IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
IN ITS COMMERCIAL DIVISION

COMMERCIAL MISCELLANEOUS PETITION NO. 847 OF 2022

Euro-apex B. V. … Petitioner
Versus
The Controller of Patents and Designs … Respondent

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Mr. Jogeshwar Mishra (through V.C.) a/w Mr. Abhishek Mookherjee i/by Shardul Amarchand Mangaldas for Petitioner.
Mr. Yashodeep Deshmukh a/w Mr. Rutwik Rao and Mr. Ashutosh Mishra for Respondent.

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CORAM: MANISH PITALE, J.
RESERVED ON : 4th MARCH 2025
PRONOUNCED ON : 11th MARCH 2025

P.C. :

. The petitioner herein is aggrieved by order dated 13th July 2021 passed by the respondent-Controller of Patents and Designs, whereby the respondent refused the application for registration of patent for "Heat Transfer Assembly for Heat Exchanger". The application stood refused, *inter alia*, on the ground that sufficient cause was not made out by the petitioner for being treated as the applicant for the grant of patent. The facts of the present case are peculiar and reference to the facts in brief is necessary, to understand the backdrop in which the impugned order was passed by the respondent.

2. The petitioner-Euro-apex B.V. entered into a licence

agreement with one Shinhan Apex Corporation on 22nd February 1993, under which the said Shinhan Apex Corporation was authorized to manufacture and sell the petitioner's products in South Korea. As the relationship between the parties deteriorated over a period of time, on 22nd February 2008, the petitioner terminated the said licence agreement with Shinhan Apex Corporation and as per the agreed clauses, a post termination period of confidentiality extended to 5 years from the date of termination. On 9th July 2008, the said Shinhan Apex Corporation filed an application for grant of patent for the aforesaid technology in Korea. According to the petitioner, the application was moved unauthorizedly and on the basis of information and technology that was confidential under the licence agreement. Such application for grant of patent was also moved on 6th October 2008 by the said Shinhan Apex Corporation in India, drawing priority from the Korean patent application.

3. In this backdrop, the petitioner approached the Netherlands Arbitration Institute with a request for arbitration of the disputes that had arisen between it and the Shinhan Apex Corporation, claiming that the clauses of the licence agreement were violated and that confidentiality obligations were also violated by Shinhan Apex Corporation. On 17th June 2010, the petitioner filed representation by way of opposition under Section 25(1) of the Patents Act, 1970, opposing the application for grant of patent moved before the respondent herein, amongst others, on the

ground that confidentiality obligations were breached by the Shinhan Apex Corporation in filing the said patent application. A separate such representation by way of opposition was moved on 7th September 2010 by Bharat-Apex Industries Limited, being the Indian licencee of the petitioner.

4. On 23rd December 2011, the Netherlands Arbitration Institute passed the partial final award holding that Shinhan Apex Corporation had indeed breached confidentiality of the licence agreement and issued various directions, including a direction to the Shinhan Apex Corporation to transfer its rights in the Indian patent application unconditionally in favour of the petitioner. Immediately, on 19th January 2012, the petitioner filed a request for change of applicant before the respondent on the basis of the said partial final award. On 2nd February 2012, the petitioner withdrew its representation by way of opposition and on 4th April 2012, Shinhan Apex Corporation executed a Deed of Assignment in favour of the petitioner, in the light of the findings rendered by the Netherlands Arbitration Institute in the said partial final award. On 1st March 2018, a request was moved before the respondent in the pending patent application for the name of the inventor in form-8, as per the Patents Act and Rules, stating that Mr. Dinulescu was the inventor. It is relevant to note here that when Shinhan Apex Corporation moved the patent application before the respondent, its President Mr. Mun-Jae Cho was mentioned as the inventor. In the said form-8 moved on 1st March

2018, specific reliance was placed on the aforesaid partial final award delivered by the Netherlands Arbitration Institute.

5. On 13th July 2018, First Examination Report (FER) was issued in respect of the said application. The respondent notified the two representations to the petitioner, to which the petitioner replied and on 24th October 2018, the aforesaid Bharat-Apex Industries Limited also withdrew its representation by way of opposition. On 12th January 2019, the petitioner filed its response to the FER before the respondent.

