
(2009) 05 IPAB CK 0008
In the Intellectual Property Appellate Board
Case No : OA/3/2008/PT/CH

Micro Motion, Inc. A US Corporation	APPELLANT
Vs	
Assistant Controller Of Patents And Desing	RESPONDENT

Date of Decision : 12-05-2009

Acts Referred:

Patents Rules, 2003 — Rule 4(42)(11(b), 28, 28(2), 28A, 74(01)(a)
Patents Act, 1970 — Section 1, 2, 2(1)(j), 8(1), 12, 13, 13(3), 14, 15, 16, 21(1), 77, 80, 117A
Code Of Criminal Procedure, 1973 — Section 378(1)

Citation : (2009) 05 IPAB CK 0008

Hon'ble Judges : Z.S. Negi, J;S. Chandrasekaran, Technical Member

Bench : Division Bench

Advocate : A. Vijay Anand, P.S. Muralidharan,

Final Decision : Disposed Of

Judgement

S. Chandrasekaran, Technical Member

1 . This is an appeal made by M/s Micro Motion Inc.(hereinafter referred to as the appellant) against the order of the respondent dated 22.03.2007

under Section 117A of the Patents Act, 1970 (hereinafter referred to as the Act).

2 . The appellant filed a National Phase Application No. 454/CHENP/2005 on 23.03.2005 in respect of its PCT application No. PCT/US03/26009,

dated 21.08.2003 claiming priority from US application No. 10/261,057, dated 30.09.2002.

3 . The appellant filed a request for examination on 13.07.2005 together with annexure to Form 3 giving the details of respective foreign filing

particulars under Section 8(1) of the Act. The respondent issued the first examination report on 10.03.2006, wherein the main objections were as

follows:

(1) Subject matter of claims 8 to 14 do not constitute an invention under Section 2(1)(j) of the Patents Act 1970 (as amended).

(2) Claims 15 to 21 fall within the scope of Sub-clause (k) of the Patents Acts 1970.

(3) Claims appear to define a plurality of distinct inventions.

(4) Claims as claimed explain only a general state of art without explaining either advantages or characterization clause over prior Article

(5) Claims are not clearly worded.

(6) Claims 2 to 4 do not fall within the scope of the principal claim.

4. The appellant resubmitted the documents on 01.08.2006 by suitably amending the claims and meeting the requirements raised in the examination

report with a request for an opportunity of hearing under Section 14 of the Act, in case the respondent desires to take an adverse decision against the

appellant. The appellant also enclosed a copy of the US Patent as granted. The respondent issued a second examination report on 20.09.2006 raising

the technical objection on inventive step and stating that the invention does not possess any inventive feature. Also a single port can be used to receive

and send frequency signal is well known in the art for example referring to the European patent EP 1182433.

5. The respondent also cited another Euro Patent EP 0357098 which discloses some frequency signal output being received and sent by the signal

code.

6 . For this, the appellant filed a reply immediately on 25.09.2006 giving elaborate observations against the first cited document and stating that the

cited document is only a ""A"" category, thereby making it only a prior art and not particularly relevant to the present invention.

7 . Further the appellant distinguished the features of the invention of the instant application with that of the European Patent cited - EP 0357098. The

appellant also gave detailed explanation regarding other technical objections together with a request for opportunity of being heard under Section 14 of

the Act, in case the respondent intends to take a decision adverse to the interest of the applicants for invention.

8 . The respondent issued a third examination report 20.11.2006 stating that invention cited in the citation is same as the present one and hence the

claims are not allowable under Section 2(1)(j) of the Act. The appellant file a detailed reply giving elaborate observation on 5.2.2007 regarding

EP0357098 and finally ending with a similar request of opportunity of hearing under Section 14 of the Act, in case the respondent desires to take

adverse decision against the appellant.

9. The respondent issued a refusal order under Section 15 of the Act on 22.3.2007. Hence this appeal against the said order of the respondent.

10. The Appeal came up before the Appellate Board on 30.03.2009. Shri A. Vijay Anand appeared for the appellant and Shri P.S. Muralidharan

appeared for the respondent. The counsel for the appellant submitted that the order of the respondent dated 22.03.2007 is contrary to the law, without

appreciating the observations and the evidences produced before the respondent and placed on record and hence the impugned order is liable to be set

aside. The counsel further submitted that the respondent has erred in passing such refusal order without providing any reason for such refusal and also

not providing a fair opportunity to the appellant to present their arguments in an oral hearing, which the appellant is entitled under Section 14 of the

Act, for which the appellant had duly requested for such an opportunity of hearing well in advance in all responses filed by them in earlier 3 occasions.

