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## Article

### Rights of co-owners under Indian Patents Act – An analysis

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Patent is always understood as a movable property and it has been expressly declared so under the Indian Patents Act, 1970. In the context of a patent, which is an intangible property, ownership results in enjoyment of a bundle of legal rights, as against the rest of the world (*jus in rem*). As is the case with any other property, a patent may be owned by one person or more than one person. In the latter case, it is termed as co-ownership. This article analyzes the law that governs the rights of co-owners of a patent.

Section 50 of the Patent Act, 1970 ('the Act') governs the rights of co-owners of a patent. Section 50(1) of the Act lays down the unity of possession and equal undivided share in the patent as essentiality of co-ownership under the Act.<sup>1</sup> It is noteworthy that Section 50(1) validates a contract that may enforce a different arrangement of co-ownership of patent.<sup>2</sup> Section 50(2) of the Act waives any accountability to any of the owners for exercising any of the rights granted under Section 48 of the Act. Section 48 of the Act, however, grants a set of negative rights – the exclusive right to prevent third parties from making, using, selling, offering to sell or importing for those purposes, the products protected by the patent. Therefore, under Section 50(1), each co-owner is entitled to prevent third parties from infringing the patent, without having to account to the others. In

practical terms, each co-owner can sue any third party for infringement, without having to account to the other co-owner(s). This arrangement can also be modified by way of a contract to the contrary.

On the other hand, Section 70 of the Act also grants the owner of a patent, the right to deal with the patent, including by way of licenses and assignment, and the right to receive consideration for the same. However, the rights under Section 70 have not been covered by Section 50(2) and instead, Section 70 is expressly subject to the provisions of Section 50. In turn, Section 50(3) clarifies that unless a contract to the contrary is present, no license or assignment can be made by any co-owner, without the consent of the other co-owner.

According to Section 50(4) a patented article sold by one co-owner shall be deemed as if the article was sold by a sole patentee. This provision protects bonafide third party purchasers and persons who derive title therefrom, from unnecessary legal confusions that may arise as a result of disputes between co-owners.

Matters and issues that have not been specifically resolved by the aforesaid sub-clauses of Section 50, are covered by way of a residual clause in Section 50(5) – the rules of law that generally apply to movable property will apply to patents as well. Section 50 and Section 70 do not lay down nature of

<sup>1</sup> Section 50(1) of the Act states: "Where a patent is granted to two or more persons, each of those persons shall, unless an agreement to the contrary is in force, be entitled to an equal undivided share in the patent."

<sup>2</sup> It is submitted that a contract with an arrangement of divided patent is void in law. This can be concluded by the principle of interpretation of statute. A statute must be interpreted in such a way that its provisions make sense out of it. A divided patent doesn't make a sense. A divided patent, implies right on different claims of the patent by different co-owners. It is submitted that this is not possible for the reason of unity of invention. All the claims must be directed towards a single invention. Thus, if a patent is licensed, for example, it can't be said that a part of a claim or claim set is licensed and the rest of it is not. Thus, a contract defeating the "undivided" term in Section 50(1) should be void.

co-ownership among the co-owners of the patent.

It is pertinent to note that depending upon the nature of agreement between the parties, co-ownership may be of two types, which are as follows:

### **(a) Joint tenancy**

*Joint tenancy* is a type of co-ownership where grant is made to several persons indicating that the grantees are subject to separate interests.<sup>3</sup> It is marked by four essential requirements, viz. *Unity of Possession, Unity of Interest, Unity of Time and Unity of Title*.<sup>4</sup> *Joint tenancy* is created by act of parties and never by operation of law. It is marked by the right of survivorship or *jus accrescendi*<sup>5</sup>. Joint tenants share interest and share on the basis of *per my et per tout*.<sup>6</sup>

### **(b) Tenancy in common**

*Tenancy in common* is the other type of co-ownership. It is marked by unity of possession like *joint tenancy*. While tenants in common are entitled to jointly enjoy the whole property, the share of tenants is fixed and undivided, i.e., it is *per my et*

but not *per tout*. There is no right of survivorship and the property passes as per laws of inheritance.

