked.
- Countries with different stages of development have different needs and expectations from the system of Intellectual Property. Having a harmonized system, developed, developing and under developed countries will have to search for a center of gravity to reach to a conclusion and as well as which balances all their view points.

According to me all countries should select the best practices from the various patent systems of different countries without limiting itself to one's own system.

CONCLUSION

Achieving Harmonization is not an easy task. It is a long journey which involves a number of steps. India in its initial steps of harmonizing the provisions of prior art, inventive step, novelty etc. can achieve mutual benefit of exploitation of search and examination results of different countries which led to reduction in the duplication and backlog of work and also resulting in the reduction of cost patenting.