

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ **LPA No.172/2012**

% *Reserved on: 19th March, 2012*
Pronounced on: 27th July, 2012

CYDMAX (INDIA) PHARMA PVT. LTD. APPELLANT

through : Mr. V.P. Singh, Sr. Adv.
with Mr. S.C. Majumdar,
Mr. Manoj Khanna,
Advocates

VERSUS

M/S GILEAD SCIENCES INC. & ORS. RESPONDENTS

through: Mr. Sudhir Chandra, Sr.
Adv. Ms. Mamta Rani,
Mr.Guru Natraj, Advocates

CORAM :-
HON'BLE THE ACTING CHIEF JUSTICE
HON'BLE MR. JUSTICE RAJIV SAHAI ENDLAW

A.K. SIKRI (Acting Chief Justice)

1. The Respondent No.1 herein had moved an application for grant of patent with the Controller of Patents and Designs (hereinafter referred to as 'the Controller'). The appellant herein raised objections thereto by filing pre-grant opposition. The said opposition of the appellant was accepted which resulted in orders

dated 30.07.2009 passed by the Controller whereby the Controller refused to accept the patent application of the Respondent No.1.

2. The period of limitation for filing appeal against such an order is prescribed under Section 177A(4) of the Indian Patents Act, 1970 (hereinafter referred to as 'the Act'). It stipulates three months time from the date of the decision, order or direction of the Controller. The Respondent No.1 preferred the appeal before the Intellectual Property Appellate Board (IPAB) on 26.08.2010, i.e. after 13 months from the date of the order. Thus, there was a delay of about 10 months in filing this appeal. For removing this hurdle, the Respondent No.1 also moved an application for condonation of delay. This application was rejected by the IPAB vide order dated 13.6.2011 and as a corollary, the appeal filed by the Respondent No.1 was also dismissed.
3. Challenging this order refusing to condone the delay, the Respondent No.1 filed the writ petition under Article 226 of the Constitution of India in this Court. This writ petition has been allowed by the learned Single Judge vide impugned judgment dated 5.1.2012 holding that the IPAB was empowered to condone the delay in cases disclosing sufficient cause therefor and as the Respondent No.1 had provided sufficient cause, delay should have been condoned. The writ petition is thus allowed setting aside the order dated 13.6.2011 passed by the IPAB directing the IPAB to consider the appeal of the Respondent No.1 on its merits. The appellant feels aggrieved by this order of the learned Single

Judge and that is the reason for preferring the present intra-court appeal.

4. We may mention at the outset that in the application for condonation of delay filed before the IPAB, plea raised by the Respondent No.1 was that there was some doubts about the maintainability of an appeal before the IPAB against order passed on pre-grant opposition application. The IPAB was earlier holding the view that such an application is not maintainable before it as Section 117A of the Act did not mention an order or decision of the Controller under Section 25(1) (which deals with pre-grant opposition) but only made reference to an order passed under Section 25(4) of the Act which deals with post-grant opposition. This view was taken by the IPAB in the case of *Yahoo Inc. v. Controller of Patents*, MANU/IC/0080/2009 dated 27.10.2009 holding that no appeal lies in case of an order passed on pre-grant opposition. It was further pleaded by the Respondent No.1 that the issue with regard to the maintainability of an appeal against pre-grant rejection of the patent application was settled by the judgment of this Court in *M/s UCB Farchim S.A. v. M/s Cipla Ltd. & Ors.*, 167 (2010) DLT 459. This decision was rendered on 8.2.2010. Only in this judgment, this Court clarified that appeal against an order passed by the Controller under Section 25(1) of the Act was also appealable before the IPAB as per the provisions of Section 117A of the Act. The Respondent No.1 in the first instance filed WP(C) No.532/2010 in

relation to rejection of its patent application to seek a clarification from the Court as to whether the judgment in *UCB Farchim* (supra) would apply in *rem* retrospectively. This writ petition was disposed of on 23.2.2010 by this Court permitting the petitioner to file an appeal with an appropriate application seeking condonation of delay.

5. The aforesaid facts provide satisfactory explanation for not filing the appeal up to 23.3.2010 when the Court permitted to file the appeal. There is no quarrel upto this stage. However, the appeal was filed only on 26.8.2010 and the grievance of the appellant is that without any sufficient explanation, the learned Single Judge has wrongly allowed the writ petition.
6. Reverting back to the application for condonation of delay, this period was explained by the Respondent No.1 by submitting that the opinion which was held by the IPAB was maintained even after the judgment in *UCB Farchim* (supra), namely, such an appeal was not maintainable. To support this submission, the Respondent No.1 stated that in respect of one of the appeals preferred by Respondent No.1 itself against an order passed under Section 25(1) by the Controller, the IPAB initially raised various objections on 2.12.2009. Though this objection was raised before the judgment of this Court in *UCB Farchim* (supra) on 8.2.2010, the same objections were sought to be revived when the Respondent No.1 sought entertainment of the said appeal vide a letter dated 23.2.2010 received in the office of IPAB on 18.3.2010.