The counsel further submitted that the respondent had not looked into the merits of the observations and responses given by the appellant to the

technical objections raised

in the 3rd examination report issued by the respondent, wherein the appellant had clearly distinguished the features of the inventions covered in the

said application from the cited European Patent No. EP 0357098. The counsel also argued that the respondent had erred in quoting and deciding that

the claims were not defining any inventive feature but the respondent has wrongly quoted as saying the ""the claims do not possess any inventive

feature as the features claimed therein were all well known in the field of calibration of flow electronics devices."" The counsel finally requested that

the refusal order of the respondent be set aside and the application for patent be allowed on the facts and circumstances mentioned above.

11. The respondent has filed a counter statement on 24.02.2009, which was due on or around June, 2008. From the records it is noticed that there was

a delay of nearly 8 months and the respondent did not comply with the directions

of this Appellate Board and hence the counter statement filed by the respondent is not taken on record and shall not be considered.

12. We have heard the counsels for the appellant and respondent. Let us see the following relevant provisions of PCT and the Act and Rules made there under.

13. Sections 14 and 15 of the Act read as under:

14. Consideration of Report of examiner by Controller. - Where, in respect of an application for a patent, the report of the Examiner received by the

Controller is adverse to the applicant or requires any amendment of the application, the specification or other documents to ensure compliance with the provisions of this Act or of the rules made there under, the Controller, before proceeding to dispose of the application in accordance with the

provisions hereinafter appearing, shall communicate as expeditiously as possible the gist of the objections to the applicant and shall, if so required by

the applicant within the prescribed time, give him an opportunity of being heard.

15. Power of Controller to refuse or require amended applications, etc., in certain cases. - Where the Controller is satisfied that the application or any

specification or any other document filed in pursuance thereof does not comply with the requirements of this Act or of any rules made there under, the

Controller may refuse the application or may require the application, specification or other documents, as the case may be, to be amended to his

satisfaction before he proceeds with the application and refuse the application on failure to do so.

14. Any applicant, who is diligent, would prosecute the application by resubmitting the documents well in advance of the prescribed twelve months

time on him it is to be noted that in the FER issued from the respondent's office there is a direction given to the applicant (appellant here) ""it is in the

interest of the applicant to comply with the requirements at the earliest"". The meaning of this direction is that the appellant should have complied with

all the technical objections within first six months or any other reasonable period and resubmitted the documents with all necessary amendments in the

respondent's office, simultaneously asking for an opportunity of hearing before the Controller well in advance, if he feels necessary or in case the

respondent is likely to take an adverse decision against the applicant so that there would have been sufficient time for hearing and as well as for any

further communication or office action by the respondent's office, for which naturally, the applicant would then have had time to comply with the same. Whereas now it is seen that the applicant (appellant herein) had filed a response within first six months, resubmitting the documents and suitably addressing various office objections and also sought an opportunity of hearing under Section 14 of the Act. There had been repeated office actions and resubmissions from the appellant's side very frequently. Even the last resubmission by the appellant was well before the last date, i.e., nearly more than a month and to be very specific it was 33 days before the last date for putting the application in order for grant of patent. It has been noticed, that the appellant had been making a specific request for an opportunity of hearing under Section 14 of the Act every time. But the respondent unmindful of the request made, only maintained the technical objection, without giving an opportunity of hearing. The respondent is duty bound to offer a hearing, either under Section 14 or otherwise under Section 80 of the Act, in case, he is likely to take an adverse decision against the appellant.

15. Section 80 of the Act reads as below:

80. Exercise of discretionary powers by Controller. - Without prejudice to any provision contained in this Act requiring the Controller to hear any party to the proceedings there under or to give any such party an opportunity to be heard, the Controller shall give to any applicant for a patent, or for amendment of a specification (if within the prescribed time the applicant so requires) an opportunity to be heard before exercising adversely to the applicant any discretion vested in the Controller by or under this Act.

16. The Amendment to the Section 80 has been made in the Patents (Amendment) Act, 2002 as given below:

'Amendment of Section 80. - In Section 80 of the principal Act, the following proviso shall be inserted at the end, namely:

Provided that the party desiring a hearing makes the request for such hearing to the Controller at least ten days in advance of the expiry of the time limit specified in respect of the proceeding.

17. From the above provisions it is very clear that the applicant for the patent when needs a hearing or requires an opportunity of being heard, he has to make a request for the same at least ten days in advance of the expiry time limit so specified in respect of the proceeding. Whereas the appellant

had met this requirement, by making a request always well in advance, without failing in his duty, by resubmitting the amended documents well in

advance and seeking an opportunity of hearing by giving the respondent more than the ten days notice as per the provisions laid down in the proviso to

Section 80 of the Act.

