

ORIGINAL CIVIL.

Before Panchridge J.

HEERA LAL BANJARA

v.

BASHI RAM SHARMA.*

1940

Feb. 9.

Patent—*Rectification of register—Reference to High Court—“Person aggrieved”*—*Indian Patents and Designs Act (II of 1911) as amended by Act VII of 1930, ss. 2 (12), 29, 63 (1), 63 (3), 64 (1), 64 (3), 64 (5).*

Sub-section (1) of s. 64 of the Indian Patents and Designs Act must be read as giving the subject a right to make an application to the Controller of Patents, with which sub-s. (5) prevents him from dealing. Upon such an application being made, it is within the powers of the Controller to refer it to the High Court.

So long as the assignee of a patent has not had himself entered on the register, where the assignor's name remains, the assignor is a person aggrieved within the meaning of sub-s. (1) of s. 64 in respect of any subsequent registration.

REFERENCE under s. 64 (3) of the Indian Patents and Designs Act.

The facts of the case appear fully from the judgment.

P. C. Ghosh and *A. C. Mitra* for the applicant. No doubt the legislature intended to restrict the powers of the Controller under sub-s. (5) of s. 64 of the Indian Patents and Designs Act, but it could not have been intended that the subject would have no right, or remedy except in the case of formal errors in the register. Therefore the effect of the whole section must be that the Controller will have power to rectify the register in the case of mistake of fact apparent from a reference to the patent and in other cases to refer the matter to the High Court

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and to rectify in accordance with the directions of the High Court.

Now the question is whether the applicant is a person aggrieved who is entitled to apply under s. 64. The fact that the patent had been assigned on May 14, 1929, in favour of Ghanshyam Das Jagnani cannot affect the position. First of all, a patent is not an actionable claim: *Savitri Devi v. Dwarka Prasad Bhatya* (1); *Colonial Bank v. Whinney* (2). Hence an assignment of it has not the same effect as an assignment under s. 130 of the Transfer of Property Act. In the case of an assignment of a patent, until such assignment is entered on the register of patents the assignor retains all the legal rights of a patentee, as will be clear from s. 63(3). So long as it is unregistered such an assignment merely creates an equity in favour of the assignee: *Chollet v. Hoffman* (3); *New Ixion Tyre and Cycle Company v. Spilsbury* (4). Further, in this case the assignment provided for payment of royalty on the turn out of the machines and such a right attaches to the patent, *Werderman v. Société Générale d' Electricité* (5); *Barker v. Stickney* (6). In any event, under the Indian Patents and Designs Act, the entry of the name of Sharma in the register deprives the applicant of his rights under ss. 29 and 63, and also his rights to royalty. Therefore the applicant is a person aggrieved and may apply for rectification.

Also, it does not lie in the respondent to deny the rights of the applicant under whom the respondent claims.

Ormond and *H. N. Sanyal* (with them *S. M. Bose*) for the respondent Bashi Ram Sharma. The powers and jurisdiction of the Controller have been restricted by sub-s. (5) of s. 64 of the Indian Patents

(1) I.L.R. [1939] All. 275, 281

(2) (1885) 30 Ch. D. 261, 275.

(3) (1857) 7 El. & Bl. 686;

119 E.R.1400.

(4) [1898] 2 Ch. 484, 489.

(5) (1881) 19 Ch. D. 246.

(6) [1919] 11 K.B. 121.

and Designs Act. The present application is clearly not within such powers and under sub-s. (3) the Controller has no right to refer to the High Court any matter which he is not entitled to deal with under sub-s. (5), for sub-s. (3) relates only to applications "under this section." Therefore the High Court has no jurisdiction to entertain this application.

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When the legislature amended s. 64 by Act VII of 1930, it clearly intended to limit applications for rectification. A dispute as to the validity or otherwise of an alleged assignment and reassignment, as in this case, can only be decided after taking considerable evidence and such a question of title should not be decided by an application.

In view of the effective assignment to Jagnani, the applicant has no legal right of any sort in the patent. It makes no difference that Jagnani was never registered on the Register of Patents, for the assignment to him is as complete as that of an actionable claim. The deed of assignment makes that clear. Therefore, the applicant cannot be a "person aggrieved" within the meaning of s. 64(1).

The declaration of invalidity of the patent made by the Patna High Court and upheld by the Privy Council is binding on the applicant. So the applicant should not be allowed to succeed in an application for rectification of an invalid patent.

