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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ **Date of Decision: 05.01.2012**

% **W.P.(C) 7640/2011 & C.M. No. 17304/2011 (for stay)**

GILEAD SCIENCES INC ..... Petitioner

Through: Mr. Sudhir Chandra, Senior Advocate, with Mr. Hemant Singh, Mr. G. Nataraj & Mr. Manish Kumar, Advocates.

versus

INTELLECTUAL PROPERTY APPELLATE BOARD THROUGH THE DY REGISTRAR AND ORS ..... Respondents

Through: Mr. Neeraj Chaudhari, CGSC, for the respondents No. 2 & 3/UOI.
Dr. Abhishek Manu Singhvi, Senior Advocate, with Ms. Mitul Das & Ms.Meenu Sharma, Advocates for the respondent No. 4.

CORAM:
HON'BLE MR. JUSTICE VIPIN SANGHI

VIPIN SANGHI, J. (Oral)

1. The petitioner in this petition under Article 226 of the Constitution of India assails the order dated 13.06.2011 passed by the Intellectual Property Appellate Board (the Board), whereby the Board has rejected the petitioners

application for condonation of delay in filing the appeal under Section 117A of the Patents Act, 1970, against the refusal of the Controller of Patents and Designs (The Controller) to accept the petitioners Indian Patent Application No.896/DEL/2002. The said application was refused after pre-grant opposition by respondent no.4 herein.

2. The order refusing to accept the petitioner's aforesaid patent application was passed by the Controller on 30.07.2009, whereas the appeal was preferred before the learned Board on 26.08.2010. The period of limitation within which the appeal could have been preferred is prescribed in Section 117A(4) as three months from the date of the decision, order or direction of the Controller. Apparently, there was a delay of about ten months in filing of the said appeal.

3. The issue with regard to maintainability of an appeal against pre-grant rejection of the patent application was settled by the judgment of this Court in ***M/s. UCB Farchim S.A. v. M/s. Cipla Limited & Others***, *167 (2010) DLT 459, decided on 08.02.2010*. Until then, the legal position with regard to maintainability of an appeal under Section 117A, against the refusal of the patent application on account of pre-grant opposition was not settled. This was so because Section 117A, in terms, did not mention an order or decision

of the Controller under Section 25(1) (which deals with pre-grant opposition), but only made reference to an order passed under Section 25(4) (which deals with post-grant opposition), as an order against which an appeal would be maintainable. Moreover, the Board in its order dated 27.10.2009 in the case of ***Yahoo Inc. v. Controller of Patents,*** *MANU/IC/0080/2009,* appears to have held that no appeal lies in the case of an order passed on a pre-grant opposition.

4. The submission of learned senior counsel for the petitioner is that after the decision in ***UCB Farchim*** (supra) was rendered, the petitioner filed W.P.(C.) No.532/2010 (in relation to the rejection of the petitioner's patent application No.963/DEL/2002) to seek a clarification from the Court as to whether the said ruling dated 08.02.2010 would apply *in rem* retrospectively. This writ petition was disposed of on 23.02.2010 by the Court, permitting the petitioner to file an appeal with an appropriate application seeking condonation of delay.

5. The further submission of the petitioner is that despite the aforesaid judgment of the Delhi High Court in the case of ***UCB Farchim*** (supra), the IPAB continued to assume the posture that an appeal against an order passed under Section 25(1) of the Act was not maintainable under Section 117A of

the Patents Act.

6. In respect of one of the appeals preferred by the petitioner against an order passed under Section 25(1) by the Controller, the IPAB initially raised various objections on 02.12.2009. That appeal had been preferred in respect of patent application No. 2076/DEL/1997. The initial objection was raised before the judgment of this Court in ***UCB Farchim*** (supra). One of the objections raised was to clarify as to how an order passed under Section 25(1) is appealable under Section 117A of the Patents Act.

7. The same objection was sought to be revived when the petitioner sought entertainment of the appeal vide a letter dated 23.02.2010 received in the office of the Board on 18.03.2010. The Board still persisted with its objection that an appeal under Section 117A is not maintainable against an order passed by Controller under Section 25(1).

