

(1976) 12 CAL CK 0018

Calcutta High Court

Case No: Civil Rule No. 10517 (W) of 1976

Imperial Chemical Industries Ltd.

APPELLANT

Vs

Controller-General of Patents

RESPONDENT

Date of Decision: Dec. 13, 1976

Acts Referred:

- Constitution of India, 1950 - Article 226
- Patents Act, 1970 - Section 116(2), 12(2), 125, 13(2), 130

Citation: (1978) 1 ILR (Cal) 710

Hon'ble Judges: Chittatosh Mookerjee, J

Bench: Single Bench

Advocate: A.R. Lal, Sib Kumar Mazumder and Manisha Lahiri, for the Appellant; S.D. Banerjee, Tarun Bose and Subrata Roy for Controller-General of Patents, Ram Panjawani, Ashis Ghosh and Raj Panjawani for Company, for the Respondent

Judgement

Chittatosh Mookerjee, J.

The Petitioner is a company incorporated under the laws of United Kingdom having its registered office at London. On August 5, 1961, the Petitioner company had filed an application for granting patent in respect of "Catalysts and Hydrocarbon Steam Reforming Process Using Them under the Indian Patents and Designs Act, 1911. Thereupon, on March 23, 1963, the Patent Office, Calcutta, accepted the said application of the Petitioner. On August 5, 1961, the Petitioner was granted Patent No. 77950 in respect of the said invention. A copy of the specification which, according to the Petitioner described, as ascertained the nature of the said invention and the manner in which the same is to be performed has been made in annEx. "A" to the writ application. The Petitioner has been regularly paying annual fees for renewal of the said patent.

2. On April 20, 1972, the provisions of the Patents Act, 1970 other than Sections 12(2), 13(2), 28, 68, 125 and 130 came into force. On December 16, 1972, the Patent

Office, Calcutta, made the following endorsement in the entry of the Petitioner's patent in the Register of Patents "deemed to be endorsed licences of right u/s 87 of the Patent Act, 1970".

3. In May 1975, A.H. Lalji as the Managing Director of the Catalysts and Chemicals India (West Asia) Ltd. had written a letter to the Director of Research of the Petitioner company proposing to enter into an agreement for granting licence to M/s Catalysts and Chemicals India (West Asia) Ltd. to manufacture I.C. 46-1 Naptha reforming catalysts covered by the Petitioner's said patent Specification No. 77950. But no mutual agreement was made between the parties. Thereafter, on March 29, 1976, Catalysts and Chemicals India (West Asia) Ltd., the Respondent No. 2, made an application to the Controller General of Patents, Patent Office, Calcutta, for settlement of the terms of Section 88(2) of the Patent Act, 1970, in respect of Patent No. 77950 for Catalysts and Hydrocarbon Steam Reforming Process Using Them" held by the Imperial Chemical Industries Ltd., the present Petitioner. The circumstances in which the said application u/s 88(2) had been made were set out in the statement accompanying the said application. The Respondent No. 2 also made an application before the Controller-General of Patents u/s 88(4) of the Patents Act, 1970, for permitting it to work the aforesaid patented invention of the Petitioner company on such terms, as the Controller General might pending his decision u/s 88(3) think fit to impose. The Patent Office served the notices of the said proceedings under Sub-section (2) and (4) of Section 88 of the Patents Act, 1970, upon M/s. Remfry and Sons, Patent Attorney for and on behalf of the Petitioner company. The prayer made by M/s. Remfry and Sons for granting further time for submission of replies was not granted. The Petitioner had, however, filed replies to the aforesaid applications under Sub-section (2) and (4) of Section 88 of the Act within the stipulated time. Thereafter, on May 28, 1976, the Controller-General of Patents, the Respondent No. 1, heard both parties in respect of the application of the Respondent No. 2 in respect of the letters application u/s 88(4) of the Patents Act. On June 4, 1976, the Respondent No. 1 passed his order u/s 88(4) of the Act permitting the Respondent No. 2 to work the aforesaid patented invention of the Petitioner subject to the terms set out (sic) his order pending his decision u/s 88(3) of the said Act of 1970.

4. Thereafter, on August 6, 1976, the Petitioner company obtained the present Rule under Article 226 of the Constitution of India. It has been inter alia prayed that the aforesaid order u/s 88(4) of the Act dated June 4, 1976 and the notices and proceedings concerning the two applications under Sub-sections (2) and (4) of Section 88 filed by the Respondent No. 2 be quashed. The Petitioner further has prayed that a writ in the nature of mandamus be issued, commanding the Respondent No. 1 to delete from the Register of Patents, the entry made on December 16, 1972, in the Register against Patent No. 77950 to the effect that the said patent is deemed, to be endorsed with the words licences of right" u/s 87 of the Patents Act of 1970. The Petitioner's further prayer is for prohibiting the

Respondent No. 1 from proceeding with the application filed by the Respondent No. 2 u/s 88(2) of the Patents Act, 1970. The learned Judge who issued the present Rule granted stay of the operation of the impugned order u/s 88(4) of the Act. The said interim order has been subsequently extended till the disposal of die Rule.

