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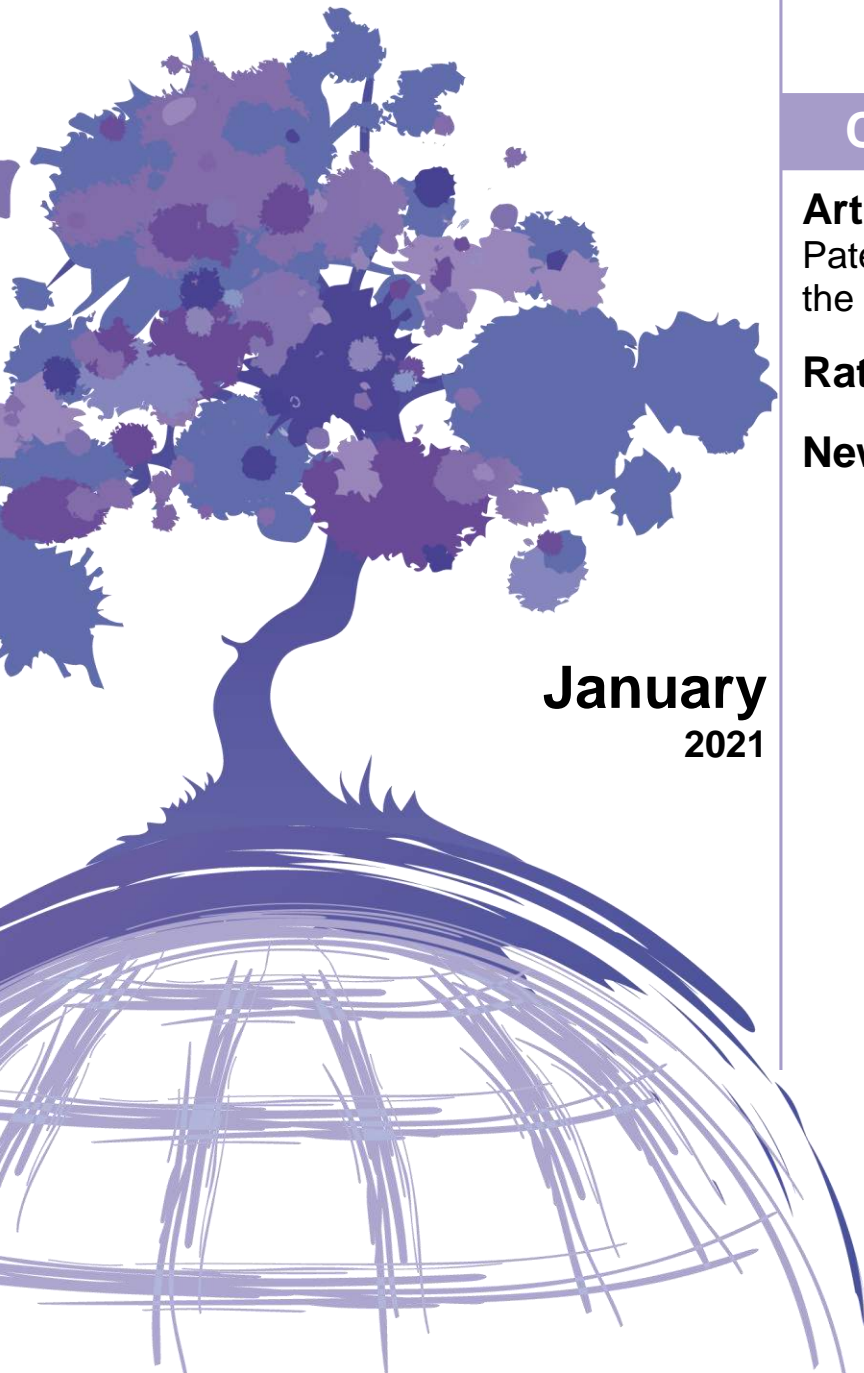
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## Article