8. Mr. Chandra, learned senior counsel for the petitioner submits that the Board listed the said appeal for hearing, to hear on the aspect of its maintainability vide a notice dated 05.07.2010. Only after the matter was heard by the Board on 02.08.2010, the Board orally observed that the appeal would be maintainable. The order of the Board on the issue of maintainability was passed on 30.11.2010, when the Board directed that the

appeal be numbered.

9. Mr. Chandra submits that a perusal of the order dated 30.11.2010 passed by the Board would show that the reason given by the Board for holding that the remedy of appeal under Section 117A is available, was that the interest of natural justice requires that an appeal should be entertained. He submits that, in fact, the Board was bound by the decision of this Court in the case of ***UCB Farchim*** (supra) and it should have, straightaway, accepted the said legal position and entertained the appeal without raising any further objection, or hearing any further arguments. He submits that by raising an issue of maintainability of the appeal despite the judgment of this Court in ***UCB Farchim*** (supra), the Board unnecessarily created doubts in the mind of the litigants with regard to maintainability of the appeal, which prevented the petitioner from preferring the appeal in relation to refusal of patent application No. 896/DEL/2002 earlier than when it was preferred.

10. Mr. Chandra submits that the appeal had been preferred on 26.08.2010 after the Board, during the course of hearing on 02.08.2010, orally observed that it would entertain appeals against orders passed under Section 25(1), under Section 117A of the Patents Act.

11. Mr. Chandra submits that the Board is vested with the power to

condone the delay in filing of the appeal by virtue of Section 117A(4). He submits that the present members of the Board have taken the view that the issue relating to maintainability of the appeal having been decided on 08.02.2010, the petitioner knew that it had right of appeal against order of rejection passed by Controller under Section 25(1). He submits that the Board has now correctly observed that when ***UCB Farchim*** (supra), in no uncertain terms states that a right of appeal exists in respect of an order passed under Section 25(1), the Board had no further option in the matter. He submits that, however, the earlier members of the Board were reluctant to concede that position despite the decision in ***UCB Farchim*** (supra). Mr. Chandra submits that the Board has not appreciated the fact that on account of the uncertainties created by the earlier attitude and actions of the Board, the petitioner was not sure whether an appeal would be entertained by the Board, even if filed by the petitioner.

12. Mr.Chandra further submits that the right of appeal is a valuable right. The rejection of the petitioner's patent application has serious civil consequences for the petitioner. The right of appeal is the only remedy available in law with the petitioner. The petitioner cannot file a fresh application to register the patent as, by now, it would be barred by limitation. The delay, if any, in filing of the appeal to assail the order of the

Controller under Section 25(1) of the Act has only delayed the registration of the petitioner's patent. On the other hand, the said appeal has not caused any prejudice to anyone, including respondent No. 4. The condonation of delay, if any, would, therefore, not prejudice the rights of, *inter alia*, respondent No. 4, as respondent No. 4 would still have the right to oppose the petitioner's appeal on merits, even if the so-called delay is condoned. Mr. Chandra placed reliance on the decision of the Supreme Court in ***N. Balakrishnan Vs. M. Krishnamurthy,*** *AIR 1998 SC 3222.*

13. The petition is opposed by the respondent No. 4. Dr. Singhvi, learned senior counsel for the respondent No. 4, submits that the petitioner has over the years been making various patent registration applications, which have been opposed by the said respondent from time to time. The petitioner is, therefore, well-aware of the legal position with regard to the remedies which are available to it against the non-grant of the patent application under Section 25(1) of the Act.

14. Dr. Singhvi submits that the petitioner made four patent applications which were rejected on different dates. The details of these applications and the dates on which they were rejected under Section 25(1) by the Controller are as follows:

Sl. No.	Patent Application No.	Order rejecting application under Section 25(1)
1	396/DEL/1996	23.03.09
2	**896/DEL/2002**	**30.07.09**
3	2076/DEL/1997	30.07.09
4	963/DEL/2002	09.03.09

(The patent application to which the present writ petition relates has been shown in bold)

15. Dr. Singhvi submits that in relation to the first of the aforesaid patent applications, the petitioner preferred a review before the Controller on 25.04.2009; in relation to the last of the aforesaid applications, the petitioner preferred a writ petition on 27.01.2010; however, in relation to the order passed rejecting the patent application in question, i.e. patent application No. 896/DEL/2002, the petitioner invoked no remedy to assail the order dated 30.07.2009 passed by the Controller under Section 25(1).