5. Mr. Lal, learned Advocate for die Petitioner, has submitted that the aforesaid patent held by the Petitioner company is in respect of a chemical substance and not relating to the methods or processes for the manufacture or production of chemical substances within the meaning of Section 87(1)(iii) of the Patents Act, 1970. Therefore, the said patent cannot be deemed to be endorsed with words "licences of right" from the date of commencement of the Act of 1970. Therefore, the provisions of Section 88 do not apply in respect of the Petitioner's aforesaid patent bearing Specification No. 77950. Mr. Lal has further submitted that the Controller-General has no jurisdiction u/s 88(4) to permit the Respondent No. 2 to work the aforesaid patented invention, pending his decision u/s 88(3) of the Act. Mr. Lal has also submitted that the application u/s 88(4) filed by the Petitioner was defective in form and therefore the same cannot be entertained. Mr. Lal has also submitted the (sic) assuming the Petitioner's patent must be deemed to be (sic) with the words "licences of right", the Controller-General has (sic) acted in accordance with law in settling the terms for working (sic) the same by the Respondent No. 2 inasmuch as he did not apply (sic) mind to relevant facts and circumstances and took into consider (sic) irrelevant matters.

6. Having given my anxious consideration to the submissions made both on behalf of the Petitioner and also on behalf of the Respondents, I am not inclined to interfere with the impugned (sic) u/s 88(4) of the Act passed by the Controller-General of Patents and Designs. The terms for working a patented invention (sic) is deemed to be endorsed with the words "licences of right" may be mutually agreed upon between the patentee and licensee. Failing mutual agreement, the Controller General may settle the terms thereof (vide Sub-sections (1) and (2) of Section 88). Pending agreement between the parties u/s 88(1) or pending his decision u/s 88(3), the Controller-General may allow the patented invention to be worked. As soon as the parties mutually agree in terms of Section 88(1) or the Controller-General u/s 88(5) decides the terms, (sic) the case may be, the interim order u/s 88(4) would cease to be operative. Section 116(2) of the Patents Act, 1970, provides that an appeal shall lie to the High Court from the decision of the Controller-General u/s 88(3) of the Act. The Legislature, however, has not thought fit to give any right of appeal from an interlocutory order u/s 88(4) of the Patents Act, 1970. A decision u/s 88(4) does not involve any final adjudication of the rights of the parties. Undoubtedly, unless a patent comes within the scope of Section 87(1), the Controller-General, in exercise of his powers u/s 88(4), cannot permit the said patented invention to be worked. But having regard to the scheme of the Patents Act, 1970, which provides for a final adjudication u/s 88(3), the Controller-General at the stage of Section 88(4) is required to form only a *prima facie* opinion as to

whether the patent in question is deemed to be endorsed with the words "licences of rights". Such a decision u/s 88(4) subject to appeal under chap. XIX of the Patents Act ultimately replaces and overrides an interlocutory order passed u/s 88(4).

7. Therefore, the impugned order u/s 88(4) does not (sic) to a conclusive and final decision as regards the question (sic) the patent held by the Petitioner relates to methods or (sic) for manufacture of production of chemical substances with (sic) the meaning of Section 87(1)(iii) and therefore, should be deemed to (sic) endorsed with the words "licences of rights". The Controller-General at the time of his final decision u/s 88(3) would be required to again determine the said question because unless the patent comes within the scope of Section 87(1), the terms for working the same cannot be settled. Any party, who might feel aggrieved (sic) the final order u/s 88(3), would be entitled to prefer an (sic) in this Court u/s 116(2). The amplitude of such an (sic) would be much wider than the present writ application. this Court exercising its said appellate jurisdiction would be in a more advantageous position to do complete justice between the Petitioner and the Respondent No. 2. Therefore, this Court in the exercise of its writ jurisdiction should appropriately decline to enter into merits of the respective cases of the Petitioner and the Respondent No. 2. If at this interlocutory stage I pronounce my opinion upon the elaborate submissions made by the learned Advocates for the two contending parties, the same might have the effect of prejudging the pending application u/s 88(2) and the same might prejudice a fair disposal of the same. Further, any pronouncement upon the merits may cause embarrassment to this Court in the matter of disposal of future appeal, if any, that might be taken from the Controller-General's final decision u/s 88(3). At present, there is no stay of further proceedings u/s 88, but I understand that the Controller-General has adjourned the spatter pending the decision in this writ application. Mr. Banerjee, learned Advocate for the Respondent No. 1, has submitted before me that it would be possible for the Controller-General to make a decision u/s 88(2) within six weeks. It may be also pointed out that the specification relating to the aforesaid patent, having been filed on August 5, 1961, the patent is due to expire in August 1977. Therefore, in any event, any order by this Court relating to the working of a licence in respect of the aforesaid patent is likely to be for a very short duration.