18. Merely meeting the requirements of the technical objections of the respondent's office or complying with the technical requirements of the

respondent's office will not suffice. Meeting the technical requirements is one aspect and the other aspect is meeting the requirements of the rule of

law and these have to be done together. In the second aspect there is a set time limit for asking for the hearing before the Controller which is to be

strictly followed or adhered to. The principle of having time limits and following the same is very essential in every legal system. The philosophy of

having a well controlled time table in any proceedings is based on the necessity to have a clear methodology of action which in itself determines the

rights and obligations of applicants. Rules about time are therefore contained in all legal instruments that deal with the substantial rights of people. Aim

of time limits primarily is to preserving the need for certainty, precision and delineation of rights that may properly and validly be pursued or may be

liable to dismissal. Time periods, are largely contained in civil and criminal procedures, rules and regulations made under any law, including bilateral or

multilateral conventions, are therefore viewed as procedural requirements, but partake also of substantive law, as a right can cease to exist or not

emerge in the legal sense if not processed or followed or exercised within the allotted time period.

19. The Supreme Court in the US discussed the difficulty of separating "substantive" from "procedure" in *Busik v. Levine* 63 N.J. 351 (1973), in the

context of a challenge to the validity of the Rule 4:42-11(b), in the procedure of Patent law grant. The basis for the challenge was that the rule was a

rule of substantive law, beyond the constitutional rule-making power of the Supreme Court. In construing the rule as a valid rule of procedure, the

Hon'ble Court commented: "it is simplistic to assume that all law is divided neatly between 'substance' and 'procedure'. A rule of procedure may have

an impact upon the substantive result and be no less a rule of procedure on that account.

20. Therefore, as the Regulations are unforgiving, patentees must be particularly diligent in ensuring during prosecution of the application, that they comply with the strict requirements of the Regulations in order to avail themselves of the corresponding benefits. The Federal Court of Canada, Trial Division, Syntex (U.S.A.) L.L.C. v. Apotex and Canada (Minister of Health)(2001) decided that ""the Regulations are a complete code with respect to the rights of the patentee to prohibition and that, if a party misses a time period under the Regulations, a party is obliged to commence an ordinary action for patent infringement if it wishes to protect its interests."" Here the idea is to follow the set time limit and adhere to the same, but not miss the same or disregard the same.

21. The judgment of the Division Bench in Hastimal Dalichand Bora and Ors. v. Hiralal Motichand Mutha AIR 954 Bom 243 was authored by Gajendragadkar, J. as his Lordship then was. It was held that ""the Court would have no jurisdiction to consider the contentions raised in such an application when it has been filed beyond time"".

22. As seen from the above case laws, strict compliance of the regulations has been stressed always and in fact the appellant has been diligently prosecuting the application for the patent. But it is the respondent who had not afforded an opportunity of hearing to the appellant. Not only stopping there, the respondent had gone much ahead to issue a one line order as a refusal order under Section 15 of the Act.

23. Once an application for patent is received, the Controller shall refer the matter to the examiner under Section 12 of the Act to do technical examination and submit a report within a prescribed time. The examiner does the search for novelty under the Section 13 of the Act and submits a report to the Controller within a prescribed time. The Controller shall in fact, as expeditiously as possible, communicate a gist of the technical objections to the applicant, which is called the First examination report giving the applicant a time period of twelve months to comply with the requirements and resubmit the same in time in order for grant of patent. But it is also to be noted that as per Section 13(3) of the Act which reads as under:

13(3): Where a complete specification is amended under the provisions of this Act before the grant of a patent, the amended specification shall be

examined and investigated in like manner as the original specification.

24. Hence the Controller of patents being the custodian of patent rights, according to law, shall always examine the patent application in totality, when the applicant has resubmitted the documents with exhaustive observations, the Controller shall always consider those observations fully and take a decision either to refuse or grant a patent. In fact the clear procedure that ought to have been followed in case of anticipation by prior publication by the Controller when the applicant has given his observations with a view not to amend the specification, but contests those citations by his observations, is given under Rule 28 of the Patents Rules, 2003 (hereinafter referred to as the Rules), more particularly under the proviso to the Sub-rule (2) thereof, which reads as below:

28. Procedure in case of anticipation by prior publication. - (1) If the Controller is satisfied after investigation under Section 13 that the invention so far as claimed in any claim of the complete specification has been published in any specification or other document referred to in Clause (a) of Sub-section (1) or Sub-section (2) of the said section, the Controller shall communicate the gist of specific objections and the basis thereof to the applicant and the applicant shall be afforded an opportunity to amend his specification.