16. Dr. Singhvi submits that it was open to the petitioner to have preferred a writ petition soon after passing of the order dated 30.07.2009 by the Controller under Section 25(1), however, that was not done. The petitioner neither filed an appeal under Section 117A, nor a writ petition before a competent Court to assail the order dated 30.07.2009. This clearly shows

that the petitioner, in fact, had no intention of assailing the order passed by the Controller on 30.07.2009, and the appeal preferred, highly belatedly, on 26.08.2010 was merely an afterthought. He submits that just as the petitioner had preferred an appeal under Section 117A in relation to the rejection of the patent application No. 2076/DEL/97 in the year 2009, similarly, the petitioner could have preferred an appeal before the Board in relation to the rejection of patent application No. 896/DEL/2002, even if the same were to remain under objections, however, the petitioner did not take any such steps.

17. Dr. Singhvi submits that the respondent No. 4 has a vested right as an appeal was not preferred within the period of limitation. Therefore, the order passed by the Controller rejecting the petitioner's patent application has attained finality. Entertainment of the appeal at this stage, by condoning the immense delay would prejudice the said vested right of the respondent.

18. Dr. Singhvi further submits that under Section 117A(4), the Appellate Board could entertain the appeal filed beyond the period of limitation provided the same is permitted *"in accordance with the rules made by it allow"*. He submits that the order assailed before the Board having been passed on 30.07.2009, the Intellectual Property Appellate Board (Patents

Procedure) Rules, 2010, which came into force only on 30.11.2010, would not be applicable in the present case.

19. He further submits that the decision relied upon by the petitioner in the case of ***N. Balakrishnan*** (supra) does not advance the case of the petitioner. Rather the Supreme Court has held that where the explanation for the delay smacks of mala fides, or it is a part of a dilatory strategy and where the Court has reasonable ground to think that the delay was occasioned by the party deliberately to gain time, the Court should lean against acceptance of the explanation. While condoning the delay, the Court should not forget the opposite party altogether.

20. Having heard learned senior counsel for the parties, considered the facts & circumstances of this case, the other surrounding circumstances, and having considered the judgment of the Supreme Court relied upon by both the parties, I am inclined to allow the present petition, set aside the impugned order dated 13.06.2011 of the Board and accept the petitioner's explanation for the delay in filing the appeal before the Board, as, I am of the view that the approach of the learned Board is laconic.

21. It is not in dispute that till the judgment of the Delhi High Court was rendered in the case of ***UCB Farchim*** (supra) on 08.02.2010, the

maintainability of the appeal under Section 117A in respect of an order passed under Section 25(1) by the Controller was seriously in doubt. In fact, the Board appears to have itself taken the view that such an appeal would not be maintainable, in its order dated 27.10.2009 passed in the case of ***Yahoo Inc.*** (supra). There is no doubt that the Board was not entertaining such appeals at the relevant time when the order dated 30.07.2009 was passed by the Controller. The petitioner was aware of this position, as its appeal preferred against the order passed in patent application No. 2076/DEL/1997 was lying in defect on the ground that an appeal against an order under Section 25(1) was not maintainable before the Board under Section 117A of the Patents Act. Therefore, it is clear that the failure of the petitioner to file an appeal against the order dated 30.07.2009 passed by the Controller in respect of patent application No. 896/DEL/2002 within the period of limitation cannot be held against it.

22. Even according to the respondent, the petitioner is thickly into the business of filing patent applications and was aware of the legal position with regard to maintainability of the appeal in relation to an order under Section 25(1).