8. The learned Advocate for the Petitioner, with some force, contended before me that in case an order is without jurisdiction even if such order is a temporary one, this Court should not hesitate to strike down the same. But in the instant case, it cannot be said that on the face of the record the Controller-General lacked (sic) diction to pass any interlocutory order u/s 88(3). The Controller-General in passing his order u/s 88(4) has read the specifications of the Petitioner's patent in a particular way. this Court in the exercise of its writ jurisdiction cannot interfere because possibly or probably these specifications might be read in a different way. Whether the Controller-General has committed any error of law is a matter for consideration by the appeal Court. It cannot be said that the impugned order is

erroneous on the face of the record *ex facie* and is without jurisdiction and therefore, null and void. The Petitioner company does not dispute the observations of the Controller-General in his order u/s 88(4) that while Specifications Nos. 1 to 18 of his patent relate to the substance or the product, the Specifications Nos. 19 to 24 set out different alternative processes for production of the steam reforming catalyst covered by the aforesaid patent. Sitting in the writ jurisdiction at the interlocutory stage of the proceeding, it would not be a proper exercise of discretion to consider whether the Petitioner's patent is for a chemical substance only and whether the claims and processes were mentioned in the application for granting patent only as a matter of practice. Therefore, I need not (sic) out the different rules formulated for reading specifications of a patent. The Controller-General is yet to decide u/s 88(3) as to whether in the instant case the patent resides in the substance or in the process. It has been already noted that in the instant case, the specification in the Petitioner's patent include claims both in respect of the product and the process. The question whether the pith and marrow of the patent resides in the product or (sic) the process of this invention should be left for decision u/s 88(3) subject to future appeal, if any. It may be noted that the reported decisions show that the "doctrine of pith and marrow" was applied in deciding actions for infringement of patents. See *Van der Lely v. Bamfords* 1963 R.P.C. 61 and *Rodi and Wienenberger v. Showell* 1969 R.P.C. 367 etc. T.A. Blance White in his book *Patents for Invention* (4th ed., 1974, pp. 89-90) discusses the said "doctrine of pith and marrow" in the context of actions for infringement of patents. The learned Advocate for the Respondent No. 2 also relied upon *Terrell on the Law of Patents* (12th ed., pp. 386-390). The said authority referred to the doctrine of pith and marrow inter alia observed that although the doctrine of "substance" or "pith and marrow" was not dead, but...in view of the detailed nature of the modern claims there can be little scope for its application in practice nowadays (vide p. 389). It may be also pointed out that the learned Advocate for the Petitioner did not place any authority which would support his submission that in considering the nature of a patented invention, the Court should apply this "doctrine of "substance" or "pith and marrow or in order to ascertain whether the said patent resided in the product or in the process both of which have been specified, i.e. deciding the relative importance of the different specification of patented invention.

9. The learned Advocate for the Petitioner submitted before me that the entry dated December 16, 1972, in the Petitioner's patent to the effect that the patent shall be deemed to be endorsed with the words "licences of right" u/s 87 of the Patents Act, 1970, was invalid. He submitted that the Petitioner was not given any hearing and claimed that the Petitioner had no knowledge, about the said endorsement until the proceeding u/s 88 had commenced. The present writ petition includes a prayer for making an order u/s 71 of the Patents Act, 1970, in respect of the said entry in the Register relating to Petitioner's aforesaid patent. Section 71 of the Patents Act provides that the High Court may on the application of any person aggrieved rectify

the Register of Patents maintained u/s 67 of the Act. The Petitioner has not applied u/s 71 for rectification of entry dated December 16, 1972. Therefore, a prayer for rectification in terms of Section 71 cannot (sic) entertained in this writ application. The point whether the said entry should be omitted or not is accordingly left open. The Register u/s 72(2) is a *prima facie* evidence of matters required or authorised by under the Patents Act to be entered therein. Mr. Panjawani, learned Advocate for the Respondent No. 2, has drawn my attention to Section 67(1)(b) which *inter alia* provides that the notifications of assignments and of transmissions of patents of licences under patents etc. shall be entered in the Register of Patents kept at the Patents Office and he has contended that all the three kinds of licences, namely voluntary licences, compulsory licences and licences as of right or statutory licences are required to be entered in the said Register. But, at the same time, a right to make an application under Sub-sections (2) and (4) of Section 88 (sic) not merely by reason of making any entry in the Register u/s 67 but by a reason of a patent becoming subject to a (sic) licence u/s 87 of the Act. Thus, a right to obtain a licence u/s 88 is derived from the provisions of Section 87 read with Section 88 of the Act.

