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(T)CMA(PT)/61/2023

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 28.11.2023

CORAM

THE HONOURABLE MR.JUSTICE SENTHILKUMAR

RAMAMOORTHY

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(OA/11/2021/PT/CHN)

SELFDOT TECHNOLOGIES (OPC) PVT. LTD.

C-102, Silver Akruithi,
27th main, Sector-2, HSR Layout,
Bangalore-560 102,
Karnataka, India.

... Appellant

v.

Controller General of Patents, Designs & Trade Marks,
Patent Office Intellectual Property Building,
GST Road, Guindy,
Chennai - 600 032.
Respondent

...

PRAYER: Transfer Civil Miscellaneous Appeal (Patents) filed under Section 117-A read with Section 15 of the Patents Act, 1970, praying to the Hon'ble Court to reverse the order of the respondent dated 06.10.2020 issued in the matter of Patent Application No.201843023004 and grant the patent in favour of the appellant.

For Appellant : Mr.Ramesh Ganapathy



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for M/s.Kartik Puttaiah,Hemanth Puttaiah

For Respondent : Mr.M.Karthikeyan, SPC

JUDGMENT

The appellant challenges an order dated 06.10.2020 rejecting Patent Application No.201843023004 on the ground of contravention of Section 39 of the Patents Act, 1970 (the Patents Act). The appellant admittedly first filed Patent Application No.2822/CHE/2014 in the Indian Patent Office in respect of the parent invention. Thereafter, the parent application was filed as a PCT application and the patent was granted by the US Patent Office under US Patent No.10,074,228 B2 on 11.09.2018. When the appellant decided to file an application for a patent of addition, such application was first filed in the US Patent Office without applying for and obtaining permission under Section 39 of the Patents Act. After obtaining the US patent under US Patent No.10,467,840 B2 on 05.11.2019 for the Continuation-in-Part (CIP), which is equivalent to a patent of addition under Indian law, the present application was filed before the Indian Patent Office. On the ground that the patent applicant contravened Section 39 of the Patents Act, the application was deemed to be abandoned under Section 40 thereof. The present appeal arises under the above mentioned facts and

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circumstances.

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2. Learned counsel for the appellant invited my attention to Section 39 of the Patents Act. He pointed out that this Section was amended by the Patents (Amendment) Act, 2005 (the 2005 Amendment Act). As it stood prior to such amendment, learned counsel pointed out that permission under Section 39 was required only if the invention was relevant for defence purposes or related to atomic energy. By virtue of the amendment, the scope of Section 39 was expanded to include all applications outside India for grant of patent by a person resident in India. By focusing attention on the expression “an invention” in sub-section (1) of Section 39, learned counsel submitted that the same expression finds place in sub-section (1) of Section 54 of the Patents Act, which deals with patents of addition. Therefore, learned counsel contended that Section 39 is not applicable because the parent was first filed in India. In this regard, he also pointed out that the parent invention relates to automated verification of a security label and that the patent of addition relates to a method for automated authentication of such security label. Learned counsel also submitted that Section 40 of the Patents Act originally imposed the liability of deemed abandonment of a



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patent application or revocation of patent only for contravention of directions related to secrecy under Section 35, and that the provision was amended by Act 38 of 2002 to cover a contravention of Section 39. By pointing out that Section 39 only covered inventions relevant for defence purposes or related to atomic energy at that point of time, learned counsel submits that the alleged technical breach is not a contravention as per Section 40.

