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# FERID ALLANI CASE: WHERE DID INDIA FAIL INSPITE OF GRANTING THE PATENT?

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***Abstract***

*The Ferid Allani case which was responsible for changing the understanding as to S. 3(k) of The Indian Patent Act, 1970 witnessed a variety of loopholes in the way how the concept of "prior arts" was dealt with in India. Inventive step is an essential component to getting a patent in India but the judgment only gained clarity on the fact that S. 3(k) does not bar computer software to get a patent after years of rejecting such disposition. But what the case failed in ascertaining was the sole element of novelty and how was it ascertained in this particular case.*

*India as a developing country has always been hesitant in the adoption of proper IPR norms and once again this judgment which came years after the same technology was granted in some of the developing nations reflects that Indian jurisprudence is yet not accustomed to the grant of patents on some of the major technologies.*

*This is why it is essential to understand why this case in spite of being a landmark case has raised a lot of criticisms and what problems it might lead to in future.*

*Keywords: Internet, prior art, novelty etc.*

## WHAT IS PRIOR ART?

Patents are a form of Intellectual property rights which are given primarily for inventions. They are not extended to discoveries and should represent the various criteria as entailed by the respective Patent law of the territorial jurisdiction where the patent is to be achieved. One of the main criteria for attaining a patent is that the object of a patent should be novel other than the factors of non-obviousness (inventive step in U.S and E.U) and industrial applicability. It is necessary that these rights are only provided to "innovations" and for that novelty is essential to be established as these rights are just a way to provide incentives to the innovators in lieu of their research and development. A new idea that advances science and technology is commonly

recognized as an important source of wealth creation, economic growth, and societal change[1] are the major grounds that are assessed with respect to this arena. Novelty is a cardinal thing of the invention which is extremely important for the grant of patents.

Now in the case of novelty, there is a factor that is very important which needs to be analyzed in order to understand if the object of the patent is novel or not and that is "prior art". Novelty is a matter of fact and has elements of the law that needs to be examined. It is the role of an examiner to investigate the prior art that is present in the public domain before the filing of the patent application. It can be ascertained in various forms like information that is publically known, prior publications, prior patents, "e-prior arts" (example- YouTube), specifications, drawings, library records, patent office proceedings (form a part of the prosecution history). It must be remembered that even abandoned applications and published patents are also prior art. The idea is that any kind of information that is available in the public domain will fall under the criteria of the prior art. The idea is to compare the subject of the patent application to the existing prior art available before the date of filing of the application and determine if the subject is novel or not. This helps to ascertain if the subject of the patent application is novel or not, along with the factor that the provision of a patent may not infringe any existing patent. It also helps in ascertaining if the subject has an inventive step or not.

Now with respect to electronic subjects, the prior art may be all the technical information related to the subject of the patent that may be available in the public domain. All the conference reports, scientific theories and any existing form of model designs to the subject of application may fall under the criteria of the prior art. This search for prior art is not supposed to be limited to the examiner and may be conducted by the patentee beforehand as well in order to understand the recent trends in the technology sector, which would help him to understand as to whether the subject of the application is patentable or not. It may also prevent him from infringing any patent that is already available for a similar kind of product or process.

However, the recent advent of the internet and global technology connecting millions has led on to the evolution of a new form of the prior art and that is the "internet". The information

[1] J A Schumpeter, Business cycles, McGraw-Hill, New York, (1939)

available on the internet has also acquired the status to become prior art. Therefore papers, articles, drawings, and even YouTube videos have evolved to be prior art and the examiner will have to ascertain that the subject of a patent application with reference to the prior art available is novel. A lot of nations have realized this development and have started to include such information as a part of their prior art. The EPO went on to further this discussion by publishing a detailed guidance report in 2016 which highlighted the potential difficulties in establishing the actual date on which information was made available to the public on the internet. Not all web pages mention when they were published and websites are easily updated but most do not provide any archive of previously displayed material to establish precisely what was published and when[2]. All of these factors of the internet as prior art was discussed by other nations as well.

## CASE LAW

### *Ferid Allani vs Union Of India[3]:*

## FACTS

This case was responsible for changing the entire jurisprudence of Indian patent regime with regard to software patents. But before delving into the facts of the case it is essential to understand as to why this case falls under the domain of having "internet" as it's prior art. The patent application which was filed in this case was for the purpose of "method and device for accessing information sources and services on the web". With reference to the definition provided under the Patents Act, 1970 which defines "new invention" under the S.2(1)(l) as: "New invention" means any invention or technology which has not been anticipated by publication in any document or used in the country or elsewhere in the world before the date of filing of patent application with complete specification, i.e. the subject matter has not fallen in public domain or that it does not form part of the state of the art[4]. This definition clearly entails as to what is allowed under the Indian Patent Act as an invention, which clearly involves a

[2] Audrey Horton, Patents: standard of proof for internet prior art, Bird & Bird, (October 23,2021, 8:50 AM) https://www.twobirds.com/en/news/articles/2017/uk/it-ip-bytes-may-17/patents-standard-of-proof-for-internet-prior-art

[3] W.P.(C) 7/2014 & CM APPL. 40736/2019
[4] The Patents Act 1970, u/s 2(1)(l), (2005 amendment)

significant evolution from the respective prior art which is assessed before filing the invention. Now, this was the major question in this case as to what was this element made the applicant's invention to be considered a new invention under the Indian Patent Act, 1970.