### Patent application disposal – Quantity at the cost of quality?

By Harshita Singh

In the case of *Wisig Networks Private Limited v. Controller General of Patents, Design, Trademark, and Geographical Indications and Ors.* (OA/11/2020/PT/CHN), the Intellectual Property Appellate Board ('IPAB') set aside the refusal order passed by the Assistant Controller of Patents & Designs (Respondent No. 2). The impugned order was held to be wholly void of reasoning and the IPAB remanded the case to Respondent No. 2 to decide the matter based on merits. The IPAB further ordered Respondent No. 2 to provide an opportunity for a hearing to the petitioner and decide the Indian patent application within three months from the date of the IPAB's order.

#### **Facts of the case**

The appellant, *Wisig Networks Private Limited*, an Indian Startup, filed the Indian National Phase patent application No. 201847032415 with the Indian Patent Office ('IPO') on 29 August 2018. Respondent No. 2, after examining the Indian patent application, issued a First Examination Report ('FER') on 25 February 2019 where the claims were objected for lacking inventive step over the prior arts cited in the FER. The appellant responded to the FER along with claim amendments on 23 August 2019.

Respondent No. 2, after considering the reply to the FER, retained the inventive step objection in view of the prior arts cited in the FER and some additional prior arts and offered a hearing to the appellant, which was held on 15 October

2019. After the hearing, the appellant filed a written submission along with the claim amendments on 24 October 2019.

Upon hearing the appellant, Respondent No. 2 rejected the Indian patent application under Section 15 of the Patents Act, 1970 ('Act') vide an order dated 14 January 2020. The reasoning was that the claims are not allowable as per Section 59 of the Act for being beyond the scope of the as-filed claims. In addition, the application was rejected on lack of inventive step in view of the prior arts without providing proper reasoning. The appellant then filed an appeal under Section 117A of the Act against the impugned order dated 14 January 2020, on the grounds that the order has been passed without correctly applying the principles of a test of obviousness.

#### **Observations of the IPAB**

The major observations of the IPAB are given below:

##### ***Importance of quality in view of quantity***

Upon review of the impugned order, the IPAB observed that the impugned order does not provide any reasoning as to how the claimed subject matter is obvious and lacks an inventive step in view of the cited prior arts. As per the IPAB, the impugned order for the present case appears to be disposed hurriedly without due consideration. The IPAB opined that the disposal of orders without proper reasoning may be a result of the system of grading of the Examiners and the Controllers based on the quantity of work they do.

The IPAB indicated that although a check on the quantity of the work being done by an officer at the IPO is essential due to huge number of pending patent applications, but the quality of the work done being done by the officer cannot be ignored. The IPAB elucidated that the work done by the Examiners and the Controllers should be a careful combination of the quantifiable and qualitative work. *The IPAB stated that while the **speed** (for disposal of patent applications) is necessary, the **accuracy with speed** is also essential.* The IPAB concluded that there is a need to focus on Quality Management with respect to the examination of applications, and the quality should not be compromised while keeping in view the quantity of the work being done.

### ***Importance of a reasoned Order***

Upon review of the impugned order, the IPAB observed that the impugned order straightaway and bluntly concludes that the claimed invention has been disclosed in the cited prior arts and can be implemented by a person skilled in the art without providing any reasoning as to how the claimed subject matter does not include an inventive step in view of the cited prior arts. In view of the enormous judicial pronouncements<sup>1,2,3</sup> which pose a duty on *quasi-judicial* authority to pass a reasoned order, the IPAB set aside the impugned order and remanded back the case to Respondent No. 2 for deciding the case on merits.

The IPAB also stated that *as per the various judicial pronouncements, the reasoning is the*

*heartbeat of every conclusion and introduces clarity in an order.* Without proper reasoning, an order becomes dodgy and lifeless. Further, natural justice poses a requirement on a decision-maker to write proper reasons for all the statements and conclusions made by the decision-maker in any order. Thus, providing reasons in support of a quasi-judicial order is as important and basic as following the principles of natural justice. Further, the rule of providing reasoning in an order should be observed in its proper spirit, merely pretending to comply with this rule does not satisfy the requirement of law, which means that the reasoning should be clear, legal, and factual.