It is noteworthy that the “*equal undivided share in the patent*” as specified under the provisions of Section 50, is characteristic of “separation of interest”, which is characteristic of *tenancy in common*. Similarly, Section 50 deems that unless agreed to the contrary, the co-owners are entitled to an equal “undivided” share, which refers to unity of possession, which is another characteristic of *tenancy in common*. Further, as per one noted commentary on UK patent law, *tenancy in common* is implied as a usual business practice.<sup>7</sup>

It is submitted that based on the rights listed in the Section 50 of the Indian Patent Act, the co-ownership is inclined towards *tenancy in common*. However, it is on courts in the days to come to interpret the provisions for a firm law in place, regarding the nature of co-ownership.

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<sup>3</sup> For example, no words are in the contract indicating any rights, duties and liabilities of a co-owner different from any other co-owner.

<sup>4</sup> Unity of possession implies that each owner is entitled to the possession and enjoyment of all the rights associated with the property.

Unity of interest implies that the joint tenant has the same estate in the property. The interest should be of same extent, nature and duration. There must be equality of interest.

Unity of time indicates that the title of each joint tenant must vest at the same time.

Unity of title of each tenant must arise from the same instrument.

<sup>5</sup> Right of survivorship or *jus accrescendi*: It is a right wherein the right passes among the co-owners at the death of one or more co-owners. Thus, property cannot be inherited by heirs.

<sup>6</sup> *per my et and per tout*: right on each and every part of property and on the property as whole.

<sup>7</sup> CIPA Guide to the Patents Acts § 36.03 (6th edn.)

## Ratio Decidendi

### Selection of numerical range by experiments is not inventive step

Reasoning that selection of a suitable numerical range by experiments from the publicly known art is merely an exercise of ordinary creativity of a person skilled in the art, the Indian Intellectual Property Appellate Board (IPAB) upheld the Controller's Order against patentability. The 'invention' relating to body fluid collection containers, involved positioning of the thixotropic gel in two distinct regions within the collection assembly to improve blood separation. The appellant argued, *inter alia* that the standard for obviousness adopted was arbitrary and that an invention claiming a specific range within prior art should not be rejected as obvious. However, the IPAB held that a mere mention of 80% volume of gel cannot constitute an inventive step under Section 2(1) J of the Patent Act 1970. [*Becton Dickinson v. The Controller of Patents & Designs*, IPAB order dated 28-12-2012].

### Trademarks – No protection to mark marginally tweaked to exploit semi-literate market

The IPAB has held that trademarks 'KRT' and 'PRT', in respect of food articles, are deceptively similar having conceptual similarities. The Board noted that the goods, namely rice, was procured by semi-literate and uneducated masses on trust with an imperfect picture of the goods and hence the class of customers could be easily duped. The argument that no one got confused for so many years was rejected, noting respondent's relatively small turnover. The IPAB noted that both the parties were in the same trade, trading in everyday mass consumption product, selling from the same shop

where goods are ordered orally at the sales counter and noise factors like traffic at sales point is likely and hence the alleged phonetic dissimilarities of the two marks do not merit particular importance. The Board, considering the realities of Indian market, held that semi-literate customers cannot be expected to have the skill, acumen and intelligence to make a fine distinction between the two closely resembling marks which also resemble phonetically. Respondent's plea that the appellant had included the product 'rice' in its application only after the respondent had filed its application, was also rejected, noting that the appellant was first in business with his trademark. The Board ordered removal of the trademark 'PRT' from the register as it was held as hit by Section 11(1) of the Trademarks Act and not eligible for protection under Section 9. [*Pawan Kumar Sushil Kumar Agro (P) Ltd. v. Shrinivas Jhawar* – IPAB Order No. 4/2013, dated 4-1-2013].