6. The respondent fixed the hearing on 18th September 2020, which was attended by attorneys of only the petitioner, particularly in the light of the fact that the representations by way of opposition already stood withdrawn. On 3rd October 2020, the petitioner filed written submissions pursuant to the hearing conducted on 18th September 2020. The respondent then kept the final hearing on 1st January 2021, which was also attended by the attorneys of the petitioner and subsequently on 15th January 2021, the petitioner filed written submissions along with Deed of Assignment dated 4th April 2012 executed by Shinhan Apex Corporation in favour of the petitioner.

7. On 13th July 2021, the respondent passed the impugned order, refusing to grant registration of patent. A perusal of the impugned order shows that it is cryptic and three specific reasons have been assigned for refusal. The said reasons read as follows :

"<u>Reason for refusal</u>

1. Change in inventor is observed from CHO, Mun- Jae Republic of Korea (see Form 1 dated 22.12.2008) to Mircea Dinulescu, Canadian (see Form 1 dated 18.01.2021) ***and No Objection Certificate is not provided by the old inventor CHO, Mun-Jae. Deletion/addition of inventor(s) is to be done with the consent of old inventor(s).*** *Only inventor(s)/ assignee thereof have right to file the patent application u/s 7(a), 7(b).*

2. The agent on behalf of Euro-Apex B.V was asked to file assignment /agreement u/s 20(1); rule 34(1) to assign rights from Shinahan Apex Corporation to Euro-Apex B. V in hearing notice dated 09.01.2020. A request for change of applicant on Form 6 from Shinhan Apex Corporation to Euro-Apex B.V was filed by the agent supporting with the certified copy partial final award dated 23.12.2011 in case NAI3625 rendered by the Netherlands arbitration, directing Shinahan Apex corporation to transfer rights to Euro-Apex B. V.

Controller opines in the matter that there a breach in license agreement between both parties.

3. ***Controller finds EURO APEX B.V. applied to KIPO for the nullification patents filed by Shinhan Apex Corporation whereupon KIPO has nullified the KR patent.*** *On July 28, 2010, the Korean Intellectual Property Office (hereinafter referred to as "KIPO") nullified Shinhan's Patent No. 100865115.*

While going through records and the arguments of the agent for applicant, it is understood that it's a typical admitted case of wrongful obtaining the invention u/s 25(1) (a).

Therefore, this application is refused for want of compliance of aforementioned objections u/s 15 "The Patent Act 1970".*"*

8. The petitioner has filed the present petition raising various grounds of challenge, in response to which the affidavit in reply of the respondent was taken on record.

9. Mr. Jogeshwar Mishra, learned counsel appearing for the petitioner submitted that the impugned order passed by the respondent is not only cryptic, but it does not refer to the

chronology of events that led to passing of the impugned order. It was submitted that a perusal of the impugned order does not show as to whether the respondent appreciated the peculiar facts of the present case and thereupon, deliberated upon issues that arose in the matter. It was submitted that two of the three reasons, assigned for refusal, do not even find mention in the FER and at the stage of hearing, they were not even put to the petitioner for appropriate response. It was submitted that none of the three reasons are based on a proper appreciation of the facts of the present case and the documents available on record. As a consequence, the claim for registration of the patent has not been considered on merits at all and crucial facts have been glossed over by the respondent.

10. It was submitted that the true purport of the partial final award dated 23rd December 2011, passed by the Netherlands Arbitration Institute, has been completely ignored by the respondent while passing the impugned order, despite the fact that the said document is the sheet anchor of the arguments made on behalf of the petitioner. The respondent erred in holding that the deed of assignment was not on record when it was clearly placed on record with written submissions filed on behalf of the petitioner, thereby showing that the record was not even properly considered and appreciated by the respondent. It was further submitted that in the light of the findings rendered in the partial final award in favour of the petitioner, there was no question of

any "no objection" or consent being obtained from Mr. Mun-Jae Cho of the Shinhan Apex Corporation and there was ample material on record to show that Mr. Dinulescu concerned with the petitioner was clearly the inventor. In any case, the objection regarding form-8 was not even raised in the examination report and therefore, the impugned order passed by the respondent is rendered wholly unsustainable.