PANCKRIDGE J. This is a Reference made by the Controller of Patents under the provisions of s. 64(3) of the Indian Patents and Designs Act, 1911.

The history of the events that have led to the Reference is as follows :—One Heera Lal Banjara, to whom I will henceforward refer as the applicant, obtained a patent dated July 12, 1928, in respect of a machine for removing the husks and shells from

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mashoor. No other person was registered as a proprietor of this patent until October 9, 1937, when one Babu Ram Jaini was so registered.

The circumstances which enabled Babu Ram Jaini to obtain registration were as follows. A certain person named Radha Kissen obtained a money decree in the Court of Small Causes against the applicant. In execution of this decree he purported to attach and bring to sale the applicant's rights under his patent, which were sold to Babu Ram Jaini on September 20, 1937.

On November 24, 1937, Babu Ram Jaini assigned the patent to Bashi Ram Sharma, to whom I will refer as the "respondent," and who obtained registration on January 15, 1938. On the same day one Abdulla Miya got himself registered as a licensee under the respondent in virtue of an agreement dated November 22, 1937.

There were various proceedings by the applicant in the Court of Small Causes for having the sale to Babu Ram Jaini of September 20, 1937, set aside. The Small Cause Court declined to set aside the sale, but this Court in exercise of its revisional powers under s. 115 of the Civil Procedure Code set it aside on June 20, 1938.

On June 30, 1938, the applicant wrote to the Controller of Patents calling upon him to exercise his powers under s. 64 of the Act by expunging the entries which showed Babu Ram, and the respondent as proprietors, and Abdulla Miya as licensee. This application has been referred to the High Court under s. 64 (3).

It has been argued that the Controller has no power to refer this application for rectification. The scheme of s. 64 is as follows. Under sub-s. (1) the Controller may on the application of any person

aggrieved make such order for making, expunging or varying an entry as he thinks fit, and rectify the register accordingly. By sub-s. (3)—

An appeal shall lie to the High Court from any order of the Controller under this section; and the Controller may refer any application under this section to the High Court for decision, and the High Court shall dispose of any application so referred.

So far it is plain sailing.

But a difficulty is certainly occasioned by sub-s. (5), which says that—

Nothing in this section shall be deemed to empower the Controller—

(a) to rectify the register of patents or to decide any question relating to a patent, otherwise than for the purpose of correcting a mistake of fact apparent from a reference either to the patent itself or to some order of a competent authority made under any other provision of this Act, or,

(b) to make any such order cancelling the registration of a design as is provided for in s. 51A.

Now, it is conceded that, by reason of sub-s. (5), the Controller himself would have no power to rectify the register in the manner which the applicant desires, since there is no question of correcting a mistake of fact apparent from a reference to the patent itself, nor is it a question of correcting a mistake of fact apparent from a reference to some order of a competent authority made under any other provision of the Act, because the order which is to be looked at is the order of the High Court setting aside the execution sale by the Small Cause Court, and that is an order made not under the provisions of the Patents and Designs Act, but under the Code of Civil Procedure. Accordingly it is plausibly argued that the present application is not an application made under the section within the meaning of sub-s. (3), and therefore not one which the Controller can refer to the High Court. To construe the section in this way is really to hold that the legislature intended to confine the jurisdiction of the Controller to formal applications, and at the same time gave him the power to refer only those applications to Court,

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though *ex hypothesi* they were matters with which he was perfectly competent to deal, leaving the person concerned with correcting a substantial error in the register without any remedy whatever.

I have compared the language of the section as originally enacted in 1911 with the language of it as it now stands after the amendments of 1930, and I find that the trouble has arisen from this. Section 64, sub-s. (1), on the face of it, transfers very wide powers, previously exercisable by the High Court, to the Controller. Sub-section (3), which is new, provides for an appeal from the Controller to the High Court and for the reference of applications by the Controller to the High Court. Sub-section (5) indicates that the legislature had misgivings as to the wide powers which s. 64 (1) conferred on the Controller, and, accordingly, proceeded to cut down those powers and leave the Controller with diminished powers, which are scarcely more than formal. It was undoubtedly the intention of the legislature to limit the powers of the Controller, but I cannot presume that the legislature desired entirely to deprive the subject of the remedies which he had hitherto enjoyed, by excluding from the applications "made under the section" those applications which the section specifically removes from the decision of the Controller. I think s. 64 (1) must be read as giving the subject a right to make an application to the Controller with which sub-s. (5) prevents him from dealing. If that is so, this application is certainly within the powers of reference given to the Controller under sub-s. (3).