(2) If the applicant contests any of the objections communicated to him by the Controller under Sub-rule (1), or if he refiles his specification along with his observations as to whether or not the specifications is to be amended, he shall be given an opportunity to be heard in the matter if he so requests:

Provided that such request shall be made on a date earlier than ten days of the final date of the period specified under Sub-section (1) of Section 21:

Provided further that a request for hearing may be allowed to be filed within such shorter period as the Controller may deem fit in the circumstances

of the case.

In fact the next Rule 28A, is very clear, in case the applicant contests any of the objections communicated to him, what procedure is to be followed as

seen below:

28A. Procedure in relation to consideration of report of examiner under Section 14. - In case the applicant contest any of the objections communicated to him, the procedure specified under Rule 28 may apply.

25. From the above it is very clear, that the applicant has to ask for an opportunity of hearing at least ten days prior to the date of expiry period, which the appellant had complied with it, but it is also very specifically given in the proviso that the Controller may not insist on this ten days period and he may allow the applicant's request on much a shorter period, as the Controller may deem fit in the circumstances of the case. Naturally when the applicant has given exhaustive observations for the citations made in the FER or in the subsequent examination reports by the Controller, the applicant would have some more information to meet the further citations or objections, if and when made by the respondent, had he given time to the appellant to put forth his observations in a hearing before him, even on the last day by virtue of the said proviso or even after last date. Whereas the Controller had not given any opportunity at all to the applicant and to crown the whole act of refusal, applicant's request had been turned down summarily in an affirmative manner, with a one line order to treat it as refusal order under Section 15 of the Act, without mentioning any reasons there for such refusal. This very act of refusal of opportunity of hearing by the Controller, when he is likely to take an adverse action against the applicant is totally violative of the law of natural justice. The action of the Controller could have been tolerated, if only, he has stopped the whole refusal order with giving the reasons in a detailed manner, but he had proceeded to issue a one line order as refusal order without adducing any reasons there for, for which the applicant (the appellant herein) had to seek remedy elsewhere, on an appeal before appropriate forum, to defend his case for a patent grant, but the proceedings there, concluded with a finality of saying by the Controller "the application for patent is hereby refused under Section 15 of the Patents Act, 1970 as the applicant has failed to fulfil the requirements of the Patents Act, 1970. The Controller's action, who is vested with power of granting patent under the law, is totally ultra vires of the provision of law of natural justice on two counts, viz., first, the Controller had not provided him an opportunity of hearing when he had every time well, within the time, asked specifically for the same, second, issuing a one line order without giving any reasons, summarily rejecting the request for an opportunity of hearing in an affirmative manner, but placing it on record that due to the applicant's non-compliance of the requirements of the Act, the application for patent is refused under Section 15 of the Act. The correct procedure should have

been that the Controller must have offered or provided an opportunity of hearing to the applicant, as per the second proviso to the Rule 28(2) of the Patents Rules, immediately or on the last day or even later and on completion of the hearing, if he is convinced with the observations of the applicant grant the patent straight away. Otherwise he is bound to give directions to the applicant to amend the specification to his satisfaction or else refuse to proceed with the application, thereby issuing a refusal order in the form of decision given by the Controller, that he has considered the observations that the applicant may make in the hearing, but they do not appear to comply with technical requirements, and also giving therein the valid and clear reasons and case laws if any, as to how those observations of the applicant do not meet the office technical requirements. Here again the Controller had gone to the extent of not offering an opportunity of hearing to the applicant, but straight away refusing the case and issuing an order purported to be a refusal order under Section 15 of the Act. This refusal order is not even signed by the Controller, but by the Examiner of Patents, who is not authorized under law to conduct a hearing and issue an order in consequence thereof. Further, this order is in the form of a letter of communication and this order purported to be a refusal order, has not even been signed by Controller of Patents, who is authorized under the law to hold any hearing and issue any orders having the powers of a civil court as per Section 77 of the Act. Whereas, the Examiner of Patents is not vested with such powers but he is only empowered to do the technical examination of the patent application, under Section 12 of the Act, but not to usurp the functions of the Controller, unless authorized under the law.

26. ""Hearing"" means in legal parlance ""a proceeding (usually by a court) where evidence is taken for the purpose of determining an issue of fact and reaching a decision based on that evidence"". In the administrative law context, a hearing is usually a proceeding before an administrative hearing officer or authority representing the department, vested with such an administrative function that has the power to regulate a particular field or oversee a governmental benefit program. For example, the Federal Aviation Board (FAB) has the authority to hold hearings on airline safety, and a state Worker's Compensation Appeals Board has the power to rule on the appeals of people whose applications for benefits have been denied.

