

TO APPOINT OR NOT TO APPOINT... THAT IS THE QUESTION!

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The answer to the problems of men lies in the law. The answer to the problems of law lies outside the law. The primary role of adjudicatory bodies is to adjudge disputes before them, within the prescribed framework of the law. As to what extent the judiciary is allowed to “interpret” the law to meet the ends of justice has been debated since time immemorial.

BACKGROUND

As our laws dwell deeper into regulating the practices, processes, disputes and crimes which were peculiar to various industrial and technical fields, it was inevitable that adjudicatory bodies were established separately from the traditional judicial setup to resolve industry-specific issues such as those related to company laws, consumer laws, IT and cyber laws, intellectual property laws and the like. The Intellectual Property Appellate Board (“IPAB”) was established in 2003 to adjudicate upon cases pertaining to intellectual property laws. The idea was for a Technical Member, who would ideally be an expert in that specific type of intellectual property to have a say in the adjudication, instead of the traditional method of having only a judicial expert to review and decide the matter. A balance was sought to be struck to ensure that the law and the technicalities of the subject, would both be correctly reviewed by the respective experts before deciding IP cases.

STATUTORY STORY

The establishment and operation of the IPAB is governed by the IPAB Rules, 2003, the laws related to Trademarks, Patents, Copyrights, and Plant Varieties Protection, etc. The IPAB was established in 2003 and commenced its function from November 15, 2003.<sup>1</sup> All appeals under various IP laws, pending at the High Courts were transferred to the IPAB.<sup>2</sup>

According to Section 84 (2) of the Trademarks Act, 1999, “Subject to the other provisions of this Act, a Bench shall consist of one Judicial Member and one Technical Member and shall sit at such place as the Central Government may, by notification in the Official Gazette, specify.”<sup>3</sup> It prescribes that for cases relating to the Patents, Trademarks, Copyright, Plant Varieties Protection, the Bench of the IPAB is to comprise a Judicial Member and a Technical Member (an expert in the field of that particular intellectual property).

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<sup>1</sup> Gazette Notification S.O.1049(E) dated 15/09/2003.

<sup>2</sup> Gazette Notification S.O.1049(E) dated 01/10/2003.

<sup>3</sup> Section 84 (2), Trademarks Act, 1999, No. 47, Acts of Parliament, 1999.

#### AS ON DATE

In the beginning, there was a proper execution of the statutory as well as regulatory provisions concerning the establishment and operation of the IPAB. However, for the last 2 years, there has been a vacuum with regards to the appointment of a Technical Member for Patents. Further, for the past 9 months, there has been no appointment of Technical Member for Trademarks. There has been no proper execution of the statutory provisions, in the sense that the positions of the Technical Member for all IPs have been vacant for a majority of the duration since the establishment of the IPAB. Since its inception, a bench to hear copyright matters could not be constituted since the post of Technical Member (Copyright) was not appointed.<sup>4</sup> Current statistics show that the Intellectual Property Appellate Board (IPAB) has over 3000 cases pending adjudication (concerning trademarks, copyright and patents).

Further, in cases related to patents, in case of revocation, at least the alternative remedy of filing a counterclaim in a patent infringement suit is available. However, in the case of trademarks, the statute places an express bar on the jurisdiction of the Courts in matters which are to be decided by the IPAB.

#### MYLAN LABS CASE

In the recent case of Mylan Laboratories v. Union of India & Ors, W.P.(C) 5571/2019 & C.M. Appln. 24540/2019 & 26833/2019,<sup>5</sup> (“Mylan”) the petitioner challenged the order passed by the Deputy Controller of Patents and Designs dismissing a pre-grant opposition filed by the petitioner and granted a patent. The petitioner approached the Delhi High Court for an urgent hearing to stay the application as the IPAB was not functioning due to the vacancy of the position of the Technical Member (Patents) since 04<sup>th</sup> May 2016.

In the following paragraphs, two different aspects of the Mylan case are discussed: Firstly, the lack of adherence to the Patents Act and secondly, the issue of lack of complete quorum of the IPAB and the Delhi High Court’s decision in this regard.

#### NON-ADHERENCE TO THE PATENTS ACT

The legal fraternity seems to be taken aback by the decision of the Delhi High Court.

First and foremost, the genesis of this petition itself is against the procedure established by the statute. The Patents Act, 1970, after being amended in 2007, clearly states that no appeal can lie to the IPAB against the rejection of a pre-grant opposition application.

