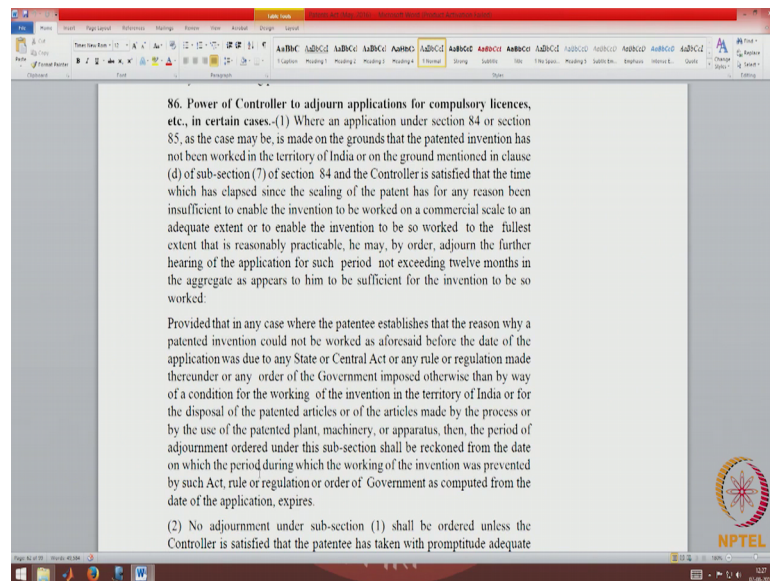


Patent Law for Engineers and Scientists
Prof. Feroz Ali
Department of Management
Indian Institute of Technology, Madras

Lecture – 64
Compulsory Licensing
Powers of Controller

(Refer Slide Time: 00:17)



86 power of controller to assume applications for compulsory licenses in certain cases; now once an application is filed, how does the controller go about it. Now this we have sections 86 which describes the powers then we have section 87 which describes the procedure and 88; the powers of the controller in granting the compulsory licenses and 89; general purposes for granting compulsory licenses and in 90; we have the terms. So, 86, 87, 88, 89, 90 will tell us the details of how an application for compulsory license will be dealt by the controller.

So, the procedural part in 84; we only saw how we understand the section; how we understand; what is a reasonable requirement of the public; what are the 3 grounds and we only saw that. Now 86, 87, 88, 89 and 90 gives us the details of the procedures 86 1 where an application under 84 or 85 as the case may be is made on the grounds that the patented invention is not worked within the territory of India on the ground that clause d of subsection 7 of 84 and that the controller is satisfied and that time. Now clause d of

subsection of 84 is that the patented invention is not being worked in the territory of India on a commercial scale to an adequate extent and it is not being. So, worked to the fullest extent that is reasonably practicable and the controller is satisfied that the time which has elapsed since the sealing of the patent again sealing of the patent we understand at all as grant of the patent sealing is no longer relevant this is one of the remnants after the amendment where the word sealing still appears in some parts of the patent done.

We understand that as grant of a patent has for any reason been insufficient to enable the invention to be worked on a commercial scale to an adequate extent or to enable the invention to be. So, work to the fullest extent that is reasonably practicable he may by order adjourned the further hearing of the application for such period not exceeding 12 months in the aggregate as appears to him to be sufficient for the invention to be worked. Now if a compulsory license is made solely on the ground that the patent is not being worked; now that is the sole ground you the only ground for preferring a compulsory license is that the patent is not being worked and if such an application comes before the controller the controller may adjourn; adjourn is postpone adjourn the hearing of the application up to 12 months by which the controller gives sufficient time for the patented invention to be worked. So, the controller rather than deciding the application and granting a compulsory license under 86 1 the controller has the power to extend the time for working the invention.

There is a proviso provided that in any case where the patentee establishes that the reason why the patented invention could not be worked as aforesaid before the date of the application was due to any state or central act or any rule or regulation made there under and any order of the government imposed otherwise then by way of a condition of working of the invention in the territory of India or for the disposal of the patented articles or of the articles made by a process or by the use of a patented plant machinery or apparatus then the period of adjournment ordered under this subsection shall be reckoned from the date on which the period during which the working of the invention was prevented by such act rule regulation or order of the government.

Now, the 12 month period will also take into factor, if there was any impediment in working the invention now the proviso says if the invention could not be worked due to any at state act or a central act or a rule or a regulation made by the government then that

period will be exempted and the time will be calculated after that period expires. So, the within the 12 month period which the controller may adjourn the application if there is an act central act or a state act or rule or a regulation made by the government which prevented the company or which prevented the entity from working the invention then that period will be excluded.

Now, recently we had drug controller who is the authority that controls the sale of drugs in India medicines in India. They could be instances where different authorities buy under the government may regulate the trade of certain substances. For instance, if the drug controller issues an order banning the use of a particular chemical substance, the controller issues an order banning the use of a particular chemical substance till there is more information available to permit its use and if there is a patented invention covering that substance the time period during which the band operated will be excluded for the purposes of considering the 12 months under section 86. So, this could be because if chemical is if a chemical substance over a pharmaceutical substance is known to have certain hazardous effects and it comes to the light of the controller the drug controller may ban or temporarily prohibit the use of that substance in the market. So, in such cases the controller will extend the time beyond the period during which the band operated.