Similarly the Controller of Patents, who is administering the Patent law is the authority vested with the power to regulate the procedure regarding the

granting of Patent monopoly right to the inventor or his assignee who is the applicant for the patent. Therefore the ""hearing officer"" means

undoubtedly the Controller of Patents, designated under the Patent law to conduct a hearing within the guidelines provided under the statute viz., the patent law.

27. The hearing officer shall have authority to take all measures necessary for the maintenance of order and for the efficient, fair and impartial

consideration of issues arising in hearings governed by the guidelines given in the statute including, but not limited to:

1. Conducting hearings under the guidelines;

2 . Taking, admitting or excluding evidence, examining witnesses and allowing post hearing submissions;

3 . Making such orders as may be necessary to preserve decorum and to protect the orderly hearing process.

2 8 . An order can be as simple as setting a date for trial or as complex as restructuring contractual relationships between many contestants in a multi-

jurisdictional dispute or between the applicant and the department. It may be a final order, or an interim order (one during the action). Most orders are

written, and are signed by the judge or the hearing officer. The content and provisions of an order depend on the type of proceeding, the phase of the

proceedings in which they are issued, and the procedural and evidentiary rules that govern the proceedings.

2 9 . Generally ""order"" is a direction or command delivered by a court or other adjudicative body and entered into the record but not necessarily

included in the final judgment or verdict.

30. But an ""order"" of a court or quasi-judicial tribunal which leaves nothing further to be determined or accomplished in that forum except execution of

the judgment and from which an appeal will lie, shall have to be in writing and signed by the judge, who adjudicated the matter. So the orders which

are not in writing or which are not signed by the judge or the adjudicating authority is void. We shall see a few of the leading decisions in this respect.

3 1 . Supreme Court of the State of Missouri in *Marc Perkel, Relator, v. The Honorable Phillip R. Garrison Chief Judge, and other court staff,*

Southern District Court of Appeals, Respondents) --Case No. : SC82182, held, referring to the famous 1998 case of Slay v. Slay 965 S.W.2d at 845:

Article V, Section 1 of the state constitution vests the judicial power of this state in this Court, the court of appeals, and the circuit courts. These

courts are composed of judges. Mo. Const. Article V, Sections 2, 13, 15, and 16. Although the documents filed in these cases are denominated

judgment,"" they are not signed by a judge. Because the documents are not signed by a person selected for office in accordance with and authorized

to exercise judicial power by Article V of the state constitution, no final appealable judgment has been entered, and this Court is without jurisdiction.

The Missouri Supreme Court has clearly upheld the Missouri Constitution and the plain language of the Rules deciding that orders not signed by a

judge are void. In Slay, the court voided the orders of commissioners who are a lot closer to being judges than the Clerk of the Court is. The Clerk has

only administrative powers and in no way has any judicial powers. The research attorneys don't have judicial power either.

32. The case of Leonard O. Larue v. Janette Lohman Case # 71802 establishes a bright line test on the validity of orders and judgments. That bright

line test is that the judgment or order must be IN WRITING and SIGNED BY THE JUDGE. In this case it was held:

The Missouri Supreme Court recently explained in City of St. Louis v. Hughes 950 S.W.2d 850 (Mo. banc 1997), that Rule 74.01(a) defines what

constitutes a judgment. The rule, which was amended in 1995, states ""[a] judgment is entered when a writing signed by the judge and denominated

'judgment' is filed. The judgment may be a separate document or included on the docket sheet of the case."" Rule 74.01(a). In Hughes, the Supreme

Court explained that the new Rule 74.01(a) clarifies what constitutes a judgment by establishing a ""bright line"" test. Thus, the written judgment must be

signed by the judge and must be designated a ""judgment,"" although the designation ""judgment"" may appear at the top of the writing, within the body of the writing, or in the entry on the docket sheet.

33. In Cudahy Packing Co. of Louisiana v. Holland 315 U.S. 357, 365, 788, 62 S.Ct. 651, 655, 86 L.Ed. 895 the Supreme Court, in discussing the

question of delegation of the subpoena power by various agencies, including the National Labor Relations Board, states: ""It appears that none of the

agencies administering these acts, has construed the authority of its head to include the power to delegate the signing and issuance of subpoenas.

34 . Supreme Court of Nebraska held in *Bohling v. State Board of Public Accountancy* 243 Neb. 666 : 501 N.W.2d 714 (1993) held that the general

rule is that statutorily authorized officers may not delegate their quasi-judicial or discretionary powers to their subordinates: In general, administrative

officers and bodies cannot alienate, surrender, or abridge their powers and duties, and they cannot legally confer on their employees or others authority

and functions which under the law may be exercised only by them or by other officers or tribunals. Accordingly, in the absence of permissive

constitutional or statutory provisions, administrative officers and agencies cannot delegate to a subordinate or another powers and functions which are

discretionary or quasi judicial in character, or which require the exercise of judgment; and subordinate officials have no power with respect to such

duties. On the other hand, the general rule is that mere ministerial functions only may be delegated.