Now from this name in itself, the concept of the internet comes to one's mind because the internet is supposed to perform the same activity. Individuals get information from the internet with a set of keywords. It provides a variety of information and services to its consumers already. With reference to this issue, the application for a patent, in this case, was initially rejected by the Indian Patent Office saying that this subject had no novelty under S.2(1)(j) of the Patent Act,1970. Section 2(1)(ja) "inventive step" means a feature of an invention that involves technical advance as compared to the existing knowledge or having economic significance or both and that makes the invention not obvious to a person skilled in the art[5]. With regard to the aspect of "person skilled in the art" the Hon'ble Supreme Court in a landmark case ***Biswanath Prasad Radhey Shyam vs Hindustan Metal Industries Ltd*** mentioned: "Was it for practical purposes obvious to a skilled worker, in the field concerned, in the state of knowledge existing at the date of the patent to be found in the literature then available to him, that he would or should make the invention the subject of the claim concerned". With reference to this judgment, it was essential to ascertain if Ferid's subject was not just a modified version from the prior art that was internet[6].

There were other grounds as well like the reference to the fact that subject matter was not patentable under S. 3(k) as computer programs are not allowed to be patentable in India as prescribed that *"**a mathematical or business method or a computer programme per se or algorithms**[7]"* is barred from the provision of patents. The per se provision was later on added by the Patents (Amendment) Act in 2002 so that other incidental innovations which did not completely fall into the mentioned domain but were just a branch of such products are not discarded immediately from the scope of protection under the Patent Act.

[5] The Patents Act 1970, u/s 2(1)(j), (2002 Amendment)
[6] [AIR 1982 Supreme Court 1444].
[7] The Patents Act 1970, u/s 3 (1)(k)

But the objection under S. 3(k) was regarding the patentability of the software and whether such subject matters are eligible to be patented or not. With respect to the issue in question the problem was the similarities with the internet as prior art and how did the patentee prove his inventive step and get the patent as there was major ambiguity in this arena as to how this inventive step can be analyzed specifically in the cases on inventions which were the computer-related. It must be remembered that there were 3 guidelines that were introduced in pursuance of this objective through the ambiguity still persists. The first initiative was taken in 2013 where a draft set of guidelines was brought though it was never implemented and then in 2016 and 2017 respectively a definite set of guidelines and revised guidelines were introduced. These guidelines issued a clear perspective as to what would constitute an inventive step in such inventions and went on to clarify the kind of "technical effect" and "technical advancement" required in such cases.

Technical Effect is defined for the purpose of these guidelines as a solution to a technical problem, which the invention is taken as a whole, tends to overcome[8]. A non-exhaustive list of examples of technical effects, as provided in the guidelines, includes higher speed, reduced hard-disk access time, more economic memory use, more efficient data search or compression techniques, improved user interface and improved transmission or reception of radio signals[9]. Whereas technical advancement has been defined to include "a contribution to the state of art to technology. It is important to divide between software, which has a technical outcome, and that which doesn't, while assessing the technical advance of the invention. Technical advancement comes with technical effects, but all technical effects may or may not result in technical advancement[10]".

Now with reference to these definitions when Ferid's patent application was analyzed it was found out that his software was a significant evolution from the existent prior art i.e internet. It

[8] Guidelines for Computer Related Inventions 2013, Office of the Controller General Of Patents, Trademarks, & designs.
[9] Rahul Sharma, India: An insight into the CRI/ CRII Guidelines (2013), Mondaq, (October 22,2021, 8:45 AM)https://www.mondaq.com/india/patent/292478/an-insight-into-cricii-guidelines-2013?login=true
[10] Guidelines for Computer Related Inventions 2013, Office of the Controller General Of Patents, Trademarks, & designs, (24th October, 2021, 8:50 AM)
https://ipindia.gov.in/writereaddata/Portal/IPOGuidelinesManuals/1_36_1_2-draft-Guidelines-cris-28june2013.pdf

must be remembered that when the judgment was eventually made there were a variety of significant precedents and guidelines which had already cleared as to what constitutes "technical effect and technical advancement" and the Indian governance got quite clear that patents can be provided to computer programs if it reflects a significant technical advancement. It was accepted by the Court that these precedents along with the CRI guidelines should be applied in this case as well.