I now turn to the more important aspect of the case. The main contention of the respondent is that this application is incompetent because the applicant is not a person aggrieved within the meaning of s. 64(1). The applicant's contention is that he comes within the section as being a person aggrieved by an entry wrongly remaining on the register.

There are two circumstances which, it is said, disqualify the applicant from being a person aggrieved within the meaning of the sub-section. The first of these circumstances is the fact that on May 14, 1929, the applicant executed a deed in favour of one Ghanshyam Das Jagnani whereby for consideration he assigned his invention and letters patent and the full and exclusive benefit thereof, and all rights, privileges and advantages appertaining thereto. Mr. P. C. Ghosh has argued that under the deed of assignment the applicant still retained certain rights, which would entitle him to call himself a person aggrieved, even if he had ceased to be the patentee within the meaning of the Act, by reason of the assignee having himself registered as proprietor. Inasmuch, however, as there has been no registration of the assignee as proprietor. I need not consider what the position would then have been.

Section 2(12) defines "patentee" as the person for the time being entered in the register of patents kept under this Act as the grantee or proprietor of the patent. Section 20 provides for the maintenance of the register, and s. 29 gives to the patentee the right to institute a suit for infringement of his patent. Section 63(1) provides—

Where a person becomes entitled by assignment . . . to a patent . . . , he may make an application to the Controller to register his title, and the Controller shall, on receipt of such application and on proof of title to his satisfaction, register him as the proprietor of such patent or design, and shall cause an entry to be made in the prescribed manner in the register of the assignment. . . .

Sub-section (3) provides—

The person registered as the proprietor of a patent . . . shall, subject to the provisions of this Act and to any rights appearing from the register to be vested in any other person, have power absolutely to assign, grant licenses as to, or otherwise deal with, the patent or design, and to give effectual receipts for any consideration for any such assignment, license or dealing.

It is plain from these provisions that until an assignee has had himself entered on the register he is incapable of protecting the patent assigned to him by legal proceedings for infringement, or of assigning it,

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or granting a license to it. Until registration these powers, subject to equities, remain vested in the assignor as long as he remains on the register. The assignor, however, loses these powers as soon as the assignee has himself registered as the proprietor. It follows from this that since the assignee under the assignment of May 15, 1929, has not had himself registered as proprietor, the applicant is a person who may be aggrieved by subsequent registration.

The other ground on which it is urged the applicant is not a person aggrieved within the meaning of s. 64 (1) concerns certain proceedings in which his patent has been held to be invalid. Apparently the assignee under the deed of May 15, 1929, instituted a suit for infringement in the Patna District Court, which was subsequently transferred to the High Court. The applicant was a party to those proceedings, but his name appears to have been removed from the cause title when the suit was transferred. As a result of these proceedings the assignee's suit was dismissed, and in addition to dismissing it, the Patna High Court went on to revoke the patent granted to the applicant. An appeal was taken to the Privy Council, and it is said that the question of revocation was not argued before them, but only the question of infringement. As a result the appeal was dismissed. It is conceded by counsel that the Patna High Court had at that time no jurisdiction to entertain a claim for revocation by way of counter-claim in a suit for infringement. It appears that the order of the Patna High Court was sent to the Controller under the provisions of s. 33 of the Act, and the Controller made the appropriate entry in the register. Upon this the present applicant successfully applied for the register to be rectified by expunging the entry, to which I have referred. Those proceedings are reported in *In re Heera Lal Banjara* (1). I do not see how I can treat a patent as invalid when this Court has ordered the

entry of the declaration of invalidity to be expunged from the register, the more so as both the parties to this Reference are in agreement in this, that each of them is asserting his rights to what he claims to be a valid patent.

In these circumstances I hold that the applicant is a person aggrieved within the meaning of s. 64(1). The Court having declared the execution sale to be a nullity, the entry relating to that sale and the subsequent entries regarding the rights derived from the purchaser at such a sale clearly should not have appeared on the register. It appears to me that the proceedings before the Controller were perfectly in order as far as service of notices and the notification in the "Gazette of India" are concerned. I accordingly direct that the register should be rectified by expunging therefrom the entries referred to in sub-paras. 1, 2 and 3 of the applicant's application of June 30, 1938. The applicant is entitled to the costs of this application as against the respondent. The respondent must pay the Controller's costs up to the date of making the previous order. Costs as of a hearing. Certified for one counsel.

Application allowed.

Attorney for applicant: *B. K. Bose.*

Attorney for respondent: *K. K. Gupta.*

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