The said appeal was listed for hearing vide notice dated 5.7.2010 and only after the matter was heard by the Board on 2.8.2010, the Board orally observed that an appeal would be maintainable. In these circumstances, the appeal in the instant case was filed on 26.8.2010 though the formal order about the maintainability of the appeal was passed by the Board in the appeal heard on 8.10.2010 on 30.11.2010. As pointed out above, the learned Single Judge has accepted this explanation as well and held that there was sufficient ground for condonation of the delay. The position is discussed and summed up in the following paragraphs:

“24. Even after the said decision was rendered, it is not disputed that in the petitioner’s other appeal, the Board sought to raise doubts about the maintainability of the appeal as notices dated 05.07.2010 were issued to the petitioner in SR No. 494/09/PT/IPAB and SR No. 495/09/PT/IPAB asking the petitioner to appear for hearing on 02.08.2010 to address the Board on the issue of maintainability of the appeal. Therefore, even though this Court had ruled that an appeal under Section 117A would lie in respect of an order under Section 25(1), the Board, at the relevant time, seems to have still entertained doubts regarding the maintainability. These doubts, it appears, were cleared only during the course of hearing before the Board on 02.08.2010.

25. If the Board itself entertained such doubts about the maintainability of the appeal till as late as 02.08.2010, despite this Court having been rendered its judgment in UCB Farchim (supra) as early as 08.02.2010, there is no justification to attribute greater wisdom to the petitioner. By hind site, it is very easy for the Board now to say that the petitioner should have known that once this Court had ruled that an appeal would be maintainable, the Board did not have an option but to entertain the appeal. However, despite that being the obvious preposition, the fact of the matter is that the

Board did raise doubts about the maintainability of the appeal, even though the judgment of this Court in UCB Farchim (supra) was brought to its knowledge. Consequently, the petitioner, it appears, was all at sea, not knowing in which direction to proceed.

26. The petitioner may have been taking shots in the dark, as it preferred a writ petition in one case (in relation to patent application No. 963/DEL/2002 rejected on 09.03.2009), and thereafter preferred an appeal on 06.04.2010, but that does not mean that the failure of the petitioner in taking any steps in relation to the order passed in patent application No. 896/DEL/2002, in the aforesaid facts & circumstances, can be construed as an abandonment by the petitioner of its right to assail the said order passed by the Controller. One cannot lose sight of the fact that every legal remedy availed of by a party entails substantial legal costs. In the scenario which presented itself and as noted above, the petitioner may have been reluctant to take one or the other action, not knowing whether the remedy invoked was even maintainable or not."

7. The contention of Mr. V.P. Singh, learned senior counsel for the appellant was that the respondent has not satisfactorily explained the delay of ten months in filing the appeal. Therefore, application was rightly rejected by the IPAB and there was no justification to interfere with the said order of the IPAB. Learned senior counsel also argued that when the appeal is not filed within time, valuable right accrues to the other side, namely, the appellant in the present case and, therefore, it is wrongly perceived by the learned Single Judge that with condonation of delay, no prejudice is caused to the appellant herein. Submission in the alternative was that at the most delay was explained up to

the date of orders dated 23.2.2010 passed in WP(C) No. 532/2010 preferred by the Respondent No.1 and after this Court had permitted the Respondent No.1 to file an appeal, there was no reason to wait for six months thereafter and file the appeal only on 26.8.2010.

8. We have considered the aforesaid submissions of learned senior counsel for the appellant but we find it difficult to accept the same. We have already extracted paras 24 to 26 of the judgment of the learned Single Judge, a reading whereof makes it clear that it is not a case where respondent No.1 acted without due diligence. The situation arose because of the fluid position in respect of maintainability of the appeal against such an order before the IPAB. The facts mentioned above clearly demonstrate that even when this Court had held in *UCB Farchim* (supra) that appeal is maintainable, the IPAB still looked other way and was nurturing doubts about this position. Even after the judgment of *UCB Farchim* (supra), Respondent was also forced to file WP(C) No.532/2010 in which orders dated 23.2.2010 was passed permitting the Respondent No.1 to file an appeal with an appropriate application for condonation of delay. In fact, as pointed out by us above, there is hardly any quarrel that delay up to this date stands adequately explained. We feel that Respondent No.1 had given sufficient explanation even after that till date he filed the appeal, i.e. 26.8.2010. In another appeal preferred by Respondent No.1 itself, the IPAB had raised various

