

## **NAVIGATING THE 2024 PATENTS (SECOND AMENDMENT) RULES: AN IN-DEPTH GUIDE TO FORM 27 AND RECENT FAQs ON REPORTING THE COMMERCIAL WORKING OF PATENTED INVENTIONS IN INDIA**

In the realm of global patent law, many jurisdictions have their own unique requirements and provisions, but few are as distinctive as India's mandate for the annual filing of a Statement of Working. This provision, embedded in the Indian Patent Act, stands out for its emphasis on transparency and accountability in the utilization of granted patents. Unlike many other countries where patentees are not required to disclose the use or non-use of their patents, India's legal framework necessitates an annual declaration of how a granted patent is being employed or, if not in use, the reasons for its non-exploitation. This unique requirement serves as a critical tool for ensuring that patents are actively contributing to innovation and public benefit, reflecting India's commitment to balancing intellectual property rights with practical outcomes. As this provision does not have a direct counterpart in most other jurisdictions, it highlights India's distinctive approach to patent management and its focus on fostering a dynamic and accountable patent ecosystem.

Statement Regarding the Working of Patented Inventions on a Commercial Scale in India finds its legal roots under Section 83 (a) of the Patents Act 1970. As provided thereunder, *“that patents are granted to encourage inventions and to secure that the inventions are worked in India on a commercial scale and to the fullest extent that is reasonably practicable without undue delay”*. Furthermore, the Act has codified the requirement for filing the Statement of Working under Section 146 read with Rule 131 and the same is filed under Form 27.

Amendments brought about by the Patents (Second Amendment) Rules, 2024 have resulted in significant changes to Form 27 requirements. The new provision for disclosing patent licensing opportunities helps patentees and licensees explore commercial prospects, benefiting them overall. Additionally, submitting the statement of working every three years instead of annually reduces the reporting burden and better reflects the patent's commercialization progress over a longer period.

However, concerns about the applicability of the aforementioned modified rule and the financial years that must be computed for completing the Form 27 arose among stakeholders and practitioners. The Patent Office therefore released a comprehensive FAQ about the changes made to Rule 131(2) and Form 27 in response to the growing number of inquiries.

## **KEY TAKEAWAYS FROM THE PATENTS (SECOND AMENDMENT) RULES, 2024 AND FORM 27 FAQs BY THE PATENT OFFICE:**

### **1. Implementation and Compliance:**

The amendment for filing the Statement of Working under Form 27 shall apply prospectively from March 15th, 2024. If several patents are granted to the same patentee/licensee and are related to one another, then only one Form 27 needs to be filed. Further, for a single patent or set of related patents, several parties (such as patentees and exclusive or non-exclusive licensees) can submit different Form-27.

### **2. Filing Intervals:**

The timeframe to file the Statement of Working under Form 27 was amended in Rule 131(2) from once in respect of every financial year to **once in respect of every period of three financial years**, starting from the financial year commencing immediately after the financial year in which the patent was granted, and shall be furnished within six months from the expiry of each such period.

**Statement of Working to be filed in 2024:** For the patents that have expired in the financial year 2023-2024 (granted before April 2022), and whose Statement of Working for financial year 2022-2023 was already filed before September 30th, 2023, the Statement of Working for the remaining period i.e. for financial year 2023-2024 has to be filed between the window of April 1st 2024 to September 30th 2024.

**Statement of Working to be filed in 2025:** For the patents expiring in the financial year 2024-2025 (granted before April 2022), and whose Statement of Working for financial year 2022-2023 was already filed before September 30<sup>th</sup>, 2023, the Statement of Working for the remaining period i.e. for financial year 2023-2024 and 2024-2025 has to be filed between the window of April 1st, 2025, to September 30th, 2025.

**Statement of Working to be filed in 2026:** Patents granted before 2022-2023 whose statement for financial year 2022-2023 has already been filed and for patents granted in the year 2022-

2023, their next statement under Form 27 shall be filed for the cumulative financial years of 2023-2024, 2024-2025, 2025-2026 between the window of April 1st, 2026, to September 30th, 2026.