The same was also clarified by the Delhi High Court in the case of UCB Farchim SA v. Cipla Ltd. and Ors.<sup>6</sup> In this case, the Court ruled upon a very important question of law concerning the maintainability of a writ petition under Article 226 of the Constitution to

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<sup>4</sup> Aditi Singh, IPAB Chairman & Technical Member (Plant Varieties Protection) to hear IP matters till vacancies are filled up, BAR AND BENCH (Jul. 9, 2019), <https://barandbench.com/ipab-technical-member-vacancies-delhi-hc/>.

<sup>5</sup> Mylan Laboratories v. Union of India and Ors, 2019, W.P.(C) 5571/2019 & C.M. Appln. 24540/2019 & 26833/2019.

<sup>6</sup> UCB Farchim SA v. Cipla Ltd. and Ors, (2010) 167 DLT 459.

challenge an order passed by the Controller of Patents either allowing or rejecting a pre-grant opposition filed under Section 25(1) of the Patents Act, 1970.<sup>7</sup>

A pre-grant opposition is an opposition against the patent and can be filed at any time after the publication of the patent application. Pre grant oppositions are prescribed under Section 25(1) of the Patents Act. A post-grant opposition, on the other hand, has to be filed within one year from the date of the publication of the grant of patent.

The Delhi High Court observed that, “A major difference between the pre-grant and the post-grant opposition is that while in terms of Section 117A an appeal to the IPAB is maintainable against the order of the Controller in a post-grant opposition under Section 25(4), an appeal has not been expressly made available against an order made under Section 25(1).”

The Delhi High Court, in this case, declined to exercise its jurisdiction under Article 226 to entertain this petition stating that the Applicant will have a remedy by way of an appeal to the IPAB if the grant of patent is refused by the Controller after accepting a pre-grant opposition.

In the case of *J. Mitra v. Asst. Controller*,<sup>8</sup> in 2000 J. Mitra filed an application for the grant of a patent. Span Diagnostics Ltd. filed a pre-grant opposition which was rejected by the Controller in 2006. At that time, before the amendments to the Patent Act, the remedy of appeal was available to Span before the High Court under Section 116. From the High Court’s order an appeal was filed to the Supreme Court. The Supreme Court observed that there was a legislative intent to have a dichotomy between “pre-grant opposition” and “post-grant opposition”. It stated how the legislature intended to obliterate the appeal from pre-grant proceedings which existed earlier. It held that after the amendment in 2005, while Section 117A allows for an appeal to the IPAB against an order under Section 25(4), there does not lie any appeal against an order in a pre-grant opposition under the Act. Therefore, after the amendment in 2005, while Section 117A provides an appeal to the IPAB against an order under Section 25(4), it expressly does not provide an appeal against an order in a pre-grant opposition under Section 25(1) of the Patents Act.

Both these orders are highly applauded in the concerned patent-legal fraternity. They bring out the dichotomy of the remedies available in cases of pre-grant oppositions and post-grant oppositions. The order in *Mylan* therefore, is rooted in the unabashed and brazen misconstruction of the laws and precedents as described in the above paragraphs.

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<sup>7</sup> Id.

<sup>8</sup> *J. Mitra and Co. Pvt. Ltd. v. Asst. Controller of Patents and Design and Ors*, (2008) 10 SCC 368.

LACK OF COMPLETE QUORUM OF THE IPAB DUE TO VACANCIES OF THE POSITIONS OF TECHNICAL MEMBERS

The Delhi High Court in the Mylan case had directed the Deputy Registrar of IPAB to present to it a status report with respect to the vacancy of the position of the Technical Members of IPAB. The Court observed the inconsistency or complete lack in maintaining the position of the Technical Member occupied at the IPAB.

The Court had also appointed amicus curiae to put forth its submissions as to the status of the cases pending before the IPAB and provide its suggestions. At the outset, the submissions by the amicus curiae appointed in the Mylan case, state “Union of India has miserably failed to uphold the right to access to justice of the citizens of India with respect to the adjudication of Intellectual Property disputes in the country. Vacancies have not been filled up for several years and thus crippled the functioning of the IPAB.” This observation is apt and precise.