Here under the Patent law, the Controller of Patents is alone the hearing officer and he is the quasi-judicial authority vested with the powers of civil

court to adjudicate a patent matter, cannot delegate his power of signing the order which is appealable under Law, is duty bound to sign and issue the

order to the contestants seeking the remedy. Therefore the impugned order cannot be even considered as an order of refusal under Section 15 of the

Act. However in the interest of natural justice, we have considered it as a refusal order and proceeded further with the matter.

35. Now, it will be useful to briefly discuss the dominance of the principle in decision making in matters adversely affecting the interests of others. The

Latin root of the word "decision" means "to cut off from all alternatives". Decision making is a process of first diverging to explore the possibilities and

then converging on a solution(s). So decision making process is the process of sufficiently reducing uncertainty and doubt, about alternatives to allow a

reasonable choice to be made from among them. Every decision is made within a decision environment, which is defined as the collection of

information, alternatives, values, and preferences available at the time of the decision. It is important to realize that every decision one makes affect

the decision stream and the collections of alternatives available to the decision maker both immediately and in the future. In other words, decisions

have far reaching consequences.

36 . Like the principles of natural justice are known in the jurisprudence of administrative law as the fundamental rules of justice, there is one more

principle that has slowly taken root as a part of natural justice. This is the principle that every decision must contain reasons for the decision. Reasons

may be elaborate or may be brief. But these are only a beginning to be considered necessary to ensure fair decision making. There are many grounds

for requiring reasons. In the first place, it ensures application of mind by the decision maker to the material before them which will be reflected in the

reasons given. A non-speaking order does not do this. That is why under the new Arbitration and Conciliation Act, it is now mandatory for Arbitrators

to give reasons. Secondly, the exercise of giving reasons prevents prejudices from creeping into the decision making process. The decision maker is

forced to examine the material and apply appropriate principles to the decision. It also makes it easy for the Appellate Body if there is one, or the

Court exercising writ jurisdiction to ascertain the reasons which prompted the decision impugned before it. There is, therefore, an increasing tendency

to insist on reasons for administrative and quasi-judicial decisions. The soul of a judgment or decision making process in litigation is normally, the listing

of the reasons for arriving at the findings. These are also called 'the opinion' of an adjudicating authority or a Judge. There is no rigid rule, as to how a

finding may be listed or recorded. The authority, shall however, give his reasons while arriving at the decision. It is not sufficient to say that he

believes the evidence or agrees with the argument. The authority must give his reasons for such belief and agreement while making the decision. The

logical reasoning, however, must follow in reaching to a conclusion. The operative portion of the order should as far as possible self- executing and

self-contained and not arbitrary, by making it as speaking order. The necessary ingredient in all such orders is recording of the *raison d'etre* for the

order/decision. The recording of reasons is essential. The reasons must deal with the facts and the evidence at least in some summary manner. There

must be some indication in the order that the matter was considered in the proper perspective and the decision was so rendered in this case the first

authority is the Controller of Patents and he shall adjudicate the matter in such a way, that, it is not only a question of law and its interpretation, which

is required to be considered but also applied in a judicious manner and if he makes any citations against novelty or inventive step, by way of

anticipation due to prior publications, then he shall communicate the same and record that they have been communicated to the applicant and his

(applicant) observations recorded in his order. Provisions have been made very clearly in Section 15 of the Act, vide supra vesting full powers to the

respondent to refuse or to direct the applicants to amend the specification while granting a patent, as the case may be, to be amended to his

satisfaction before he proceeds with the application or refuse the application on failure to do so. Particularly, when the patent application is refused

and an order is issued in that respect he shall always give a reasoned order setting out the reasons upon which the application for patent has been

refused. As already observed the reasons for refusal of grant of patent should be clear, explicit and not vague.

37 . Let us see some of the famous reported cases and decisions of the Hon'ble Supreme Court and the High Courts in this matter of recording the

reasons in the order or decision.

The Hon'ble Supreme Court in *Union of India and Ors. v. Jaiprakash Singh and Anr.* MANU/SC/1165/2007 held, that "the right to reason is an

indispensable part in any adjudication and spelling out the reasons in any order is a basic requirement". In the said case, Supreme Court has held that

the adjudicating authority should, while issuing an order set forth the reasons, however so brief, indicating the application of the mind and all the more

when that order is amenable to further avenues of challenge for any redressal to the parties.

