



# news flash

May 2016



## USHERING IN A NEW ERA OF IPRs – THE PATENTS AMENDMENT RULES, 2016

### INTRODUCTION

As a first step towards the implementation of the much talked-about Intellectual Property Rights Policy issued by the Union Cabinet, the Department of Industrial Policy and Promotion has, vide the Patents (Amendment) Rules, 2016 (“**2016 Amendment Rules**”) amended the Patent Rules, 2003 (the “**Rules**”). The important amendments made vide the 2016 Amendment Rules have been captured in this NewsFlash.

#### 1. **Concessions for Start Ups**

One of the most significant changes brought about by the 2016 Amendment Rules is the recognition of ‘startups’ and their differential treatment. Below are the additions/changes in this regard:

- A startup has been defined under the 2016 Amendment Rules. This definition is along the same lines as the definition of a startup under the “Startup India” initiative. Briefly, a startup has been defined as an entity where (i) more than five years have not lapsed from the date of its incorporation or registration; (ii) the turnover for any of the financial years, out of the aforementioned five years, did not exceed rupees twenty five crores; and (iii) it is working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property, provided that any such entity formed by splitting up or reconstruction of a business already in existence is not to be considered a start-up.
- An entity which is a startup is now required to pay the same fees as those payable by an individual, which are half or less than half the fees payable by small entities other than startups and one fourth, or less than one fourth the fees payable by all other entities.
- The 2016 Amendment Rules have, to some extent, pre-empted persons trying to take advantage of the concessions made available to startups. The 2016 Amendment Rules have introduced a new sub-rule to Rule 7 (**Fees**), which states that in case an application made by a startup is fully or partly transferred to any person other than a natural person or a start up, the new applicant will have to pay the difference in fees.
- Startups are one of the two categories of applicants which are permitted to file for expedited examination (a new concept, discussed below).

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- It is to be noted that a start up will not be required to make payment of difference in fees nor will a request for expedited examination filed by a startup be questioned merely on the ground that the startup ceased to be a start up after filing of the application due to lapse of time or increase in turnover.

## 2. Examination Process

Several amendments have been brought in Rule 24B of the Rules, which deals with examination. These are as follows:

- While the Controller was earlier required to refer an application for examination within 1 month of the date of its publication/date of request for examination (whichever was later), this time period appears to have been done away with. It is unclear whether this is intentional or not.
- It has now been clarified that if a further application is filed in respect of an existing application, the order of reference for examination would be the same as that of the original existing application and that in cases where the original application has already been referred to for examination, the further application would need to be accompanied by a request for examination and that the further application would need to be published within 1 month and referred to the examiner within 1 month from the date of such publication. It is unclear, however, in the second case, what timelines for completion of examination would have to be followed by the examiner.
- Responses to the first statement of objections and subsequent replies, if any, are now to be processed in the order in which the reply is received.
- The time period within which an application is required to be put in order for grant has been reduced from 12 months to 6 months for applications in respect of which the first statement of objections is issued after 16 May 2016, which time period may be extended, by filing a request along with the prescribed fee, by a further period of three months.

## 3. Expedited Examination

Another new concept introduced vide the 2016 Amendment Rules is that of expedited examination of patent applications. Only certain applications/applicants are eligible to file a request for expedited examination for patent applications. While the procedure for expedited examination is fairly similar to that (as amended by the 2016 Amendment Rules) for ordinary examination, additional features of expedited examination are as follows:

- A request for expedited examination may be made only by electronic transmission on the grounds that:
  - (i) India has been indicated as the competent International Searching Authority or elected as an International Preliminary Examining Authority in the corresponding international application; or
  - (ii) the applicant is a start up
- A request filed for examination of application can also be converted to a request for expedited examination upon payment of the requisite fees and submission of the requisite documents.

- In cases where the application has not been published/no request for publication has been filed, such request is required to be accompanied with the request for publication.
- For requests for expedited examination, there is no requirement that the applications should have been published, unlike in cases of ordinary examination. However, whether this requirement has been intentionally omitted or has been omitted by oversight remains to be seen.
- Certain time lines have been compressed in case of expedited examination and ordinary examination, as below:

Period	Ordinary examination	Expedited examination
Making of report by the examiner pursuant to the examination.	Ordinarily 1 month, but not exceeding 3 months from date of reference	Ordinarily 1 month, but not exceeding 2 months from date of reference
Issue of first statement of objections by the Controller.	Within 1 month of disposal of the report by him (this was earlier 6 months from the later of the date of the request for examination /date of publication)	Within 15 days of disposal of the report by him
Disposal of Application	No time period specified	within the earlier of a period of 3 months from (a) the date of receipt of last reply and (b) the last date to put the application for grant

- It should be noted, however, that the Controller has the power to limit the number of requests for expedited examinations to be received in any year by way of a public notice, and therefore applicants requesting expedited examinations earlier in the year are more likely to have their requests granted.

#### 4. **Other Amendments to reduce delays**

The 2016 Amendment Rules have also brought in other changes in an attempt to reduce the time taken in the processing of patent applications, including the following:

- Hearings can now take place through video conferencing or audio visual communication devices.
- Rule 129A has now been introduced to deal with adjournments of hearings, which can now only be made for reasonable cause at least 3 days before the date of the hearing. Further, no more than 2 adjournments can be given to a party and each adjournment cannot be for more than 30 days.

## 5. Miscellaneous

Certain other amendments brought about by the 2016 Amendment Rules are as follows:

- The address for service under Rule 5 is to include a postal address and an e-mail address and communications made under Rule 6 can now be made to such postal address or e-mail address.
- Courier service is no longer a valid mode of leaving/serving documents under the Rules.
- Filings by patent agents can now be made only by ‘*electronic transmission duly authenticated*’, provided that certain documents that are required to be submitted in original are required to be submitted within 15 days.
- The Controller now has the power to condone delays in transmitting or resubmitting a document or performing any act by a party if a petition for such condonation is made by the party where such delay is a result of specific force majeure events. The delay condoned by the Controller is not to exceed the period for which the national emergency was in force or 6 months from the expiry of the prescribed period, whichever is earlier.
- Additional requirements that the specifications now need to meet are as follows:
  - Drawings are now to be referred to in claims as well.
  - The abstract no longer requires to contain the title and must now indicate “the technical advancement of the invention as compared to existing knowledge and the principal use of the invention, excluding any ‘speculative use’”, as opposed to “the technical problem to which the invention relates and the solution to the problem through the invention and principal use or uses of the invention”, thereby making it necessary for the abstract to be fairly specific in nature.
  - The manner in which amendments to specifications are to be submitted has been substantially changed.
- Written submissions and relevant documents for all hearings are to be filed within 15 days of such hearing.
- The authorization of an agent must be filed within a period of 3 months from the date of filing the relevant application/document failing which no action on such application or document will be taken unless the deficiency is removed. No time period or consequence was prescribed in this regard prior to the 2016 Amendment Rules.
- It is now specified that (A) the Controller cannot extend the time periods prescribed under the Act or Rules for (i) filing of an application claiming a priority date; (ii) filing of translation of amended claims and annexures under Rule 20(6); and (iii) filing of applications for review of decisions or setting aside of orders of the Controller and (B) requests for extensions of such time period must be made within those periods.
- The Fee schedule has also been revised under the Revised Rules and refund for examination fees has also been provided.
- Certain forms have been amended, while certain others have been introduced.

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