### ***Inventive Step test***

Reasons in an order provide assurance to the Applicant as to whether the decision-maker has passed the order on relevant grounds or not. Further, burden of providing reasons in an order also compels the decision-maker to apply proper tests before passing an order. As the impugned order does not provide any reasoning as to how the claimed subject matter is obvious and does not include an inventive step in view of the cited prior arts, the IPAB opined that no test for determination of inventive step has been applied by Respondent No. 2 for the present case. Thus, the IPAB set aside the impugned order and remanded the case to Respondent No. 2 for deciding the case based on merits.

As per the latest guidelines for examination of computer-related inventions (CRI), the following points are needed to be objectively judged to ascertain whether, looking at the invention as a whole, the invention has an inventive step or not:

1. *Identify the "person skilled in the art", i.e. competent craftsman or engineer as distinguished from a mere artisan;*

<sup>1</sup> *The Collector v. K. Krishnaveni* - Available at <https://indiankanoon.org/doc/33278368/>

<sup>2</sup> *Steel Authority of India Ltd. v. STO, Rourkela-I Circle & Ors.* - Available at <https://indiankanoon.org/doc/1933363/>

<sup>3</sup> *Kranti Associates Private Limited and another v. Masood Ahamed Khan and Others* - Reported in (2010) 9 SCC 496, Available at <https://indiankanoon.org/doc/1304475/>

2. *Identify the relevant common general knowledge of that person at the priority date;*
3. *Identify the inventive concept of the claim in question or if that cannot readily be done, construe it;*
4. *Identify what, if any, differences exist between the matter cited as forming part of the "state of the art" and the inventive concept of the claim or the claim as construed;*
5. *Viewed without any knowledge of the alleged invention as claimed, do those differences constitute steps which would have been obvious to the person skilled in the art or do they require any degree of inventive ingenuity?*

As the impugned order is void of any reasoning with respect to the above-mentioned

points, it is clear that the Controller had not applied the steps given above for determining the existence or otherwise of inventive step.

### **Conclusion**

Through the order, the IPAB clearly set out and reconfirmed that the IPO should provide reasoned refusal orders and should not dilute the quality of examination of any patent application keeping in view only the quantity of work. For an applicant, getting to know the reasons for refusal of a patent is as much important as getting a merit-based grant to a patent. Passing an order for rejecting the grant of a patent under Section 15 of the Act without providing any reasoning is an abuse of the powers conferred on the Controller.

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## **Ratio decidendi**

### **Standard Essential Patents – Confidentiality Clubs and fixing of FRAND rates – Prayer for keeping certain documents inaccessible to defendant, unacceptable**

In a case involving alleged infringement of Standard Essential Patent ('SEP'), the Delhi High Court has rejected the request of the plaintiff for constitution of a two-tier Confidentiality Club under Chapter VII Rule 17 of the Original Side Rules. The plaintiff had suggested that the 'outer tier' documents be accessible to the advocates

for both sides, experts appointed by them, as well as representatives of both parties, whereas the 'inner tier' documents be accessible only to the advocates for both sides (who would not be in-house counsel), and experts appointed by them, and not to the parties, as well as their officials and employees. The Court was of the view that the prayer for keeping certain documents and information inaccessible to the defendant and its personnel, and allow access, thereto, only to the advocates and experts nominated by them was completely unacceptable.



