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

Date of Decision: 27th March, 2023

\+ **C.A.(COMM.IPD-PAT) 106/2022**

MICROSOFT CORPORATION ..... Appellant

Through: Ms. Vindhya S. Mani, Mr. Rishabh Paliwal, Mr. Gursimran Narula and Ms. Vaishali Joshi, Advocates.

versus

THE ASSISTANT CONTROLLER
OF PATENTS AND DESIGNS ..... Respondent

Through: Ms. Arunima Dwivedi, CGSC with Ms. Pinky Pawar and Mr. Aakash Pathak, Advocates.

CORAM:
HON'BLE MR. JUSTICE SANJEEV NARULA

J U D G M E N T

SANJEEV NARULA, J. (*Oral*):

I.A. No. 5882/2023 (*under Section 151 of the Code of Civil Procedure, 1908 ["CPC"] seeking change of name of Appellant from 'Microsoft Corporation' to 'Microsoft Technology Licensing, LLC'*)

1. For the grounds and reasons stated therein, the application is allowed, and the name of the Appellant is changed to 'Microsoft Technology Licensing, LLC.'.

2. Amended memo of parties is taken on record and Registry is directed to reflect the change in their records.

3. Disposed of.

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C.A.(COMM.IPD-PAT) 106/2022

4. The present appeal under Section 117A of the Patents Act, 1970 [hereinafter "*Act*"] impugns order dated 05th March, 2012 passed by the Assistant Controller of Patents and Design [Respondent] whereby Appellant's Indian Patent Application No. 487/DELNP/2006 titled as "ADVANCED BI-DIRECTIONAL PREDICTIVE CODING OF INTERLACED VIDEO" filed on 30th January, 2006 [hereinafter "*subject patent*"], has been rejected [hereinafter "*impugned order*"] under Section 15 of the Act.

5. Ms. Vindhya S. Mani, counsel for Appellant, argues that impugned order provides insufficient and insignificant reasoning to support the conclusion. No thoughtful analysis has been applied, and the claims in the subject patent have been rejected on an ambiguous rationale of not following a "method step format". Ms. Mani underscores the fact that the phrase "method step format", as employed by the Respondent, is puzzling and not defined in the Act. Respondent has used similar vague terms and phrases for Claims 1 to 10, labelling them as "redundant" and "large sized". Ms. Mani is quick to point out that neither the Patent Act nor the Rules framed thereunder prescribe any limitation on the number and/ or size of claims.[1] She submits that the Respondent has also not applied the correct legal principles for rejecting the subject patent holding it to be beyond the scope of Section 3(*k*) of the Act.

6. At the outset, Ms. Arunima Dwivedi, Central Government Standing Counsel appearing for Respondent, on instructions, states that Respondent

[1] Reliance is placed on the Sections 05.03.16 and 05.03.17 of the Manual of Patent Office Practice and Procedure dated 26th November, 2019 which, *inter alia*, provides that there is no restriction on the number of claims as long as they are linked so as to form a single inventive concept, an application can have more than one independent claim.

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can re-consider the patent application for the subject patent in case Appellant is willing to amend its claims in accordance with the granted claims in Europe (EP1665766).

7. Ms. Mani, responding to the above suggestion, argues that during the proceedings before the Respondent, claims were in fact amended at each stage and twice after the hearing. The impugned order must therefore, be set-aside as there is no clarity as to how the Respondent has arrived at the impugned decision.

8. Heard. The relevant portion of the impugned order reads as follows:

> "After going through the arguments placed in the hearing and the written submission, I am of the opinion that claims 1 to 41 are not in the method step format i.e. the method steps should be defined clearly incorporating by what physical constructional features the said steps are being enabled in the method in order to make the method to function/ work/ operate. The physical constructional features shall be numbered. The Inventive method steps shall be characterized in the independent/principal claim but here the method steps are not in its format and the claims are mere statements, so claims are redundant, verbose & large size giving no clarity to the invention, hence falls under section 10(4) of the Indian Patent Act 1970.
>
> The Inventive concept lies in algorithm steps, merely receiving, encoded data, ..., decoding, by reconstructing a forward motion vector, predicting a backward motion vector, etc., in the description and claims. Therefore the alleged invention falls under non-patentable subject matter. Hence claims 1 to 41 falls under section 3(k) of the Indian Patent Act 1970.
>
> Hence it is concluded that the claims 1 to 41 submitted after hearing in view of the Indian Patents Act. As such the application for patent cannot be processed further. Therefore, I refuse to proceed with the application No. 487/DELNP/2006 under section 15 of the Patents Act 1970." [sic.]

