



PATENT WORKING STATEMENT REQUIREMENTS SIMPLIFIED IN INDIA

What is working statement?

Indian patent law mandates all patentees or patent licensees to inform the Patent Office regarding their patented invention's use on commercial scale in India. The details of such use (working statement) in a financial year should be furnished in Form 27 in the following year.

What amounts to working of patent?

A patented invention will be regarded as *worked* in India if that invention has been commercially exploited by the patentee or its licensees in India. Direct use includes, manufacturing of the patented product in India. Indirect use such as, import of the patented products into India is also regarded as 'working of patent' in India.

Further, mere fact that the patent has been licensed may not be considered as 'working of patent', unless there is some direct or indirect use.

What are the new developments?

Recently notified Patents (Amendment) Rules, 2020 (the "2020 Rules") have simplified the working statement submission and also revised Form 27, in which the statement is to be filed, broadly on the following aspects:

- Minimising the disclosures relating to patent working;
- Single consolidated statement for related patents;

- Removal of import/licence information requirement;
- Removal of public requirement details; and
- Extension of timeline to submit the working statement.

What details are to be submitted under the new Form 27?

Under the 2020 Rules, a patentee or licensee must disclose the following information to the Patent Office in the working statement:

- whether or not a patent has been worked in India during the financial year;
- information regarding the actual working of the patent in India, as follows:

If worked in India

- the approximate revenue or value (in Indian currency) accrued to the patentee or licensee, from the patented product manufactured or imported into India; and
- brief description about the working of patent (up to a maximum of 500 words).

If not worked in India

The reasons why the patented invention was not worked in India, and steps taken towards invention's working in India (up to a maximum of 500 words).

What details need not be provided?

The 2020 Rules have dispensed with the following disclosures in the working statement:

- patentee/licensee's licensing/sub-licensing information;
- patentee/licensee's quantum of manufacture or imports; and
- the public requirement information.

These changes make working statement submission rather simplified and straightforward, avoiding room for confusion such as what constitutes *public requirement*, how much is adequate, etc.

A single consolidated working statement can be submitted in case of related patents

Another welcome update is that the 2020 Rules now allow a patentee of multiple related patents to submit a single consolidated working statement for all such related patents. However, the patents must be related such that the revenue/value accrued from one patented invention cannot be separated from the related patents.

Also, under the 2020 Rules, each licensee must submit a separate working statement in respect of a patented invention.

Consequences of non-working

A patent which is not worked in India for three (3) years after the grant will be vulnerable to issuance of a compulsory license. Under Section 84 of the Patents Act, 1970 (the "Act"), any person may apply to the Controller of Patents for a compulsory license if the patent is not worked for three (3) years from the date of grant, in India. Once compulsory license is granted, its revocation may be cumbersome. Further, the information provided in Form 27 can also be material in granting compulsory license.

Penalties for non-compliance

Failure to file the *working or not working statement* or providing false information in the

statement attract the following penalties:

- Refusal or failure to file Form 27 within the prescribed deadline attracts a maximum penalty up to INR1 million (USD15,000 approx.)
- Providing false information in Form 27 is punishable with imprisonment up to six (6) months and/or monetary penalties. (Section 122 of the Act).

Time period considered for working of patent

Under the 2020 Rules, the relevant time period for assessing the working of a patent has been revised from a '*calendar year*' (January 1 to December 1) to a '*financial year*'. In India, a financial year begins on April 1 and ends on March 31. Therefore, the statement of working of a patent during a financial year should be furnished in the following year.

Deadline to submit the working statement

Originally, a patentee had to submit the working statement within three (3) months from the *calendar year* end, i.e., by March 31 of the following year.

However, the 2020 Rules require the filing of the working statement within six (6) months from the end of the *financial year*, i.e., by September 30 of the following year.

For instance, statement of working of a patent during the period between April 1, 2020 and March 31, 2021 (i.e., in the financial year of 2020-2021) can be submitted by September 30, 2021.

Additionally, a patentee need not file a working statement in the financial year in which the patent has been granted.

Conclusion

It is imperative for every patentee or patent licensee to file Form 27 and disclose accurate information to the Patent Office.

We will be happy to assist you in preparing and filing the Form 27 for the financial year

2020-2021, and file it in the Patent Office by the deadline of September 20, 2021.

Feel free to contact us if you require our assistance or any clarifications.

ANA Law Group is a full-service law firm based in Mumbai, India.

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