11. Taking into account the tenor of submissions made on behalf of the respondent before this Court, the learned counsel for the petitioner submitted that it is wholly unjustified on the part of the respondent to claim that representations by way of opposition can never be withdrawn as there is no such provision under the Patents Act. It is submitted that a party moving such representation by way of opposition, would be well within its rights to withdraw such pre-grant opposition before the respondent. Reference was made to similar situations, wherein the Patent office had itself granted permission to withdraw pre-grant opposition representations. In this context, specific reference was made to decision dated 29th April 2015 passed by the Assistant Controller of Patents and Designs in the matter of Patent Application No. 3734/DELNP/2005 and similar decision dated 10th September 2015 of the Assistant Controller of Patents and Designs in respect of Application for Patent No. 3658/KOL NP/2009. It was emphasized that the respondent is not justified in taking a stand that such representations by way of opposition can never be

withdrawn and that in any case, in the present matter, the claim for grant of patent has not been considered and decided on merits at all.

12. It was brought to the notice of this Court that the Patent office of the United States of America (USA) has granted patent for a similar application moved before the said office and significantly, Mr. Dinulescu has been recorded as the inventor, with the applicant being the petitioner itself. Copy of the order of the USA Patent office granting patent to the petitioner was tendered before this Court in support of the said submissions. In that light, it was submitted that this Court may set aside the impugned order passed by the respondent and if this Court is pleased to remand the matter, it may be directed that the application of the petitioner be considered by an officer in the office of the respondent, other than the officer who passed the impugned order.

13. On the other hand, Mr. Yashodeep Deshmukh, learned counsel appearing for the respondent submitted that the impugned order does appreciate the chronology of events and specific reasons have been assigned for refusal of the application for grant of patent. It was submitted that this was a strange case where the party that had moved representation by way of opposition was itself now seeking grant of patent. It was submitted that the petitioner having moved the said representation, even on grounds other than the ground of Shinhan Apex Corporation not being authorized to move the patent application, cannot now be allowed

to turnaround in support of grant of patent. It was submitted that there being no provision in the Patents Act for withdrawal of such pre-grant opposition, the petitioner would continue as the party opposing the grant of patent and hence, it cannot be heard in support of grant of patent.

14. The learned counsel for the respondent then referred to the contents of the partial final award and upon highlighting the reasons and operative part of the award, it was submitted that the application for change of name of the applicant was not properly moved before the respondent and hence, the same could not be considered. It was submitted that there being no provision for changing the name of inventor, the respondent was justified in insisting upon consent of the inventor Mr. Mun-Jae Cho as mentioned in the application originally moved before the respondent. It was submitted that even if the deed of assignment was to be taken into consideration, it only resulted in an authorization for the petitioner to pursue the patent application, but there was nothing to show that the inventor could be shown as Mr. Dinulescu in place of Mr. Mun-Jae Cho. On this basis, it was submitted that merely because the impugned order appears to be brief, the petitioner is not justified in contending that the relevant aspects of the mater were not considered or that there was breach of principles of natural justice on the part of the respondent. In that light, it was submitted that the petition deserves to be dismissed.

15. Having perused the documents on record in the light of the rival submissions, this Court is of the opinion that the chronology of the events and the peculiar facts of the present case warranted a detailed order while disposing of the application for grant of patent. A perusal of the impugned order does show that the respondent has passed a cryptic order. The chronology of events and the peculiar facts of the present case, particularly in the backdrop of the *inter se* disputes between the petitioner and Shinhan Apex Corporation, have not been appreciated in detail by the respondent, while passing the impugned order. To that extent, the petitioner is justified in contending that the respondent ought to have referred to the entire documentary material on record, particularly the true purport of the partial final award passed by the Netherlands Arbitration Institute, while deciding and disposing of the application for grant of patent.