3. By referring to the judgment of the Delhi High Court in *European Union represented by the European Commission v. Union of India and others*, (2022) SCC OnLine Del 1793, particularly paragraphs 58 to 63 thereof, learned counsel submits that the Delhi High Court recognised that the consequences of deemed abandonment of a patent application are drastic and that such consequences should not be visited on an applicant when it is clear from the facts and circumstances that the applicant concerned did not intend to abandon the application. By referring to paragraph 63 of the judgment, learned counsel also pointed out that the Delhi High Court took note of the 161st report titled “Review of the



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Intellectual Property Rights Regime in India” of the Department Related

Parliamentary Standing Committee on Commerce, and that the Committee

had observed that flexibility should be incorporated in the Act to make allowances for minor errors and lapses so as to prevent outright rejection of patents. He also referred to the judgment of the Supreme Court in *Sugandhi (dead) by legal representatives and another v. P.Rajkumar represented by his Power Agent Imam Oli, (2020) 10 SCC 706*, where, at paragraph 9, the Supreme Court emphasised that procedure is the handmaid of justice and that procedural and technical hurdles should not be allowed to come in the way of the Court doing substantial justice.

4. In response to these contentions, learned counsel for the respondent submitted that the mandate of Section 39 of the Patents Act is clear and that it does not admit of any exception for a patent of addition. He also pointed out that the priority date as regards the application for the patent of addition is the date specified in the application filed before the US Patent Office. Learned counsel referred to the proviso to Section 55 of the Patents Act and pointed out that a patent of addition would survive even if



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the patent relating to the parent invention is revoked. Since a patent of addition, therefore, has an existence independent of the parent invention, learned counsel submitted that the requirement of obtaining prior permission under Section 39 would extend to a patent of addition.

5. From the contentions advanced by the parties, it is evident that the facts are undisputed. The respondent admits and acknowledges that the appellant applied for a patent in respect of the parent invention in India before applying outside India. From the claims relating to the parent patent, it is evident that it is an invention relating to the method for determining authenticity or tampering of a security label and the method of recording colour profiling in relation thereto. This invention was granted a patent both by the US Patent Office and the Indian Patent Office. The complete specification in respect of the patent of addition is also on record. This document discloses that the patent of addition relates to a method for an automated authentication of the security label. The US Patent Office granted a patent for the patent of addition. Thus, both the parent invention and the claimed patent of addition are not relevant for defence purposes or related to



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atomic energy. The claimed patent of addition is undoubtedly ancillary to the parent invention. On account of the relevant facts being admitted, the case turns on the interpretation of the applicable provisions of the Patents Act.

6. Section 39, which is one of the provisions at the heart of this dispute, is set out below:

“39. Residents not to apply for patents outside India without prior permission

(1) No person resident in India shall, except under the authority of a written permit sought in the manner prescribed and granted by or on behalf of the Controller, make or cause to be made any application outside India for the grant of a patent for an invention unless—

(a) an application for a patent for the same invention has been made in India, not less than six weeks before the application outside India; and

(b) either no direction has been given under subsection (1) of section 35 in relation to the application in



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India, or all such directions have been revoked.

(2) The Controller shall dispose of every such application within such period as may be prescribed:

Provided that if the invention is relevant for defence purpose or atomic energy, the Controller shall not grant permit without the prior consent of the Central Government.

(3) This section shall not apply in relation to an invention for which an application for protection has first been filed in a country outside India by a person resident outside India.”

Prior to amendment by the 2005 Amendment Act, Section 39 was restricted in scope to applications outside India for the grant of patent for an invention relevant for defence purposes or related to atomic energy. By virtue of the amendment, the provision has been made applicable to inventions in all fields, provided the applicant for the grant of patent is a resident of India. On the facts of this case, it is undisputed that the appellant/applicant is a resident of India. The operative portion of sub-section (1) of Section 39 restrains a person resident in India from making an application outside India for grant of patent for an invention without obtaining a written permit from



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the Controller. Clauses (a) and (b) of sub-section (1) carve out exceptions, but such exceptions are admittedly inapplicable to the present case. On closely examining Section 39, the provision does not expressly refer to either patents of addition or to divisional applications. The first question that, therefore, arises is whether the expression “any application for the grant of a patent for an invention” in sub-section (1) of Section 39 would apply to a patent of addition.