9. The Patent Controller has formed an opinion that Claims 1 to 41 are not in "method step format". He has elaborated on this expression by observing that "*the method steps should be defined clearly incorporating by what physical constructional features the said steps are being enabled in the*

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method in order to make the method to function/ work/ operate".

10. The employment of the term "method step format," which is evidently not defined or found in the Act, is not the immediate concern. When exercising appellate jurisdiction, the court is primarily interested in the logic or basis behind the decision. In this context, the court notes that the understanding of the Respondent, which drives the decision, seems to lack focus. The invention comprises two classifications of claims: method and system claims. These claim types are interconnected but concentrate on separate elements of the invention. Therefore, Claims 1 through 41 do not exclusively contain method claims, as system claims, from Claims 37 to 41, are also included. Nonetheless, the Respondent has treated all claims uniformly, contending that they fail to conform to adhere to the preferred "format" or presentation style. This constitutes the first error in the contested order.

11. Next, we proceed to the issue of structuring of the claims. The provision dealing with contents of specifications is Section 10 of the Act, which is extracted hereinbelow:

> "**10. Contents of specifications.** —
>
> *xx* .. *xx* .. *xx*
>
> (*4*) Every complete specification shall —
>
> (*a*) fully and particularly describe the invention and its operation or use and the method by which it is to be performed;
>
> (*b*) disclose the best method of performing the invention which is known to the applicant and for which he is entitled to claim protection; and
>
> (*c*) end with a claim or claims defining the scope of the invention for which protection is claimed.
>
> [(*d*) be accompanied by an abstract to provide technical information on the invention:
>
> Provided that—
>
> (*i*) the Controller may amend the abstract for providing better information to

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third parties; and

(*ii*) if the applicant mentions a biological material in the specification which may not be described in such a way as to satisfy clauses(a) and (b), and if such material is not available to the public, the application shall be completed by depositing [the material to an international depository authority under the Budapest Treaty] and by fulfilling the following conditions, namely: —

[(*A*) the deposit of the material shall be made not later than the date of filing the patent application in India and a reference thereof shall be made in the specification within the prescribed period];

(*B*) all the available characteristics of the material required for it to be correctly identified or indicated are included in the specification including the name, address of the depository institution and the date and number of the deposit of the material at the institution;

(*C*) access to the material is available in the depository institution only after the date of the application for patent in India or if priority is claimed after the date of the priority;

(*D*) disclose the source and geographical origin of the biological material in the specification, when used in an invention.]"

12. Respondent has held that "[…] *here the method steps are not in its format and the claims are mere statements, so claims are redundant, verbose & large size giving no clarity to the invention, hence falls under Section 10(4) of the Indian Patent Act, 1970.*" According to the Respondent, the method steps have not been defined clearly indicating the physical constructional features that are being enabled in the method in order to make the same function/ work/ operate. In other words, the Respondent seems to find the language used in the claims to be lacking precision. The concept of clarity of claims is found in Section 10(5) of the Act, which reads as under: -

"**10. Contents of specifications.** —

xx .. *xx* .. *xx*

[(5) The claim or claims of a complete specification shall relate to a single invention, or to a group of inventions linked so as to form a single inventive concept, shall be clear and succinct and shall be fairly based on the matter disclosed in the specification.]"