objections which were sought to be revived when the Respondent No.1 wanted IPAB to hear the said appeal. That appeal was finally heard by the IPAB on 2.8.2010 when IPAB also accepted that such an appeal would be maintainable. After the position was cleared, Respondent No.1 filed the appeal on 26.8.2010. We, thus, are of the opinion that the learned Single Judge rightly observed that Respondent No.1 was making attempts to avail the legal remedy and had not abandoned his right to assail the orders passed by the Controller. In the given circumstances, the Respondent No.1 had acted with due diligence.

9. The learned Single Judge referred to the judgment of the Supreme Court in *N. Balakrishnan v. M. Krishnamurthy*, AIR 1998 SC 3222 wherein the Apex Court held that the rules of limitation are not meant to destroy the rights of the parties. They are meant only to see that parties do not resort to dilatory tactics but seek their remedy promptly. In the present case, the Respondent No.1 had approached one forum or the other which would clearly show that it was taking appropriate steps and the explanation furnished by the Respondent No.1 did not smack of any mala fides or dilatory strategy.
10. It is also observed by the learned Single Judge in the impugned order that with condonation of delay, no prejudice is caused to the appellant herein in as much as by delaying the filing of the appeal, it is the Respondent No.1 only which has lost time. This position is explained in the following terms:

"27. The respondent has failed to satisfy me as to how it has been prejudiced due to the late filing of the appeal by the petitioner. By delaying the filing of its appeal, the petitioner has only lost time. Even if the petitioner is held entitled to grant of patent registration in respect of the application in question, the same has been delayed due to the petitioner's own conduct. On the other hand, the respondent No. 4 continues to enjoy the rights available to it, which it would have exercised had the appeal been preferred in time. Respondent No. 4 would be entitled to contest the said appeal on merits. There is no prejudice caused to or suffered by respondent No. 4 or any other person by the delayed filing of the appeal and it is not shown that the petitioner is guilty of deliberate delay in filing the appeal with any particular object in mind."

We agree with the aforesaid view.

11. The contention of the Appellant herein that the IPAB has no power to condone the delay beyond the period of three months is rejected by the learned Single Judge taking note of the provisions of Section 117A of the Act which reads as under:

*"The provisions of sub-section (2) to (6) of section 84, section 87, **section 92**, section 95 and section 96 of the Trade Marks Act, 1999 (47 of 1999) shall apply to the Appellate Board in the discharge of its functions under this Act as they apply to it in the discharge of its functions under the Trade Marks Act, 1999."*

(emphasis supplied).

12. Further, Section 92 of the Trade Marks Act, 1999 states that Appellate Board shall not be bound by the procedure laid down in the CPC but shall be guided by the principles of natural justice.

The learned Single Judge observed that though rules had been framed under the Patents Act in the year 2003, these rules were silent with regard to the procedure for preferring an appeal under the Patents Act presumably because of the reason that acting under Section 92 of the Trade Marks Act, the IPAB had framed Procedure Rules, 2003 which deal with procedure for preferring an appeal before the Appellate Board. Rule 14 of these rules states that if the Appellate Board is satisfied that there is sufficient cause for extending the time for doing any act prescribed under the rules (not being a time expressly provided for in the Trade Marks Act, 1999), it may, subject to such conditions as may think fit to impose, extend the time and inform the parties accordingly. This power is exercised upon making of an application to the Appellate Board in the prescribed form. The procedure for preferring an appeal under the aforesaid rules is prescribed from Rule 3 onwards. On this basis, the learned Single Judge held that the Appellate Board is empowered to extend the time for preferring an appeal and since sufficient cause was shown by the Respondent No.1, delay should have been condoned.

13. As noted above, before us the arguments of the learned counsel for the parties remained the same. We have incorporated the reasoning given by the learned Single Judge in our order in detail for the reason that we entirely agree with the same and do not find any reason to interfere with the said order passed by the learned Single Judge in exercise of his discretionary powers. We

are of the view that the Respondent No.1 had explained sufficient explanation for condonation of delay. Finding no merit in this appeal, the same is dismissed.

ACTING CHIEF JUSTICE

**(RAJIV SAHAI ENDLAW)
JUDGE**

JULY 27, 2012
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