No adjournment under subsection one shall be ordered unless the controller is satisfied that the patentee has taken with promptitude adequate and reasonable steps to start working the invention the territory of India on a commercial scale and to an adequate extent. Now the adjournment the 12 month time period that the controller will give; will only be done if the controller is satisfied that the patentee has taken certain steps for the working of the invention. So, 86 will only operate if the patentee is able to show that the patentee has taken certain steps and has an intention of working the invention.

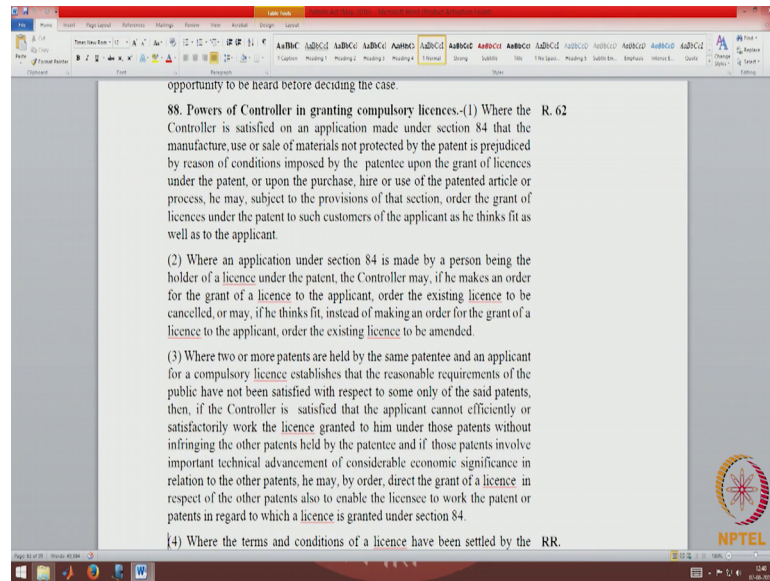
If the patentee has not done anything then it will be difficult for the patentee to claim this extension or the or an adjournment of the application by one year and the controller will also not grant such an adjournment. So, one of the ways an applicant for a compulsory license could get over an adjournment under 86

Is that one of the simplest ways if the facts and the circumstances allow will be to club another ground under 84 along with local working. So, if there is a ground to do that and if the facts and circumstances allow the applicant to do that see the invention is not

available at an affordable price then there cannot be in because there are 2 grounds. Now under 84 the controller cannot exercise the power under 86 to adjourn the application by 12 months.

Now, let us look at the powers of the controller.

(Refer Slide Time: 08:28)



88 powers of controller and granting compulsory licenses one where the controller is satisfied on an application being made under section 84 that the manufacturer sale use and sale of the materials not protected by the patent is prejudiced by reason of conditions imposed by the patentee upon the grant of licenses under the patent or upon the purchase hire or use of a patented article or process, he may subject to the provisions of that section order the grant of licenses under the patent to such customers of the applicant as he thinks fit as well as to the applicant. Now in a case where the controller is satisfied that after an application is made under section 84 that the manufacture use or sale of materials which are not protected by the patent is prejudiced by the reason of the condition imposed by the patentee upon the grant of licenses under a patent or upon the purchase hire or use of a patented article he may grant licenses under the patent to the customers of the applicant as he thinks fit.

Now, this will come in when the applicant is a competitor of the patentee and the manufacturer use in sale of materials which are not protected by the patent is affected or prejudiced by the conditions imposed by a patentee upon the grant of licenses under the

patent. Now there is a license and upon the grant of the license under the patent. The patentee has imposed certain conditions condition like if you buy the machine you have to buy the material that gets into the mission, we had already discussed that scenario in such cases, it will become difficult for the applicant or the customers of the applicant to buy or to operate or to manufacture or use or sell materials which are not protected by a patent in such cases the controller can order the grant of licenses under the patent to the customers of the applicant as he thinks fit.

Let us take a case where there is an machine which is patented and the machine can make paper cups the paper cups have to be made with a special material. Now if the patentee while selling the machine insist that the paper cups also have to be procured from him or the materials used for making the paper cup the paper has to be procured from him then that becomes a condition that prejudices the sale of materials not protected by a patent. So, it clearly falls under this provision. So, in such cases the controller can grant licenses to the customers of the applicant.

Now, if the applicants are also using paper, but say they are using that paper for a different purpose because the sale of the material not protected by the patent was connected by the patentee in a license, the controller can now grant a license to the customers of the applicant not only to the customers, but also to the applicant as well to where an application under section 84 is made by a person being the holder of a license under a patent the controller makes an order for the grant of a license to the applicant order, the existing license to be cancelled or may if he thinks fit instead of making an order for a grant of a license to the applicant order the existing license to be amended.