38. In *Porter v. S.C. Public Serv. Comm.*'s 333 S.C. 12, 21 : 507 S.E.2d 328, 332 (1998), it was held, that "it will not accept an administrative agency's

decision at face value without requiring the agency to explain its reasoning" and that "an administrative body must make findings which are sufficiently

detailed to enable the tribunal to determine whether the findings are supported by the evidence and whether the law has been applied properly to those

findings. Under this standard, an administrative decision is unacceptable if it states the outcome without adequately and correctly explaining the

reasoning that leads to the outcome.

39 . The Apex Court in *Karnataka State Road Transport Corporation v.*

Asmathunnisa (Smt.) and Ors. MANU/SC/2432/2000 considered the submission that the court did not consider all the relevant points and has not come to a reasoned conclusion for agreeing with the conclusion drawn by the trial court. The court pointed out that the appeal was not disposed of in accordance with law and without expressing any opinion on the merits of the controversy between the parties and the appeal was remanded.

The Apex Court in the case of Satya Pal and Ors. v. Tek Ram and Ors. In Civil Appeal No. 1493/2004 decided on March 8, 2004 pointed out as under:

We are of the view that the manner of disposal given by the Division Bench could hardly be said to be a judicious or judicial disposal of the matter as is expected of a first appellate court. Though the appellate court while passing an order in affirmance need not give detailed and elaborate reasons, there should be sufficient indication of proper application of mind before court. To see that the impugned order is a well reasoned order and does not call for interference is no sufficient indication of application of mind.

40 . In the High Court of Delhi at New Delhi, LPA No. 1120 of 2004, Mohammad Abullas @ Abdul and Anr. v. Mussadi Lal and Ors., HON'BLE

MR JUSTICE Sanjay Kishan Kaul and B.C. Patel, C.J. held, that

in the absence of any reasons recorded by the first appellate court it is not possible to consider this appeal on merits unless the first appellate court

itself examines merits of the judgment of the Tribunal and records reasons for accepting or rejecting the first appeal. On this short ground alone the

appeal is required to be allowed and the matter is required to be remanded before the learned single Judge for hearing in accordance with law.

41. In State Represented by Tahsildar Cum Sales Officer v. M. Janakiranman and Anr. Criminal Appeal No. 557-558 of 2002 decided on February 9,

2009, the appeal was filed against the acquittal order by the single judge of the Madras High Court in an Excise case. The apex court, while remitting

the matter to the High Court for fresh consideration, criticized the high court for not giving a reasoned order. The Court observed that "the High Court

has even not indicated as to how the conclusions of the trial court were without any basis or not sustainable.

42. The Supreme Court in State of U.P. v. Manoj Kumar Pandey Cr. App. No. 1068 of 2001 opined that appeal should not be disposed of in cryptic

manner. The case was sent back to the High Court for 'fresh hearing so that it can consider the matter and hear in detail and dispose of the same by a reasoned judgment.'

43. In the case of State of Himachal Pradesh v. Shish Ram. Cr. App. No. 1091 of 2008 decided on July 15, 2008 the High Court order read as ""Be registered, Heard. Dismissed"". The Apex court castigating the High Court observed thus:

The High Court has not given any reasons for refusing to grant leave to file appeal against acquittal and seems to have been completely oblivious to

the fact that by such refusal, a close scrutiny of the order of acquittal by the appellate forum has been lost once and for all. The manner in which

appeal against acquittal has been dealt with by the High Court leaves much to be desired.

44 . I n State of Rajasthan v. Rohitas and Ors. Cr. Appeal No. 361 of 2008, decided on February 22, 2008, the Apex Court held,

The absence of reasons will render any judicial order not sustainable. Every order must set forth its reasons, however brief it is, indicating an

application of mind to the matter before the court."" By setting aside the High Court's non-speaking order refusing to grant leave to prefer an appeal in

terms of Section 378(1) Cr.P.C., the Apex Court reiterated that ""failure to give reasons amounts to denial of justice and right to reason is an

indispensable part of a sound judicial system.

45. In B. Vishwanath v. State of Karnataka Criminal Appeal No. 306 of 2008 the Supreme Court has had an occasion to come across with a

judgment of the Karnataka High Court in which there was no indication as to whether the appeal was dismissed or allowed. The Supreme Court noted

thus:

It needs no emphasis that the Appellate Court exercising appellate powers has not only to consider various points but objectively and critically analyse

the evidence. That has not been done in the present case.

It was only after the appellant's getting the appeal listed under the heading ""For being spoken to"" that the single judge noted that the conviction and

sentence was confirmed and appeal dismissed.