23. During the course of arguments, the respondent has informed the

Court that the issue about maintainability of the appeal against an order under Section 25(1) was pending in this Court for about a year. A perusal of the said judgment shows that various writ petitions of the year 2009 were also decided along with the case of ***UCB Farchim*** (supra). Therefore, the conduct of the petitioner in awaiting the decision in that case, to know where it stands and thereafter to prefer its remedy also cannot be held against it and is an acceptable explanation.

24. Even after the said decision was rendered, it is not disputed that in the petitioner's other appeal, the Board sought to raise doubts about the maintainability of the appeal as notices dated 05.07.2010 were issued to the petitioner in SR No. 494/09/PT/IPAB and SR No. 495/09/PT/IPAB asking the petitioner to appear for hearing on 02.08.2010 to address the Board on the issue of maintainability of the appeal. Therefore, even though this Court had ruled that an appeal under Section 117A would lie in respect of an order under Section 25(1), the Board, at the relevant time, seems to have still entertained doubts regarding the maintainability. These doubts, it appears, were cleared only during the course of hearing before the Board on 02.08.2010.

25. If the Board itself entertained such doubts about the maintainability of

the appeal till as late as 02.08.2010, despite this Court having been rendered its judgment in ***UCB Farchim*** (supra) as early as 08.02.2010, there is no justification to attribute greater wisdom to the petitioner. By hind site, it is very easy for the Board now to say that the petitioner should have known that once this Court had ruled that an appeal would be maintainable, the Board did not have an option but to entertain the appeal. However, despite that being the obvious preposition, the fact of the matter is that the Board did raise doubts about the maintainability of the appeal, even though the judgment of this Court in ***UCB Farchim*** (supra) was brought to its knowledge. Consequently, the petitioner, it appears, was all at sea, not knowing in which direction to proceed.

26. The petitioner may have been taking shots in the dark, as it preferred a writ petition in one case (in relation to patent application No. 963/DEL/2002 rejected on 09.03.2009), and thereafter preferred an appeal on 06.04.2010, but that does not mean that the failure of the petitioner in taking any steps in relation to the order passed in patent application No. 896/DEL/2002, in the aforesaid facts & circumstances, can be construed as an abandonment by the petitioner of its right to assail the said order passed by the Controller. One cannot lose sight of the fact that every legal remedy availed of by a party entails substantial legal costs. In the scenario which presented itself and as

noted above, the petitioner may have been reluctant to take one or the other action, not knowing whether the remedy invoked was even maintainable or not.

27. The respondent has failed to satisfy me as to how it has been prejudiced due to the late filing of the appeal by the petitioner. By delaying the filing of its appeal, the petitioner has only lost time. Even if the petitioner is held entitled to grant of patent registration in respect of the application in question, the same has been delayed due to the petitioner's own conduct. On the other hand, the respondent No. 4 continues to enjoy the rights available to it, which it would have exercised had the appeal been preferred in time. Respondent No. 4 would be entitled to contest the said appeal on merits. There is no prejudice caused to or suffered by respondent No. 4 or any other person by the delayed filing of the appeal and it is not shown that the petitioner is guilty of deliberate delay in filing the appeal with any particular object in mind.

28. The Supreme Court in ***N. Balakrishnan*** (supra) held that the rules of limitation are not meant to destroy the rights of parties. They are meant to see the parties do not resort to dilatory tactics but seek their remedy promptly. The object of providing a legal remedy is to repair the damage

caused by reason of legal injury. Refusal to condone delay would result in foreclosing a suitor from putting forth his case. There is no presumption that the delay in approaching the court is always deliberate. The expression "sufficient cause" under Section 5 of the Limitation Act should receive a liberal construction so as to advance substantial justice (see ***Shakuntala Devi Jain Vs. Kuntal Kumari,*** *AIR 1996 SC 575* and ***State of West Bengal Vs. The Administrator, Howrah Municipality,*** *AIR 1972 SC 749*). There could be some lapse on the part of the litigant concerned. That alone is not enough to turn down his plea and to shut the doors against him.

29. Though Dr. Singhvi has also relied upon the same judgment, it has not been shown that in the facts of this case it could be said that the explanation furnished by the petitioner smacks of mala fides or the delay is a part of a dilatory strategy on the part of petitioner. The approach of the learned Board in dealing with the petitioner's application to seek condonation of delay appears to be misdirected, and has resulted in manifest failure of justice.