**Statement of Working to be filed in 2027:** Patents granted in or after 2023-2024, their statement under Form 27 shall be filed for the cumulative financial years of 2024-2025, 2025-2026 and 2026-2027 between the window of April 1st, 2027, to September 30th, 2027.

**Statement of Working to be filed in 2028:** Patents granted in the year 2024-2025, their statement under Form 27 shall be filed for the cumulative financial years of, 2025-2026, 2026-2027 and 2027-2028 between the window of April 1st, 2028, to September 30th, 2028.

### 3. Extension Requests and Petition for Condonation of delay:

A provision has been inserted in the amended Rule 131(2) whereby an extension can be availed for filing Form 27 for a period of **up to three months** for which a request for extension may have to be filed under Form 4 along with payment of fees of rupees 2000 (USD 23.82) per month, for a natural person or startup or small entity or educational institution and rupees 10,000 (USD 119.08 ) per month for others (alone or with a natural person or startup or small entity or educational institution).

Additionally, the Controller may condone the delay under rule 138 for a period of **up to six months** upon a request made under Form 4 before the expiry of six months, with prescribed fees of rupees 10,000 (USD 119.08) per month for a natural person or startup or small entity or educational institution and rupees 50,000 (USD 595.38 ) per month for others (alone or with a natural person or startup or small entity or educational institution).

### 4. Commercialization Reporting:

Aspect	Previous Requirement	Amended Requirement
<b>Disclosure of Use</b>	Required detailed disclosure including approximate revenue/value accrued in India.	Simplified: Indicate whether the patent is worked or not worked in India.
<b>Explanation for Working the Patent</b>	Detailed explanation required for how the patent was worked (e.g., manufacturing, importing).	Removed: No need for detailed explanation.

<b>Reasons for Non-Working</b>	Required a detailed explanation for reasons of non-working and steps being taken.	Simplified: Choose from one of the four predefined reasons for non-working.
<b>Additional Information</b>	Not applicable.	New entry: Indicate if the patent is available for licensing and provide contact details.

This table highlights the streamlined nature of the amended Form 27, showing how the updated requirements have simplified the process for patentees and licensees, focusing more on essential information and facilitating potential licensing opportunities.

#### **4. Implications for Non-Compliance:**

The new regulations state that a patentee or a licensee who has failed to submit Form 27 details for the financial year 2022–2023 or earlier within the designated time frame will not be permitted to file Form 27 for the missed years by combining the elapsed time with the time allotted for the financial year 2023–2024 as a block of three years.

Non-filing of Form 27 attracts a penalty under Section 122 (1)(b) (as amended by the Jan Vishwas (Amendment of Provisions) Act, 2023) which may extend to one lakh rupees (USD 1190.76) in case of first instance and in case of continual refusal or failure, a further penalty of one thousand rupees (USD 11.91) for every day after the first during which such refusal or failure continues.

Further furnishing false information attracts a further penalty for a sum equal to one half percent of the total sale or turnover of the business or of the gross receipts in profession as computed in the audited accounts of the person or a sum equal to five crore rupees (USD 595380.00), whichever is less.

Moreover, Section 84 of the Indian Patent Act provides that a Compulsory License can be applied for at any time after three years from the grant of a patent, by any person interested on the grounds that the patented invention has not been worked in India or is not available at a reasonably affordable price or the reasonable requirements of the public with respect to the patented invention have not been satisfied. Further, upon two years from the grant of a first

Compulsory License, a revocation for the patent can be requested by the Central Government or any person interested under Section 85 upon the same grounds as mentioned above.

In conclusion, patentees and licensees must assure compliance with reporting requirements about the working of a patented invention by filing Form 27 under the Indian Patent Act. In addition to satisfying legal requirements, timely and accurate submission of this form offers insightful information on how patents are used commercially. Following the revised law and timeframe will simplify the procedure, lessen the burden of compliance, and improve patent reporting transparency. To enhance efficient compliance and reporting procedures, reviewing the most recent FAQ materials can provide more detailed direction.

The [FAQ](#) published by the Indian Patent Office can be accessed for detailed information on the amendments brought about to the Statement of Working under Form 27.

**About the author:**



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