10. The Controller-General in his order u/s 88(4) has reasons at length for passing the impugned interlocutory order. I am not exercising the appellate powers. Therefore, I would not be justified in substituting my views in place of those of the Controller General on the question whether an interlocutory order pending final adjudication u/s 88(4) should be passed or not (sic) I have already observed that the order u/s 88(4) does not result in a final adjudication determining the rights of the patentee and the person applying for licence. Therefore, it would be proper exercise of discretion not to interfere at the stage while keeping the question and rights of the parties open, to be adjudicated u/s 88(3) subject to appeal, if any, therefrom. I have already mentioned that the Respondent No. 1 through his counsel has expresses his readiness to conclude the pending proceeding u/s 88 (sic) within a period of six weeks. Accordingly, I do not intend to (sic) with the impugned order. The learned Advocate for parties cited before me a large number of reported decisions on the question of exercise of writ jurisdiction vis-a-vis existence of alternative remedy, It is unnecessary to lengthen this judgment by considering those cases. In those matters the Court is guided not by any rule of any strait jacket or procedure and in each case the Court exercises its discretion in a judicious manner in deciding whether in spite of existence of an alternative remedy, the Court should issue any writ. In the present case, I have already given reasons why I do not consider the present case to be a fit one for interference under Article 226.

11. In the above view, it is not necessary for me to decide about the correctness or otherwise of the other submissions made by the learned Advocates for both parties I only note that while Mr. Lal, learned Advocate for the Petitioner, submitted before me that under Patents and Designs Act, 1911, both a product or substance and the process or processes for production or manufacture of such substances or product were capable of being separately, (sic) Mr. Panjawani, learned Advocate for the

Respondent No. 2, submitted that a chemical product per se could not be patented, (sic) learned Advocate for both parties also placed before me (sic) provisions of the Act of 1911 and the Act of 1970. Mr. (sic) also placed various materials which he considered as relevant for understanding the background for enactment of the Patents Act, 1970. It is unnecessary to deal with these broader questions for disposal of this writ application arising out of an interlocutory order u/s 88(4) of the Patents Act, 1970. This question and controversies between the parties as already observed remain to be (sic) decided at the time of the passing of the order u/s 88 (3) object to the appellate order, if any. Further, this specification (sic) the Petitioner's patent mentioned both about the chemical substance and the processes. Whether in substance the patent related to the chemical substance only or not and whether the claims regarding the processes in the Petitioner's patent were set out have been only provisionally decided. After the final decision, both parties would have ample opportunities to agitate their respective submissions in appeal, if any, u/s 116(2) of the Patents Act of 1970 (sic) the final order.

12. The learned Advocate for the Petitioner also submitted (sic) me about the different terms and conditions laid down by the Controller-General for granting permission to work the patent u/s 88(4). He contended that the Controller General did not take into consideration relevant materials and on the other hand, had relied upon certain materials which were not germane and (sic) thereby ignored the provisions of Section 87(6) read with Sub-sections (1), (sic) (4) and (5) of Sections 93, 94 and 95 of the Patents Act, 1970. But (sic) have already mentioned that the terms settled u/s 88(4) are (sic) and provisional and subject to Controller's decision u/s 8(3) about the terms on which the licence should be granted. Mr. Panjawani, learned Advocate for the Respondent No. 2, him-self submitted that once the terms are decided u/s 88(3), the order u/s 88(4) would cease to be operative and the terms under Sections 88(3) would take effect from the date of passing of the order u/s 88(2). Therefore, terms imposed u/s 88(4) are without prejudice to the terms which may be ultimately decided upon by the Controller-General. In the above view this Court in the exercise of its writ jurisdiction should not interfere with the said terms.

13. The learned Advocate for the Petitioner tried to contend before me that the application u/s 88(4) filed by the Respondent No. 2, was defective as regards verification etc. The Controller-General in his order has considered the said point and has found against the Petitioner. I am not prepared to exercise writ jurisdiction for considering objections relating to form which neither affected merits of the application nor affected the jurisdiction of the Controller-General u/s 88(4) of the Act.

14. In the above view, I discharge this Rule without any order as to costs.

15. The Respondent No. 1 is directed to dispose of the pending application of the Respondent No. 2 in accordance with law. The order u/s 88(4) will not preclude both parties from making their respective submissions both on the question whether the

Petitioner's licence must be deemed to be endorsed with the words licences of rights and as regards the terms for granting a licence in favour of the Respondent No. 2. The Controller-General is directed to dispose of the said matter within a period six weeks from this date.

16. On the prayer of Mr. Majumdar, for the Petitioner, let the operation of the order so far as proceedings u/s 88(4) is concerned be stayed for ten days from date. There will be no stay of proceedings u/s 88(2) read with Section 88(3) of the Patents Act, 1970.