It was eventually found out in this case that when compared to the internet, after relying upon the various parts of the patent specification, "is that the specification clearly discloses a technical effect and a technical advancement, especially as of the priority date. It is not a mere software which is simply loaded onto a computer. It requires a particular method of implementation, as is evident from the claims and thus the rejection, according to the old. counsel for the Petitioner was incorrect."[11]

But it must be remembered that the patent application was filed in 2002 and these guidelines came nearly after 15 years. Though these guidelines were later on applied to the case, it cannot be denied that a lot of applicants might have suffered due to the ambiguity in determining what constitutes a significant "inventive step" from the prior art. This can be analyzed by the fact that a judgment in 2010 was observed in the case of *Yahoo Inc. V. Rediff.com India Limited* Case where a similar kind of application regarding: "A method of operating a computer network search apparatus for generating a result list of items representing a match with information entered by a user through an input device connected to the computer network, the search apparatus comprising a computer system operatively connected to the computer network"[12], a clear reference again can be made to internet as a prior art. But in this case patent was not provided to the applicants owing to the fact of subject matter not being patentable as till then the computer programs were not patentable.

[11] Ferid Allani vs Union Of India & Ors, W.P.(C) 7/2014 & CM APPL. 40736/2019

[12] IPAB OA/ 22/ 2010/ PT/ CH

## CRITICISM

Though later on it was finalized that the software deserved a patent and had an inventive step, it must be realized that the patent application was filed in 2002 in India and considering that it had a priority date of December 2000, the patent already expired in December 2020. This was drafted according to the priority date as determined in the case of PCT applications and thus the patentee had obviously no time to exploit the market and recover his investment as India has no system of Patent term extension. Apart from this the aspect of "technical effect and advancement" which should have been the main basis of the judgment was given very less importance as compared to the subject matter. The main importance was given to the issue of computer programs being eligible for patents or not which kind of failed to highlight the key aspect that was the issue of technical advancement.

Referring to this fact it cannot be denied that it was the patentee who actually suffered due to the lack of clarity on what constitutes to be prior art and what constitutes an inventive step. Also, it cannot be denied that after this case, there would be a wide range of litigations where the authorities had rejected such patent applications owing to the absence of clarity on these issues.

## CONCLUSION

This case was huge evolution in Indian jurisprudence considering the Judiciary's new evolved perspective with reference to the patentability of subject matter. But it is essential that we realize that other nations had provided patent to this application way before India. One of the cases in the context of European Union i.e T 519/07, the concept of technical effect was analyzed way before in 2008 itself. India had not even established this effect till then. The judgment in reference to the prior art clearly provided that where comparative tests were chosen to establish inventive step on the basis of an effect produced over the claimed area, the comparison with the closest prior art had to show convincingly that the effect was attributable to the feature distinguishing the invention[13]. This factor of maintaining and analyzing the phenomenon of inventive step and comparison with the closest prior art was clearly neglected in Indian

[13] T 519/07, Euproean Patent Office

jurisprudence. The European Patent Convention has even a detailed Rule in reference to this issue which states that application's description must "disclose the invention, as claimed, in such terms that the technical problem (even if not expressly stated as such) and its solution can be understood, and state any advantageous effect of the invention with reference to the background art"[14] in Rule 42(1)(c). It must be realized that even this rule was brought out in 1973.

Also another aspect which needs to be considered here is that it is a landmark judgment in reference to "technical advancement and technical effect". It cannot be analyzed from the judgment itself that the Court was so preoccupied with the question of subject matter patentability under S.3 (k) that it failed to highlight the inventive step in reference to internet as a prior art and what was the criteria of ascertaining technical effect and technical advancement that lead the Court decide that this advancement deserved patent in Indian jurisprudence considering the fact that inventive step is one of the main criteria with respect to patents in India.

The guidelines are the ones which were framed in 2013 and when analyzed it is clear that the definition provided for technical effect and technical advancement which though is a necessary component for understanding inventive step with reference to Computer related inventions, is an effective criteria for understanding the evolution of an electronic patent application with reference to it's prior art. But it has to be realized that the definition provided in the guideline needs to entail a wider scope of application. It is necessary that the Judiciary provides a wider take on as to what constitutes this advancement because even in this case the Judiciary failed to provide this outlook and merely transplanted the definition into the judgment. The definition of technical effect and advancement is quick to reflect that it can applied to inventions of technology but there is no guideline as to how these components need to be analyzed with reference to the closest prior art. The closest prior art and the identification of inventive step with reference to patent applications in cases of technical application is yet not clear in India and the lack of precedents worsen the situation.

[14] Rule 42(1)(c), European Patent Convention,1973.