It was held that ‘comparable patent license agreements’ for determination of Fair, Reasonable and Non-Discriminatory (‘FRAND’) rate could not be justifiably included in an ‘inner tier’ of confidential documents, to be kept away from the defendant, as well as all its officers and employees, as these necessarily need to be compared. The Court was of the view that without knowing the identity of the licensee, the particulars of the license agreement, or its covenants, the defendants cannot be expected to make any submission, regarding whether the rate at which such license has been granted is FRAND. It held that confidentiality clause in third-party license agreements, entered into between the plaintiffs and third-party licensees, cannot justify denial of fair opportunity, to the defendants, to meet the case set up by the plaintiffs.

Analysing the Court’s earlier decision in the case of *Transformative Learning Solutions*, the High Court observed that the said decision had not approved the constitution of Confidentiality Clubs, in which one party as well as its officials and employees are completely kept out of access to the documents and material relied upon by the opposite party in the proceedings before the Court. It held that mere fact that overseas courts have acquiesced to the setting up of such Confidentiality Clubs cannot be of any substantial significance.

The Court, however, observed that it did not intend to come in the way of any *inter se* arrangement, between the plaintiff and the defendant regarding such ‘restricted access, *qua* any particular documents or information, or even of the constitution of the Confidentiality Club consisting of two tiers, as proposed. [*Interdigital Technology Corporation & Ors. v. Xiaomi Corporation & Ors.* – Judgement dated 16 December 2020 in I.A. 6441/2020 in CS(COMM) 295/2020, Delhi High Court]

## Trademark passing off – Fact of being first in world is irrelevant – Goodwill and reputation in India to be established

Relying on the Supreme Court decision in the case of *Toyota Jidosha Kabushiki Kaisha v. Prius Auto Industries Limited*, the Delhi High Court has held that in an action for passing off, the factum of the plaintiff being first in the world is irrelevant, without the plaintiff establishing goodwill and reputation in India. Observing that the plaintiff had failed to prove the same, it held that as far as India is concerned, defendants were the first user (prior user) and hence the action for passing off in the mark ‘BOSS’, in respect of musical instruments and public address system, must fail.

Supreme Court’s other decisions in the cases of *Neon Laboratories Ltd. v. Medical Technologies Ltd.* and *Milmet Optho Industries v. Allergan Inc.* were distinguished by the High Court here. It observed that both the said decisions were concerned with applications for interim injunctions and were in the context of drugs and medicinal products where the product acquires a worldwide reputation due to peculiar circumstances.

The Court also noted that plaintiff’s registration in India was not the same as its registrations outside India. It observed that in India the word mark ‘BOSS’ (and not of a logo or a device) was used with the alphabet ‘B’ depicted only in commonly used font and not in the stylized logo found in the registrations outside India. The plaintiff was also held to be guilty of laches and acquiescence.

The Court though noted that the defendant’s adoption of the mark ‘BOSS’ with alphabet ‘B’ in the same style as in the first use of the mark by the plaintiff outside India, was more than a coincidence, it declined to return the finding of dishonesty on part of the defendant. It observed that the defendant used the mark ‘Hi Tone BOSS’ and not ‘BOSS’ alone. The Court was of the view

that the awareness of the defendant of the goods and marks of the plaintiff can thus only be said to have led to the idea behind the mark of the defendant. The defendant was directed to not use the mark 'BOSS' without using the prefix 'Hi-Tone'. [Roland Corporation v. Sandeep Jain – Decision dated 6 January 2021 in CS(COMM) 565/2018 & CC (COMM) NO.6/2018, Delhi High Court]

### **Design infringement – District Court can allow withdrawal of suit, even after Section 19 defence is taken**

The Bombay High Court has held that Section 22(4) of the Designs Act, 2000 does not imply that immediately when a defence is taken, on which registration of the suit design may be cancelled under Section 19, the Court hearing the infringement suit ceases to have jurisdiction in the suit. The High Court rejected the petitioner's plea that the District Court should not have allowed the plaintiff to withdraw the composite suit (for infringement of trademark as well as passing-off and for infringement of the design), with liberty to file two separate suits, once a defence was raised under Section 19 of the Designs Act. The petitioner had pleaded that the District Court should have transferred the matter to the jurisdictional High Court as per Section 22(4).