### Trademarks – Prior use in different jurisdiction when relevant

The Gujarat High Court has dismissed a writ petition filed against the IPAB Order passed in a rectification application against trademark 'TRIX' registered in favour of the petitioner. The court relied upon a judgment of the Supreme Court in the case of *Kabushiki Kaisha Toshiba v. Toshiba Appliance Co.* [AIR 2009 SC 892] and noted that the petitioner had registered the trademark in 1977 but failed to utilize the same except for 10 months in 1986 while the respondents had adopted the mark in 1910. It was hence held that a person not having bona fide intention to use the trademark was not expected to get his product registered so as to



prevent any other person from using the same. The respondent had argued that they were using the said mark in various countries and that the mark had trans-border reputation in India since 1950 though it was directly launched in India in 2005. [*Kaira District Co-Operative Milk Producers Union Ltd. v. General Mills Inc.* – Gujarat High Court judgment dated 8-11-2012 in Special Civil Application No. 13455 of 2012].

### Registration of label mark protects word therein

Deciding a rectification petition the Intellectual Property Appellate Board (IPAB) has held that the trademark ‘WELCOME’ which is registered also as a label mark was entitled to be protected against

‘WELGONE’ registered as a trademark. The rival trademarks had been registered on the same day though ‘WELCOME’ was proved to be prior in use. The defendants argued that there was no possibility of confusion between a word mark and a label though both parties dealt in same products using same trade channels. The IPAB did not find force in the defendant’s argument that the applicant’s failure to oppose the registration when the mark was advertised in the same Trademarks Journal deprived the latter of their right to take necessary action of rectification. The respondent’s mark was ordered to be expunged from the register. [*Harkanwar Pal Singh Lamba v. Prabhat Chemicals*, IPAB Order dated 28-12-2012].

## News Nuggets

### Biotechnology patent applications - Draft guidelines issued

The Controller General of Patents has issued draft guidelines for examination of biotechnology patent applications on 19th December 2012. The draft guidelines issued by the Indian Patent Office (IPO) broadly highlight the provisions of Section 2, Section 3 and Section 10 of the Indian Patent Act, 1970 with respect to biotechnological inventions. They provide grounds for the assessment of inventive step or non-obviousness and also mandate a prior art search by the examiner using key words and IPC, sequences etc. The draft guidelines instruct the applicant to provide the sequence listing in electronic format and also elaborate on Section 3(e) by stating that a composition comprising a combination of substances naturally occurring in nature is

not patentable subject matter unless synergistic effect of the components is established. Further, agricultural and horticulture practices, for instance a method of spraying insecticide for controlling pests, intercropping etc., have been included as non patentable subject matter under Section 3(h) of the Act. With emphasis on India’s intention to prevent misappropriation of biological resources and traditional knowledge, provisions for mandatory prior permission from National Biodiversity Authority (NBA) by the applicant for any patent application based on research or any information related to biological resources obtained from India, have also been contemplated.

### Separating curds and whey

What does it take to make Greek yoghurts? Going by the latest IP battle in English courts, the consumer’s perception should be sufficient to

make the perfect ‘Greek yoghurt’. The claimants to Greek ‘Total’ yoghurt made in Greece from Greek milk were successful in obtaining an injunction against an American manufacturer of Greek yoghurts. The latter claim that Greek Yoghurt connotes a yoghurt with a particular consistency and taste but does not denote that the product is made in Greece from Greek milk. The defendants will shortly seek to prove their claims by means of a survey. As expected,

the original claimants objected to the same on grounds of insufficient sampling and reliability of data. However, despite the very recent decision of the Court of Appeal in *Marks and Spencer PLC v. Interflora Inc*, the England and Wales High Court (Chancery Division) has permitted the survey on the ground that in the instant case of passing off, a survey might be helpful in arriving at the fundamental characteristic or attribute of “Greek yoghurt”.

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