However, the submission of the Amicus goes on to suggest a pragmatic solution for doing away with the pendency of cases due to vacancies in the IPAB posts. It suggests that the Trademarks Act itself should be amended so as to remove the compulsion of the presence of a Technical Member for completing quorum. This is similar to saying that in order to address the issues of the ‘effect of a system; it is advisable to do away with the system itself. The submissions state that the provision for the presence of a Technical Member in other statutes is not compulsory. This observation itself lays the canvas for painting the gravity and depth of technicalities involved in intellectual property matters and consequently, the dire need of a Technical Member to complete the quorum. It is but an absurd proposition to put forth that the law has stricter rules with respect to something and therefore is creating hindrance.

Another proposition that the Amicus makes is the appointment of Ad-hoc members to fill in vacancies to avoid pendency, which is a suitable solution to resolve the pending cases.

RATIO

Ultimately, the Court noted that only the Technical Member for Plant Varieties was currently functioning. It therefore held that the Chairman, IPAB and the Technical Member (Plant Varieties Protection) were competent to hear urgent matters relating to the Patents, Trade Marks and Copyright till the vacancies of other Technical Members were filled up and the orders passed would not suffer invalidity on the ground of lack of quorum.

The Delhi High Court single judge invoked the doctrine of necessity. It observed that the legislative intent is of the continuity of the IPAB and not its cessation because of a vacancy in its technical membership. The Court held, “If the post of the Technical Member is lying vacant, the IPAB can proceed to hear urgent matters and the orders passed would not suffer invalidity on the ground of lack of quorum.”

### TO PONDER

The legislative intent is not only that of adjudication, but that of correct adjudication supported by the necessary expertise. The provisions of all the intellectual property laws (trademarks, patents, GI, plant varieties) etc. very clearly mandate the requirement of a Technical Member for the IPAB. The legislative intent here is that of the need for technical expertise and efficient adjudication. Under the garb of furthering legislative intent, can we do away with the need of a well-qualified judge? The doctrine of necessity, which the Court applied in this case, is an exception to the rule of “Official Bias”. The doctrine essentially means that just because there is a possibility of bias by an official, does not mean there should not be any adjudication. In the case of *Ashok Kumar Yadav v State of Haryana*<sup>9</sup>, it was applied by the Supreme Court in order to retain the coram constituted for interviewing the candidates of a public service commission. The issue was that one of the members of the coram was a relative of one of the candidates. Here the doctrine was correctly applied as an exception against the rule of official bias, unlike in the present case. The doctrine of necessity is not a rule against the mandate of statutory qualification. What is also fatal here is that till date, decisions are being passed by the Judicial Member alone. These decisions could at least be challenged for lack of quorum. The judgement, if adhered to, verbatim, does away with the right to challenge the same.

The IPAB is a statutory body established to decide upon primary and substantive rights of parties in the cases concerning intellectual property. The jurisdiction of the IPAB is such that the conventional courts or the commercial courts have also been barred from deciding matters which fall under the jurisdiction of the IPAB. When the statutory and regulatory provisions have both vested the IPAB with exclusive powers to substantively decide the disputes related to intellectual property, the improper execution of such statutory provisions cannot be taken lightly and done away with.

Ironically, one must also ponder upon the fact that the “necessity” in this scenario cannot be veiled. There is an urgent necessity of some able body to decide these innumerable pending cases and therefore the desperation noted by the Court cannot be ignored. Ideally, the Court should have directed the executive machinery to appoint the requisite technical members immediately, instead of directly stepping into the shoes of the executive.

In the meantime, the functioning Chairman of the IPAB retired in September 2019. However, no new Chairman was appointed in his place for more than 3 months. Such retirement could have been easily foreseen and a new member should have been appointed at least within time if not well in advance. This is another case of inefficient and untimely appointments. On December 18, 2019, finally, the Supreme Court decided to reinstate the retired Chairman until a new one was appointed. Still, the Panel of IPAB remains incomplete as the position of the Technical Member is vacant as on date. The untimely vacancies, the lack of appointments, the make-shift appointments of Technical

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<sup>9</sup> 1987 AIR 454, 1985 SCR Supl. (1) 657

members who are experts in one field to adjudicate upon a completely different field clearly shows that the Board is not functioning as well as what was envisaged.

However, on the meagre upside, maybe, such a drastic step (admittedly outside the purview of law) will prove to be instrumental in waking up the executive machinery for appointments of the required officials. Can we hope that the central executive will empathize with the drastic, adverse effects that this decision will have upon the functioning of the IPAB and proceed with the appointments? To appoint or not to appoint, that is the question.