Now, this is a case where the applicant for a compulsory license holds an existing license; a voluntary license, we will understand that as a voluntary license with the patentee and we have seen that an existing licensee a voluntary licensee can still make an application for a compulsory license now. So, if there is an existing license then the controller may cancel the existing license and grant the compulsory license or he may instead of granting a compulsory license, he may amend the existing license. So, if the controller has the power; if the applicant for a compulsory license also has a voluntary license in place, the controller has the choice of cancelling the voluntary license and granting the compulsory license or not granting the compulsory license and amending the existing license.

3 where 2 or more patents are held by the same patentee an applicant for a compulsory license establishes that the reasonable requirements of the patents have not been satisfied with respect to some only of the said patents then if the controller is satisfied that the applicant cannot efficiently or satisfactorily work, the license granted to him under those patents without infringing the other patents held by the patentee and if those patents involve important technical advancement of considerable economic significance in relation to other patents he may order by order direct the grant of license in respect of the other patents also enable the licensee to work the patent or patents in regard to which a license is granted under section 84.

Now assume that a license is granted under section 84 for a particular patent, but the applicant who is now the compulsory licensee, who has the license is not able to work that patent without infringing other patents of the patentee. So, let us understand this as a portfolio, there is one patent for which he has received the compulsory license, but now it appears to the controller that he cannot work that patent without infringing the other patents of the patentee in the portfolio which means the applicant had only sought for a particular patent, but then later on it was found that by working that patent other applications.

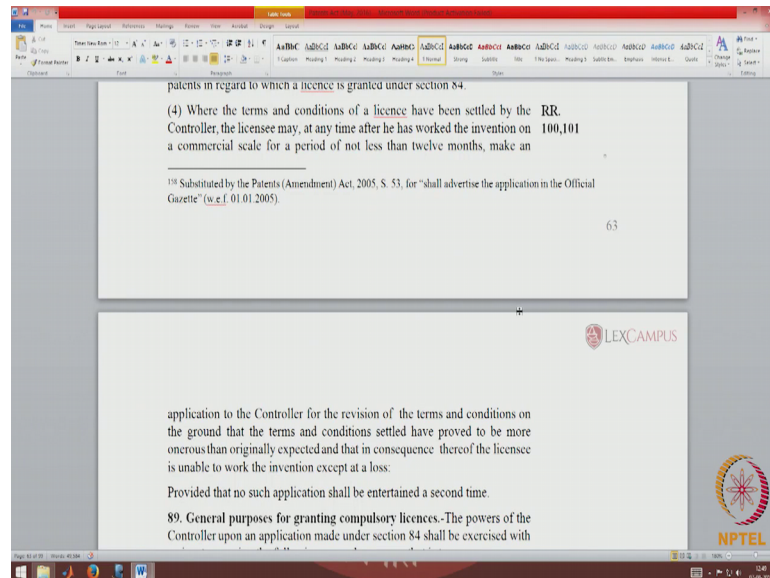
Or other patents of the patentee could also be infringed in such case the controller can order that a license be granted for all the other patents to enable the licensee to work the pattern for which the license was granted under 84.

So, this talks about a situation where there are overlapping patents or connected patents over a particular technology if the applicant asks for a patent compulsory license for a patent for the main patent as he understands the controller can also make an order for the grant of licenses for the other patents. So, that the licensee can fully enjoy the license that has been granted. So, the condition is that if the controller feels that the applicant cannot efficiently or satisfactorily work, the license granted to him under those patents without infringing the other patents held by the patentee or that is one condition or if those patents involved important technical advancement of considerable economic significance in relation to the other patent.

So, in both the cases either, he is not able to work without infringing or the other patents have an important technical advancement which could be of benefit to the licensee. In

both the cases, the patent controller can order licenses of patents which the applicant had not asked for.

(Refer Slide Time: 16:48)



Where the terms and conditions of the license have been settled by the controller the licensee may at any time after he worked, he has worked the invention on a commercial scale for a period of not less than 2 elements make an application to the controller for the revision of the terms and conditions on the ground that the terms and conditions settled have proved to be more onerous than originally expected and that in consequence thereof the licensee is unable to work the invention except at a loss how I did that. No such application shall be entered in the second time. Now if you see the mechanism of granting compulsory licenses, the applicant will have to say that he has the ability to manufacture the invention and should also give a working of how much it would cost for the applicant to do it.

Now, in the course of this working if after the patent is granted the compulsory licensee feels that it has become onerous for him, it has become burdensome for him to work the invention and he is only able to work it at a loss. So, this provision allows the applicant who has now received a compulsory license to come back to the controller and say that please revise the terms I am not able to sell the invention except at a loss. So, this is a provision for revising or reviewing and revising an existing compulsory license the only requirement is the compulsory license he should have worked the invention for at least

12 months before coming back for a revision and another condition is that you can only get the terms revised once it will not be entertained a second time.