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CIPLA LTD.

v.

UNION OF INDIA & ORS.

(Civil Appeal Nos. 8479-8480 of 2012)

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NOVEMBER 27, 2012

[K.S. RADHAKRISHNAN AND DIPAK MISRA, JJ.]

Natural Justice – Application for revocation of patent – Patent revoked by Controller – By placing reliance on the recommendation of the Opposition Board, but without giving copy of the report of the Opposition Board to either of the parties – Held: The order of the Controller is vitiated for violation of principles of natural justice – Therefore, order of Controller set aside – Recommendations of Opposition Board now available with the parties – Direction to Controller to dispose of the matter afresh after hearing all the parties and also affording them opportunity to raise contentions for and against the recom High mendation of the Opposition Board – Patents Act, 1970 – s. 25(2).

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CIVIL APPELLATE JURISDICTION : Civil Appeal Nos. 8479-8480 of 2012.

From the Judgment & Order dated 8.10.2012 and 12.10.2012 of the High Court of Delhi at New Delhi in Writ Petition (C) No. 6361 of 2012 and in L.P.A. No. 695 of 2012 respectively.

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Harish Salve, T.R. Andhyarujina, Pratibha M. Singh, Saya Chowdhry, Bitika Sharma, Surbhi Mehta, Varun Tikmani, Gaurav Sharma, Pravin Anand, Hari Shankar K., Archana Shanker, Aditya Gupta, Vikas Singh Jangra, Aditya Verma, C. Mukund, P.V. Saravana Raja, Ekta Bhasin, Gagan Gupta for the Appearing Parties.

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The following Order of the Court was delivered

O R D E R

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1. Leave granted.

2. Sugen Inc. USA and Pharmacia and Upjohn Company USA filed an application on 9.8.2002 for the grant of patent. The application was recommended for grant of patent on 23.8.2007 and was finally allotted the patent No.209251, which was published in the Patent Office Journal under Section 43(2) of the Patents Act, 1970 (for short, "the Act"). Cipla Ltd. filed an application under section 25(2) of the Act on 1.9.2008 for revocation of the said patent, before the Assistant Controller of Patent and Design (in short, "the Controller"), who vide his order dated 24th September, 2012 revoked the patent which gave rise to this litigation.

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3. Heard Mr. Harish Salve, learned senior counsel appearing for the appellant and Mr. T.R. Andhyarujina, learned senior counsel appearing for Respondent Nos.2 and 3 at length. Detailed arguments were addressed with regard to the correctness or otherwise of the order passed by the Controller as well as by the High Court and the consequences thereof.

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4. We find it unnecessary to examine all those contentions since we are sending this matter back to the Controller for fresh consideration in accordance with law. The main controversy raised in the case is on the non-furnishing of the copy of the recommendation of the Statutory Board constituted under Section 25(4) of the Act to the parties.

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5. Chapter V of the Patents Act, 1970 (for short, "the Act") deals with the Opposition Proceedings to grant of patents. Section 25(1) of the Act enables any person to represent by way of Opposition to the Controller against the grant of patent, but before a patent has not been granted. Sub-section (2) of Section 25 enables any person interested to give notice of opposition to the Controller at any time after the grant of patent, but before the expiry of period of one year from the date of

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A publication of grant of the patent. Clauses (a) to (k) of this sub-section are the grounds which can be taken by any person. It is specifically made clear that in sub-sections (1) and (2) of Section 25 of the Act that no other grounds are available to be taken by any person.

B 6. Section 25(3)(b) of the Act deals with the constitution of the Opposition Board for examination and submission of its recommendations to the Controller. Clause (c) of Section 25(3) says that every Opposition Board constituted under clause (b) shall conduct examination in accordance with such procedure as may be prescribed. Chapter VI of the Patent Rules, 2003 (for short, "the Rules") deals with the Opposition proceedings to grant of patents. Rule 56 deals with the constitution of Opposition Board and its proceeding. Rule 56 is given below for easy reference:

D "56. Constitution of Opposition Board and its proceeding-

E (1) On receipt of notice of opposition under rule 55A, the Controller shall, by order, constitute an Opposition Board consisting of three members and nominate one of the members as the Chairman of the Board.

(2) An examiner appointed under sub-section (2) of section 73 shall be eligible to be a member of the Opposition Board.

F (3) The examiner, who has dealt with the application for patent during the proceeding for grant of patent thereon shall not be eligible as member of Opposition Board as specified in sub-rule (2) for that application.

G (4) The Opposition Board shall conduct the examination of the notice of opposition along with documents filed under rule 57 to 60 referred to under sub-section (3) of section 25, submit a report with reasons on each ground taken in the notice of opposition with its joint recommendation within

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three months from the date on which the documents were forwarded to them.”