The Court was of the view that the District Court retained its jurisdiction of the suit to the extent of such withdrawal application. It stated that it is preposterous to suggest that such withdrawal cannot be permitted by the District Court and that the plaintiff should have taken the suit before the jurisdictional High Court and sought withdrawal from it and then filed two separate suits. Uttarakhand High Court's decision in the case of *Lambda Eastern Telecommunication v. Acme Tele-Power Private Ltd.* [AIR 2008 Uttarakhand 38] was distinguished by the Court while it observed that the plaintiff applied for withdrawal of the suit and not for prosecuting the suit any

further, after a defence under Section 19 was taken. Delhi High Court's decision in the case of *Carlsberg Breweries A/S v. Som Distilleries and Breweries Ltd.* [AIR 2019 DELHI 23] was also distinguished. [*Essdee Industries v. Esbee Eectrotech LLP* – Judgement dated 14 December 2020 in Writ Petition No. 1217 of 2020, Bombay High Court]

### **Trademarks – Confusion over 'SERO' and 'SERON'**

The Bombay High Court has held that there is a definite structural, phonetic and visual similarity between the Plaintiff's trademark 'SERO' and the Defendant's mark 'SERON', and their artworks. The Court compared both the artworks and observed that the Plaintiff's mark had a tilted oval device with a white border where a stylized cursive 'S' looping on itself was inserted with one part of it being shaded a deep red and another part in deep blue, and the defendant's mark also had an insert in circle — *albeit* with a black border and a stylized cursive 'S' shape, one part of which was in deep red and the rest either in black or deep blue. It was held that there was no doubt that the artwork in which the Plaintiff had copyright was lifted and used with only the most minor and irrelevant modifications by the Defendant for the same class and type of goods, i.e. readymade garments and menswear. It noted that confusion was likely to occur from the word marks themselves.

The High Court also held that the word 'SERO' was invented and coined word and it was hence *prima facie* safe to say that, given the prior registration and user, the Plaintiff had proprietary rights in the mark. Interim injunction was granted in favour of the plaintiff after observing that, *prima facie*, the Defendant was trading on the Plaintiff's goodwill and reputation. [*Savla Corporation v. Aristo Apparels* – Order dated 16 December 2020, Bombay High Court]



## News Nuggets

### Protected Designation of Origin – Reproduction of physical characteristics of product covered by PDO, when prohibited

In a case involving alleged infringement of Protected Designation of Origin ('PDO') [Geographical Indications (GI)], the Court of Justice of the European Union has held that reproduction of the physical characteristics of a product covered by a PDO, even without the use of the registered name, may constitute a practice that is liable to mislead the consumer as to the true origin of the product. The Court observed that it is necessary to assess whether an element of the appearance of the said product constitutes a baseline characteristic which is particularly distinctive of that product such that its reproduction may lead the consumer to believe that the product containing that reproduction is a product covered by that registered name. The case *Syndicat interprofessionnel de défense du fromage Morbier v. Société Fromagère du Livradois SAS* [Judgement dated 17 December 2020] before the Court involved producing and marketing a cheese that reproduced the visual appearance (the black line dividing the cheese horizontally into two) of 'Morbier', the product covered by the PDO.

### Patents – Cases involving same applicant and title, common inventors, similar subject matter, should be referred to same Examiner-Controller pair

The Intellectual Property Appellate Board ('IPAB') has recommended that Auto-Allotment module at the Indian Patent Office be suitably fine-tuned to ensure that cases involving same

applicant, same title, common inventors, similar but not identical subject matter, should be referred to same Examiner-Controller pair for improvement in quality of examination and grant of the Patents. The Assistant Controller had considered the applicants other patent applications (where patents were granted) as prior arts. Remanding the matter after setting aside the patent refusal, the IPAB observed that the Assistant Controller misdirected himself to rely on documents which must have been co-laterally filed but had later priority dates than that of the instant case. The Appellate Board in the case *LG Chem Ltd. v. Controller* [Order dated 7 January 2021] was of the view that such cases, as far as practically applicable, should be referred to a single examiner-Controller pair for examination to remove such confusions.