13. Although Section 10(5) is not specifically cited in the impugned

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order, the Court assumes that the Respondent has relied upon the same. Section 10(4) of the Act does not prescribe a specific format for drafting claims, nor does it place limitations on the words/ phrases used to detail or expound claims or the number of claims that can be presented in an invention. In fact, applicants are obliged to pay an additional fee for each claim, if the overall number of claims are more than ten (10). In the court's perspective, all claims are statements and brevity of claims is not a legal requirement for patentability. In patent applications, a method or process is often claimed as a series of steps. These steps must be clearly and concisely described in order to meet the requirements of patentability. The number of claims and the language used to delineate them hinge on the complexity or intricacy of the claimed invention, and no limitations should be placed in this respect. Nonetheless, it is crucial to draft clear, precise, and well-structured claims that accurately reflect the inventive concept. In fact, clause 05.03.015 of Manual of Patent Office Practice and Procedure provides that claims should be clear and succinct and fairly based on the matter disclosed in the specification. Clause 05.03.16 provides, *inter-alia*, that claims must not be too broad to embrace more than what the applicant has in fact invented. Clause 05.03.17 which deals with structure of claims provides, *inter-alia*, that a claim should not be verbose. Thus, the language employed should accurately and specifically describe the inventive concept, without being overly broad or ambiguous.

14. During the examination process, if the examiner identifies any issues and/ or deficiencies related to the claims, they can inform the applicant of such specific issues and seek a response. The applicant then has an opportunity to amend the claims or provide arguments addressing the

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examiner's concerns. To that extent, in the present matter, Respondent is willing to give an opportunity to the Appellant. However, the Respondent must also precisely identify the issues, if any, *qua* the subject patent and intimate the same to the Appellant with sufficient information so that the Appellant is able to address them by amending the application or providing clarifications, as required. Merely labelling the claims to be not as per format, would not be enough.

15. Next the court turns to the First Examination Report as well as the Notice of Hearing which raise objection on "*plurality of independence set of claims and large claims*". Since the aforenoted reasoning, as also translated into the impugned order, it must be clarified that the occurrence of plurality or overlap between system and method claims is a natural occurrence. This is due to the fact that a specific system may be employed to execute the claimed method, or the method might be facilitated by the system. Consequently, applicants frequently include both claim types in a patent application to guarantee comprehensive protection of the invention, making it more challenging for competitors to circumvent the patent. Respondent has lost sight of this aspect.

16. Respondent also finds the claims to be "verbose", "redundant" and "large sized", which have been strongly objected to by the Appellant. As mentioned earlier, it is not the choice of words that troubles the court, but the imprecise and generic methodology employed by Respondent. The lack of any rationale backing the rejection of the patent application makes the decision untenable. The method in Claim 1 is for "decoding an encoded video", which has been characterised using the individual steps of the method and physical features including, but not limited to, "decoder",

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"buffer", which enables the method. Similarly, Claims 2 to 41, including the system claims, define the invention. What exactly is the problem in the language of the above claims, must be identified by the Respondent. The terse conclusion supplied by the Respondent is not sustainable.

17. As regards objection under Section 3(*k*) of the Act is concerned, the impugned order notes that "*The Inventive concept lies in algorithm steps, merely receiving, encoded data* […]". This Court in *Ferid Allani v. Union of India and Ors.*,[2] a decision which was not available at the time of deciding the application, has dealt with the patentability under Section 3(*k*) of the Act. The Respondent, while deciding the patent application afresh must take into account the afore-noted judgment to see whether the claimed invention has a presence of technical effect/ technical contribution.

18. For the foregoing reasons, considering that the term of the subject patent would be ending soon, it is considered appropriate to direct the Appellant's patent application to be re-examined in light of the above observations and settled principles/ practices of patent offices in examining such patent applications. Accordingly, the appeal is allowed, and the following directions are issued:

(i). The impugned order dated 05th March, 2012 is set-aside and the matter is remanded to the Respondent for *de novo* consideration

(ii) The patent application for the subject patent is restored to its original number.

(iii) Prior to deciding the matter afresh, Appellant shall be granted a hearing and the notice of such hearing must clearly delineate the objection(s), if any.

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(iv) The matter would not be decided by the officer who passed the impugned order.

(v) Let the aforesaid exercise be completed and final order/ matter be decided within three months from today keeping in mind the judgment of the Court in *Ferid Allani* (*supra*).

19. Needless to say, Respondent shall proceed uninfluenced by the impugned order. All rights and contentions of parties are left open.

20. With the above directions, the appeal stands disposed.

SANJEEV NARULA, J

MARCH 27, 2023
as
(Corrected and released on: 03rd April, 2023)

[2] W.P.(C) 7/2014 dated 12th December, 2019.

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