16. The impugned order shows that the above quoted three reasons have been assigned while refusing the application for grant of patent. It would be appropriate to refer to the FER to consider the specific contention raised on behalf of the petitioner that principles of natural justice have been violated in the present case, in as much as, two of the three reasons assigned by the respondent in the impugned order for refusing the application for grant of patent, were not even notified to the petitioner, thereby depriving the petitioner of an opportunity to meet the same.

17. The first reason pertains to change of inventor from Mr.

Mun-Jae Cho i.e. the President of Shinhan Apex Corporation to Mr. Dinulescu associated with the petitioner and in that backdrop, insistence of a no objection certificate and consent from the "old inventor" Mr. Mun-Jae Cho. The third reason for refusal pertains to nullification of patent filed by Shinhan Apex Corporation before the Korean authority, from which priority was drawn while moving the application in India.

18. The FER dated 13th July 2018 is at Exhibit 'K' to the petition and the contents of the same titled Examination Report show that various requirements were to be satisfied by the petitioner. It is not seriously disputed by the learned counsel for the respondent that number of such requirements were indeed satisfied, but it is crucial to note that substantial objection or pending requirement was specified in the said FER in respect of only form-6, stating that the same would be considered only if proper deed of assignment is submitted, but crucially there was no objection in respect of form-8, pertaining to the name of the inventor. Even in the notices of hearing issued by the respondent, including final hearing notice issued on 9th December 2020, there was neither any objection raised about the name of the inventor nor was there any objection or requirement indicated about the effect of the nullification or rejection of the application for patent moved by the Shinhan Apex Corporation before the Patent authorities in Korea. Therefore, there is substance in the contention raised on behalf of the petitioner that two out of the

three reasons for refusal recorded by the respondent were based on issues, in respect of which the petitioner was never put to notice. This is a clear breach of the principles of natural justice and the impugned order deserves to be set aside on this ground itself.

19. Even the second reason recorded in the impugned order is found to be baseless, for the reason that the respondent has failed to refer to the deed of assignment, which was placed on record by the petitioner after the hearing. The respondent proceeded as if the deed of assignment was not on record and that the change of applicant in form-6 was filed on the basis of only the partial final award dated 23rd December 2011 passed by the Netherlands Arbitration Institute. The deed of assignment being on record was ignored and in any case, this Court has perused the deed of assignment, the correctness of which has been upheld upto the Supreme Court in a litigation between the petitioner and Shinhan Apex Corporation. The said deed of assignment read with the partial final award clearly demonstrate that the second reason recorded in the above quoted portion of the order passed by the respondent is unsustainable.

20. It has been mentioned in the impugned order at one place that there is no provision for the withdrawal of pre-grant opposition as per the Patents Act and Rules and this has been specifically argued by the learned counsel appearing for the respondent. In this context, the learned counsel for the petitioner has referred to the two decisions of Assistant Controller of Patents

and Designs in Patent Application No. 3734/DELNP/2005 and Application for Patent No. 3658/KOL NP/2009, which show that officers of the respondent itself have been permitting withdrawal of representations by way of opposition filed by parties. Even if there is no provision in the Patents Act or Rules, this Court is of the opinion that if a party files a representation by way of opposition in an application seeking grant of patent at pre-grant stage, such a party would be well within its rights to withdraw such an opposition. This would not *ipso facto* lead to grant of patent as the respondent is required to examine the application for patent on the tests contemplated under the Patents Act and Rules on merits. It is settled law that pre-grant opposition is always in aid of examination of the patent application by the respondent-Controller of Patents and Designs. Therefore, it is held that any and every material in aid of examination of patent application can and must be taken into consideration by the Controller of Patents and Designs.