7. The respondent does not dispute that the appellant first applied for a patent in India in respect of the parent invention. The appellant asserts that it was under the impression that the filing of the parent application in India before it was filed outside India obviates the requirement of applying for permission as regards the patent of addition. In the impugned order, the respondent examined Section 39 of the Patents Act. Thereafter, the respondent considered the case of a divisional application and differentiated a divisional application from a patent of addition by holding as under:

“In case of filing of divisional applications,



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subject matter of divisional application is already fully disclosed in parent application. Therefore when permission is granted for filing of parent application it covers permission to all disclosed subject matter of that parent application. If that parent application discloses about multiple inventions then permission also covers all the disclosed multiple invention.

But in case of patent of addition application, additional subject matter is disclosed over the parent (main) application and hence the subject matter in patent of addition application is not fully disclosed by the parent/main application. Therefore, permission granted for parent/main application does not cover the permission for patent of addition application. Patent agent stated that CIP (continuation-in-part) application is same as Patent of addition application.”

8. From the above extract, it is evident that the respondent concluded that permission under Section 39 would not be required if a divisional application were to be filed by a person resident in India after having first filed the application for the parent invention in India. The



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reasoning supporting such conclusion is that a divisional application can only be filed in respect of matters disclosed in the complete specification of the parent application. The respondent also concluded that a patent of addition stands on a different footing because additional matter may be disclosed in the complete specification relating thereto.

9. Nevertheless, the discussion and reasoning of the respondent underscores that there is ambiguity in Section 39 of the Patents Act, and that interpretation thereof is necessary to determine whether it applies to patents of addition and divisional applications pursuant to the first filing of the application for the parent invention in India. The appellant stated that it was of the *bona fide* opinion that approval was not required for filing the application for the patent of addition because the application in respect of the parent invention was first filed in India. In order to determine whether the above assertion is credible, it becomes necessary to examine the provisions relating to patents of addition.

10. Sections 54 - 56 of the Patents Act, which deal with patents



addition unless the date of filing of the application was the same as or later than the date of filing of the application in respect of the main invention.

(4) A patent of addition shall not be granted before grant of the patent for the main invention.

55.Term of patents of addition-*(1) A patent of addition shall be granted for a term equal to that of the patent for the main invention, or so much thereof as has not expired, and shall remain in force during that term or until the previous cesser of the patent for the main invention and no longer:*

Provided that if the patent for the main invention is revoked under this Act, the Court, or, as the case may be, the Controller, on request made to him by the patentee in the prescribed manner, may order that the patent of addition shall become an independent patent for the remainder of the term for the patent for the main invention and thereupon the patent shall continue in force as an independent patent accordingly.

(2) No renewal fees shall be payable in respect of a patent of addition, but, if any such patent becomes an



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independent patent under sub-section (1), the same fees shall thereafter become payable, upon the same dates, as if the patent had been originally granted as an independent patent.

56. Validity of patents of addition- *(1) The grant of a patent of addition shall not be refused, and a patent granted as a patent of addition shall not be revoked or invalidated, on the ground only that the invention claimed in the complete specification does not involve any inventive step having regard to any publication or use of-*

(a) the main invention described in the complete specification relating thereto; or

(b) any improvement in or modification of the main invention described in the complete specification of a patent of addition to the patent for the main invention or of an application for such a patent of addition, and the validity of a patent of addition shall not be questioned on the ground that the invention ought to have been subject of an independent patent.

(2) For the removal of doubts, it is hereby declared that in determining the novelty of the invention



claimed in the complete specification filed in pursuance of an application for a patent of addition regard shall be had also to the complete specification in which the main invention is described.”