### Indian Patent Office need to focus on quality management of national phase applications: IPAB

Observing that the order of the Assistant Controller, declining the patent, was void of any reasoning with non-application of any tests of determination of inventive step, the IPAB has held the Indian Patent Office needs to focus on quality management of national phase applications also. Stating that such orders may be a result of grading system of the examiner/ Controllers based on their quantifiable performance, it held that in pursuit of quantitative performance, we cannot ignore the qualitative performance. The IPAB in the case *Wisig Networks Private Limited v. Controller* [Order dated 8 January 2021] observed that while speed is necessary, accuracy with speed is also very essential. Observing that the Asst. Controller of Patents



& Designs was the first adjudicating officer in patent matters, it held that it was expected that his orders are based on fair reasoning.

### **Patents – Double request for examination caused inadvertently deserves to be condoned**

The IPAB recently held as condonable the irregularity in filing two requests for examination for one invention - Priority Application as well as the corresponding National Phase Application. It noted that the appellant had, as soon as the error was noticed, taken corrective/remedial actions on their own by abandoning the Priority Application, informing the Controller and by filing a petition under Rule 137 of the Patents Rules to obviate the procedural irregularity. Setting aside the Controller's Order rejecting the patent, the Board observed that though the spirit of the law is to avoid double patenting, if by inadvertence/oversight any irregularity occurs, the legislation not intends to initiate punitive actions or deny even a single patent if found patentable otherwise. The Appellate Board in the case *Fraunhoferstrasse 22 v. Controller* [Order dated 24 December 2020] also held that there was not case of double patenting as the initial application had already been abandoned under Section 21(1) of the Patents Act, 1970.

### **Pre-grant oppositions – IPAB lays down guiding principles**

The IPAB recently laid down guiding principles for pre-grant opposition applications and has directed modification of the e-module of the IPO accordingly. It has recommended that such applications are not to be unduly accepted where the application for the patent is not subsisting. The IPAB in its order dated 29 December 2020 stated that even if some person has filed a pre-grant opposition in such a situation wherein no application for patent is pending, such application should be rejected

forthwith. Further, in order to curb filing of pre-grant opposition by benami applicants, the IPAB recommended that 'any person' filing the pre-grant opposition must submit his valid Aadhar Card/Voter id Card/ Passport/Driving Licence to authenticate his identity. However, it may be noted that in this case, the IPAB has recommended that the person be given one chance to submit the identity proof within 15 days from the date of communication. Also, to curb the practice of filing of chain pre-grant oppositions, the IPAB has directed that the Controller should go ahead with the pronouncement of the order even if some pre-grant opposition is filed between the dates of reservation and pronouncement of the order. For any subsequent pre-grant opposition, the Controller will consider that whether any new ground has been established or any new documents have been relied upon and make a reasoned order. In respect of post-grant oppositions, the Appellate Board in the case *Anaghaya Million Pharma LLP v. Nippon Soda Co. Ltd.* reiterated the guidelines as stated in its earlier decision in the *Pharmacyclic* case.

### **M&M's new Roxor model not violates FCA's Jeep trade dress**

USA's International Trade Commission ('US ITC') has confirmed that the post-2020 Roxor model of Mahindra & Mahindra ('M&M') does not violate the 'trade dress' of Fiat Chrysler Automobiles' Jeep Wrangler SUV. As per reports, the Commission accepted the administrative law judge's recommendation that the design changes made by the M&M meant that an earlier cease-and-desist order would not apply to newer models. It may be noted that Fiat Chrysler Automobile US, LLC ('FCA') had in August 2018 filed complaint with the US ITC against M&M for alleged trademark violation.



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