21. Hence, it becomes clear that even if representations by way of opposition at pre-grant stage are permitted to be withdrawn, the material that comes on record with such representations, which touches upon the merits of the patent application can certainly be considered and looked into by the Controller of Patents and Designs, notwithstanding withdrawal of representation of opposition by a party. Such material that has already come on record can and ought to be looked into by the

Controller of Patents and Designs at pre-grant stage, as it can indeed be in aid of examination of the patent application. Viewed from this angle, the approach adopted by the respondent-Controller of Patents and Designs that withdrawal of pre-grant opposition cannot be permitted in the absence of any specific provision in the Patents Act or Rules, is unsustainable and on this count also, the impugned order deserves interference. While taking the aforesaid view in the matter, this Court places reliance on judgments of the Delhi High Court in the case of ***Ucb Farchim Sa v/s. Cipla Ltd. & Ors., 2010 SCC OnLine Del 523*** and ***Novartis AG v/s. Natco Pharma Limited & Anr., 2024 SCC OnLine Del 152***, wherein the Court has examined the nature of opposition at pre-grant and post-grant stage.

22. While considering the rival submissions of the parties, this Court considered the documentary material on record, particularly the partial final award dated 23rd December 2011, passed by the Netherlands Arbitration Institute and the deed of assignment dated 4th April 2012 executed by Shinhan Apex Corporation in favour of the petitioner, as a consequence of the findings rendered in the said award. The relevant findings in the partial final award dated 23rd December 2011, are as follows :

> *"32. Claimant is active in the specialized area of industrial heat exchangers for heavy duty applications. Its shareholder and director Mr. Dinulescu has contributed to the development of plate heat exchanger technology including the Apex and Corpex Technologies, first under the name of*

North Pacific Corporation and later, as of April 2, 1991 when Claimant was incorporated, under the name of Euro-Apex. The technology has been protected first by patent WO83/03663 for the first generation product, subsequently by Canadian Patent No. 2030577 for Apex technology and by patent WO0961/19707. The Tribunal understands that the further development of the product into the Corpex Technology has not been registered as a patent for business reasons. From evidence of Claimant's expert, the Tribunal also understands that one of the reasons for non-registration of the Corpex Technology as a patent relates to the uncertainties as to whether the technology constitutes an inventive step which caused Claimant not to disclose the technology by filing a patent application in order to avoid that the know how would enter the public domain without the patent application being followed by a successful and uncontested patent grant.

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91. In view of the general purport of the confidentiality clause quoted above, the Tribunal is convinced that, save for the License, Respondent could not have filed the patent applications and that, thus, there seems to be a breach of the clause.

92. This provisional conclusion is unaltered by the fact that Respondent has relied on the fact that, prior to the conclusion of the License, the Parties worked together and that Respondent (and not Claimant) used the technology in many projects. The Tribunal considers thai this is so for two reasons. First, the projects on which Respondent relies have been analysed by Claimant and the Tribunal in reviewing the evidence has been convinced that these projects were not based on Respondent's work but on that of North Pacific Corporation or on that of Mr. Dinulescu. Furthermore, even if this were not so, there would have been no point in the License granting proprietary protection to Claimant. In this respect, the Tribunal is under an obligation to apply the provisions of the License and cannot disregard them to the benefit of Respondent even if Respondent had developed the technology. This argument will further be addressed below."

23. This Court is of the opinion that the aforesaid findings rendered by the Netherlands Arbitration Institute in the partial final award, which have not been set aside, lead to the conclusion that the inventor in the present case was Mr. Dinulescu, associated with the petitioner. Therefore, the petitioner was justified in insisting upon the said Mr. Dinulescu being shown as the inventor in form-8 submitted before the respondent. In the light of the said findings in the partial final award, read with deed of assignment dated 4th April 2012 executed by Shinhan Apex Corporation in favour of the petitioner, it is clear that Mr. Mun-Jae Cho of Shinhan Apex Corporation could not have claimed to be the inventor in the facts and circumstances of the present case. It is relevant to note that deed of assignment executed on the basis of the partial final award is signed by the very same Mr. Mun-Jae Cho, as President of Shinhan Apex Corporation. This material is enough to justify the claim of the petitioner made in form-8 submitted before the respondent, stating that Mr. Dinulescu is the inventor. In such a situation, the respondent cannot insist upon Mr. Mun-Jae Cho giving a "no objection" for the patent application to be pursued in the facts and circumstances of the present case. The said Mr. Dinulescu shall be treated as the inventor for considering the patent application made by the petitioner.