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7. Rule 57 deals with filing of written statement of opposition and evidence. Rule 58 deals with filing of reply statement and evidence. Rule 59 deals with filing of reply evidence by opponent. Rule 60 says that no further evidence shall be delivered by either party except with the leave or directions of the Controller.

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8. The aforesaid provisions indicate that the Opposition Board has to conduct an examination of notice of opposition along with the documents filed under Rules 57 to 60 and then to submit a report with reasons on each ground taken in the notice of opposition. The Opposition Board has, therefore, to make recommendation with reasons after examining documents produced by the parties as per Rules.

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9. Section 25(4) of the Act says that on receipt of the recommendation of the Opposition Board and after giving the patentee and the opponent an opportunity of being heard, the Controller shall order either to maintain or to amend or to revoke the patent. The procedure to be followed by the Controller is provided in Rule 62 of the Rules, which reads as follows:

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“62. Hearing - (1) On the completion of the presentation of evidence, if any, and on receiving the recommendation of Opposition Board or at such other time as the Controller may think fit, he shall fix a date and time for the hearing of the opposition and shall give the parties not less than ten days’ notice of such hearing and may require members of Opposition Board to be present in the hearing.

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(2) If either party to the proceeding desires to be heard, he shall inform the Controller by a notice along with the fee as specified in the First Schedule.

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A (3) The Controller may refuse to hear any party who has not given notice under sub-rule (2).

B (4) If either party intends to rely on any publication at the hearing not already mentioned in the notice, statement or evidence, he shall give to the other party and to the Controller not less than five days' notice of his intention, together with details of such publication.

C (5) After hearing the party or parties desirous of being heard, or if neither party desires to be heard, then without a hearing, and after taking into consideration the recommendation of Opposition Board, the Controller shall decide the opposition and notify his decision to the parties giving reasons therefor."

D 10. Sub-rule (1) of Rule 62 confers power on the Controller to require members of Opposition Board to be present in the hearing after receiving recommendation of the Opposition Board. The Controller, after hearing the parties if they so desire and after taking into consideration the recommendation of the
E Opposition Board, has to decide the opposition giving reasons. Provisions of the Act and the Rules, therefore, clearly indicate that the Opposition Board has to make its recommendations after considering the written statement of opposition, reply
F statement, evidence adduced, by the parties with reasons on each ground taken by the parties. Rule 62 also empowers the Controller to take into consideration the reasons stated by the
G Opposition Board in its Report. In other words, the Report of the Opposition Board has got considerable relevance while taking a decision by the Controller under Section 25(4) of the Act read with Rule 62(5) of the Rules.

H 11. The Opposition Board in a given case may make a recommendation that the patent suffers from serious defects like lack of novelty, lack of inventive steps etc., so also it can recommend that the patent shall be granted since the invention has novelty, inventive steps etc. Such recommendations are

made after examining the evidence adduced by the parties before it. Unless the parties are informed of the reasons, for making such recommendations they would not be able to effectively advance their respective contentions before the Controller. Section 25(3)(b) read with Rule 56(4) cast no obligation on the Opposition Board to give a copy of the Report to either of the parties. So also no obligation is cast under Section 25(4) or under Rule 62 on the Controller to make available the report of the recommendation of the Opposition Board. But considering the fact that the Report of the Opposition Board can be crucial in the decision making process, while passing order by the Controller under Section 25(4), principles of natural justice must be read into those provisions. Copy of the Report/recommendation of Opposition Board, therefore, should be made available to the parties before the Controller passes orders under Section 25(4) of the Act.

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12. We have gone through the order passed by the Controller and we notice that Controller has placed reliance on the recommendation of the Opposition Board, but without giving copy of the report to either of the parties. Hence, order is vitiated for violation of principle of natural justice. Order passed by the Controller on 24.9.2012 is, therefore, set aside. Since we have set aside order passed by the Controller on the ground of violation of principles of natural justice, the order passed by learned Single Judge of the High Court on 8.10.2012 in Writ Petition No.6361 of 2012 as well as the order passed by the Division Bench of the High Court on 12.10.2012 in Letters Patent Appeal No.695 of 2012 also would stand set aside.

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13. Recommendation made by Opposition Board is now available with the parties, hence we direct the Controller to dispose of the matter afresh after hearing all the parties and also affording them an opportunity to raise their contentions for and against the recommendation of the Opposition Board. The Controller would dispose of the matter within a period of one

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A month from the date of communication of copy of this order. Since the matter is remitted to the Controller, the Writ Petition No.6361 of 2012, pending before the Delhi High Court also stands disposed of.

B 14. The Civil Appeal is disposed of as above with no order as to costs. We make it clear that we are not expressing any opinion on the various contentions raised by the parties before us and are left to be decided by the Controller.

K.K.T.

Appeal disposed of.