30. Though Dr. Singhvi has sought to point out a couple of apparent contradictions in the petitioner's rejoinder, in my view, the same are not material. The Court has to take a holistic view of the matter and so viewed,

I am satisfied that the petitioner was prevented on account of the lack of clarity in the law with regard to maintainability of an appeal under Section 117A in respect of an order passed under Section 25(1) of the Patents Act, compounded by the aforesaid conduct of the Board in raising doubts regarding maintainability, despite the decision in ***UCB Farchim*** (supra).

31. I may now deal with a submission of Dr. Singhvi that the Board cannot condone the delay beyond the period of three months, as, according to him, further period is not specified in the Rules. Section 117B of the Patents Act provides that:

> *"The provisions of sub-sections (2) to (6) of section 84, section 87,* ***section 92****, section 95 and section 96* ***of the Trade Marks Act, 1999*** *(47 of 1999) shall apply to the Appellate Board in the discharge of its functions under this Act as they apply to it in the discharge of its functions under the Trade Marks Act, 1999. (Emphasis supplied) "*

32. Section 92 of the Trade Marks Act, 1999 states that the Appellate Board shall not be bound by the procedure laid down in the Code of Civil Procedure, 1908 but shall be guided by principles of natural justice and subject to the provisions of the Trade Marks Act and the rules made thereunder. The Appellate Board shall have the powers to regulate its own procedure including the fixing of places and the times of its hearings.

33. Though rules had been framed under the Patents Act in the year 2003

called the Patents Rules, 2003, these rules are silent with regard to the procedure for preferring an appeal under the Patents Act. This is so, presumably for the reason that the Appellate Board, acting under Section 92 of the Trade Marks Act, has framed the Intellectual Property Appellate Board (Procedure) Rules, 2003, which deal with the procedure for preferring an appeal before the Appellate Board. In the discharge of its functions under the Patents Act, these Rules apply to the Board, as they apply to the discharge of its functions under the Trade Marks Act.

34. Rule 14 of the Intellectual Property Appellate Board (Procedure) Rules, 2003 framed under the Trade Marks Act states that if the Appellate Board is satisfied that there is sufficient cause for extending the time for doing any act prescribed under the rules (not being a time expressly provided for in the Trade Marks Act, 1999), it may, subject to such conditions as may think fit to impose, extend the time and inform the parties accordingly. This power is exercised upon making of an application to the Appellate Board in the prescribed form. The procedure for preferring an appeal under the aforesaid rules is prescribed from Rule 3 onwards. Therefore, the Appellate Board is empowered to extend the time for preferring an appeal under Rule 14 of the Intellectual Property Appellate Board (Procedure) Rules, 2003 framed under Section 92 of the Trade Marks

Act.

35. A reading of Section 117A(4) shows that the Board has the power to extend the time beyond three months. This is evident from the use of the words *"or even such further time as the Appellate Board may, in accordance with the rules made by it allow"*. The submission of Dr. Singhvi that the period of limitation for preferring an appeal is three months and the Board cannot relax the same any further, therefore, cannot be accepted. A reading of Section 117A(4) read with Rule 14, as aforesaid, shows that there is no outer limit in respect of the period for which the Board may condone the delay. However, the delay can be condoned upon the Board being satisfied that sufficient cause for extending the time for preferring an appeal has been disclosed.

36. Even under Rule 16 of "The Intellectual Property Appellate Board (Patents Procedure) Rules, 2010", and Rule 3 of "The Patents (Appeals and Applications to the Intellectual Property Appellate Board) Rules, 2011", the Board is empowered to condone the delay in cases disclosing sufficient cause therefor.

37. For all the aforesaid reasons, I allow the writ petition and set aside the impugned order of the Board dated 13.06.2011. The Board shall now

proceed to consider the petitioner's appeal on its merits. The parties are left to bear their respective costs.

VIPIN SANGHI, J

JANUARY 05, 2012
SR/'BSR'