24. The copy of the patent for the said technology issued by the United States Patent Office, to that extent is relevant as Mr.

Dinulescu has been stated to be the inventor by the United States Patent Office, wherein the petitioner was the applicant for grant of patent.

25. This Court further finds that the reason stated by the respondent to the effect that nullification of the application for patent made before the Korean Patent Office could be a factor while considering the patent application of the petitioner, cannot be sustained and the patent application of the applicant will have to be considered and decided on its own merits, by considering the petitioner as the applicant. The deed of assignment placed on record, executed by the Shinhan Apex Corporation, on whose behalf the said Mr. Mun-Jae Cho signed the same, sufficiently supports the claim that the petitioner has to be treated as the applicant for grant of patent.

26. Since the respondent proceeded to pass the impugned order without considering and referring to the merits of the matter and the issues that would arise on the question as to whether patent can be granted under the provisions of the Patents Act and Rules, it is necessary to remand the matter back to the respondent for consideration afresh. This Court has obviously not made any observations with regard to the merits of the matter, which need to be decided by the respondent after considering all the material placed on record. As noted hereinabove, despite withdrawal of the representations by way of opposition by the petitioner and its Indian licencee i.e. Bharat-Apex Industries Limited, the material

brought on record along with the said representations can be taken into account by the respondent while deciding the patent application of the petitioner on merits. This direction has become necessary for the reason that in the said representations by way of opposition, the petitioner as well as the said Indian licencee i.e. Bharat-Apex Industries Limited, not only contested the locus or the authority of the said Shinhan Apex Corporation for filing such patent application, but they also raised grounds on the merits of the matter to contend that the patent did not deserve to be granted in the facts and circumstances of the present case. All such material and contentions raised by the petitioner and the said Indian licencee i.e. Bharat-Apex Industries Limited can be taken into account by the respondent as an aid to decide the patent application of the petitioner on merits.

27. This may create a piquant situation for the petitioner, as it will have to meet certain grounds of opposition raised by itself and its Indian licencee for grant of patent, but, that is a situation created by the petitioner itself by raising grounds, even on merits, while moving the representations by way of opposition. It is to be appreciated that pre-grant oppositions are always intended to aid, assist and inform the decision making process of the Controller of Patents and Designs i.e. the respondent and therefore, such a direction is inevitable, despite permitting the petitioner and its Indian licencee i.e. Bharat-Apex Industries Limited to withdraw their representations by way of opposition.

28. This Court also finds substance in the contention of the petitioner that the impugned order is cryptic and it does not even refer to documents placed on record. In the peculiar facts and circumstances of this case, the respondent-Controller of Patents and Designs was expected to pass a detailed order, after taking into account the chronology of events and the actual effect of the partial final award, as also deed of assignment executed by Shinhan Apex Corporation. The impugned order does not show application of mind to the said aspects of the matter, thereby indicating that the task of this Court was made difficult due to the brief and cryptic order passed by the respondent-Controller of Patents and Designs.

29. In this backdrop, the prayer made on behalf of the petitioner is justified that if the matter is to be remanded to the respondent for consideration afresh, a further direction may be issued to assign hearing of the proceedings afresh to an officer in the office of the respondent, other than the officer who had passed the impugned order.

30. In view of the above, the petition is partly allowed. The impugned order is quashed and set aside. The matter is remanded back to the respondent for consideration afresh.

31. The respondent-Controller of Patents and Designs shall assign the hearing of the patent application of the petitioner afresh to an officer other than the officer who had passed the impugned

order. The hearing shall be conducted and final order shall be passed as expeditiously as possible and in any case, within six months of a copy of this order being produced before the respondent-Controller of Patents and Designs.

32. The matter shall be decided afresh by the assigned officer after taking into account the observations and findings rendered hereinabove. It is made clear that this Court has not expressed any opinion on the merits of the matter and the claim of the petitioner about grant of patent.

33. Pending applications, if any, also stand disposed of.

MANISH PITALE, J.