11. The provisions relating to a patent of addition indicate that a patent of addition is linked to the parent or main invention in multiple ways. By way of illustration, the application for grant of a patent of addition cannot be filed earlier than the date of filing of the application for grant of patent for the main invention; it cannot be granted before grant of the patent for the main invention; the term of the patent of addition shall not exceed that of the main invention, even if granted later than the main invention; and the complete specification of the main invention shall be taken into account to determine novelty of the claim for a patent of addition. By taking into account the statutory prescription relating to a patent of addition, the nature of the parent invention and the claimed patent of addition and, most importantly, the admitted position that the application for grant of patent for the parent invention was first filed in India, I conclude that the appellant did not intend to circumvent the requirements of Section 39 and that there is



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credibility in the assertion of *bona fide* belief that permission under Section 39 was not necessary.

12. Notwithstanding such strong links, both sub-sections (1) and (2) of Section 54 and the proviso to sub-section (1) of Section 55 indicate that the invention forming the subject of a patent of addition is capable of being patented independently. The nature of a patent of addition, i.e. involving an improvement in or modification of the parent or main invention, would invariably require additional disclosures to those contained in the complete specification of the main invention. Therefore, I conclude that the reasoning of the respondent in the impugned order in support of the conclusion that a patent of addition stands on a different footing from a divisional application is sound and cannot be faulted. Whether the omission of the appellant falls within the scope of the expression “contravention of Section 39” in Section 40 remains to be considered.

13. Section 40 is set out below:

“40. Liability for contravention of section 35 or section



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Without prejudice to the provisions contained in Chapter XX, if in respect of an application for a patent any person contravenes any direction as to secrecy given by the Controller under section 35 or makes or causes to be made an application for grant of a patent outside India in contravention of section 39, the application for patent under this Act shall be deemed to have been abandoned and the patent granted, if any, shall be liable to be revoked under section 64.”

Section 40 provides that an application for grant of patent outside India, if made in contravention of Section 39, would result in the application for patent under this Act being deemed to be abandoned. It also provides that the patent, if granted in those circumstances, shall be liable to be revoked under Section 64. Originally, Section 40 only applied to a contravention of directions as to secrecy under Section 35. Under Act 38 of 2002, it was extended to a contravention of Section 39. At that time, the scope of Section 39 was limited to inventions relevant for defence purposes or related to atomic energy. Later, when the scope of Section 39 was expanded, this



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provision was not amended. The conclusion that emerges is that the words “contravention of Section 39” in Section 40 are intended to apply to situations where there was a clear breach of the written permit requirement in respect of inventions in all fields, including, in the specific context of inventions relevant for defence purposes or atomic energy, the requirement of prior consent of the Central Government. Because Section 40 deals with substantive infractions of Section 39, by legal fiction, drastic consequences for such infractions are prescribed.

14. A legal fiction, such as the fiction incorporated in Section 40, is intended to serve a particular purpose. In this case, the purpose is to prescribe the consequences of a clear breach of Section 39, as opposed to procedural irregularities, and the scope thereof should not be extended beyond such purpose. For this settled proposition, it is sufficient to refer to *Bengal Immunity Company Limited v. State of Bihar*, 1955 SCC OnLine SC 2 and *Mancheri Puthusseri Ahmed v. Kuthiravattam Estate Receiver*, (1996) 6 SCC 185. The triggering event for the application of the legal fiction of deemed abandonment in Section 40 is the contravention of Section



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39. In the facts and circumstances outlined above, the breach committed by the appellant would, at worst, qualify as a technical breach but would not trigger the deemed abandonment under Section 40 of the Patents Act.

15. For reasons set out above, the impugned order is set aside. Consequently, the matter is remanded for reconsideration of Patent Application No. 201843023004. It is open to the Controller to impose terms on the appellant in respect of the procedural violation by taking recourse to Rule 137 of the Patents Rules 2003 or any other applicable provision. After providing a reasonable opportunity to the appellant, the application for a patent of addition shall be disposed of on merits within a period of four months from the date of receipt of a copy of this order.

16. (T)CMA(PT)/61/2023 is disposed of on the above terms without any order as to costs.

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