46. The Supreme Court remitted the case to the High Court for fresh consideration. Setting aside an order stating only 'dismissed', passed by the

Himachal Pradesh High Court, in *State of Himachal Pradesh v. Paras Ram and Ors.* Criminal Appeal No. 1 of 2008, decided on January 3, 2008, the

Supreme Court reemphasized the need for giving reasons in the judgment thus:

Reasons substitute subjectivity by objectivity. The emphasis on recording reasons is that if the decision reveals the "inscrutable face of the sphinx", it

can, by its silence, render it virtually impossible for the Courts to perform their appellate function or excise the power of judicial review in adjudging

the validity of the decision. Right to reason is an indispensable part of sound judicial system, reasons at least sufficient to indicate an application of

mind to the matter before court. Another rationale is that the affected party can know why the decision has gone against him. One of the salutary

requirements of natural justice is spelling out reasons for the order made, in other words, a speaking out. The "inscrutable fact of a sphinx" is ordinarily

incongruous with a judicial or quasi-judicial performance.

47. The Supreme Court in *State of Haryana v. Ram Pal* Cr. App. 234 of 2005 reiterated the need for adducing reasons for decisions. Granting leave

to appeal against an acquittal, the Supreme Court said:

Right to reason is an indispensable part of a sound judicial system; reasons at least sufficient to indicate an application of mind to the matter before

Court. Another rationale is that the affected party can know why the decision has gone against him. One of the salutary requirements of natural

justice is spelling out reasons for the order made; in other words, a speaking out. The inscrutable face of a sphinx is ordinarily incongruous with a

judicial or quasi-judicial performance.

48. In the case of *Alexander Machinery (Dudely) Ltd. v. Crabtree* 1974 LCR 120, it was held that,

Reasons are live links between the mind of the decision taker to the controversy in question and the decision or conclusion arrived at.

49. Therefore, it is very clear the aggrieved party can come to know why a refusal of his patent case has taken place. Whereas in the case on hand,

the refusal order, as contended by the appellants here is a one line refusal order, but not giving any reasons for the refusal. The refusal order shall

always be clear, explicit and should show that the learned Controller of Patents has applied his mind, considered the observations of the applicant and

discuss or analyse the same while refusing to proceed with the application.

Hence we are not satisfied with the procedure followed and find that the refusal order is not sustainable.

50 . As regards the next issue of opportunity of hearing before the Controller of Patents, the learned Counsel for the appellants has also made a

request before us that they have not been given a chance and an opportunity of being heard in the matter, to amend, if necessary, for the grant of

patent on their application. The respondent had also not given the appellant an opportunity of being heard in the matter and the whole proceedings

ended with finality, straight away the respondent refusing the case and issuing an order purported to be a refusal order under Section 15 of the Act.

51. Now, it will be useful to briefly discuss the dominance of the principle in decision making in matters adversely affecting the interests of others. The

principles of natural justice are known in the jurisprudence of administrative law as the fundamental rules of justice.

52. Two fundamental maxims of natural justice are (i) audi alteram partem and (ii) nemo judex in re sua. For the purpose of the present appeal we are

primarily concerned with the concept of audi alteram partem. It is a Latin phrase meaning that a decision has to be given in the case of any person

only after he is heard. Impliedly, any decision proposed to be taken which is adverse to a party should be taken only after giving a hearing prior to

taking of such a decision. Therefore natural justice demands that a person who is likely to be directly affected by an administrative action be given

prior notice of what is proposed so as to enable him to make proper representation to defend his cause. The aim of the rules of natural justice is to

secure justice. Soul of the rule is fair play in action. The message of the doctrine is that no one should be condemned without being heard. This

principle is not of recent origin. It was well recognized even in the ancient world. Seneca, the philosopher, is said to have referred in Medea that it is

unjust to reach decision without a full hearing. The concept has been evolved to uphold the rule of law. The rule was stated in the following words by

Lord Denning M R in Schmidt v. Secretary of State for Home Affairs (1969) 2 Ch.D 149 that ""where a public officer has power to deprive a person

of his liberty or his property, the general principle is that it has not to be done without his being given an opportunity of being heard and of making

representations on his own behalf"".

5 3 . In 109 F.3d 365 United States of America, (Plaintiff-Appellee,) v. Armando Beltran, Defendant-Appellant. No. 96-1271. United States Court of

Appeals, Seventh Circuit, it was held by the circuit judges that, "'A defendant is entitled to advance notice of the evidence upon which the court intends

to base its sentence where that evidence is disputed.

In U.S.S.G. Â§ 6A1.3(a) & (b); United States v. Cantero 995 F.2d 1407, 1412, 1413 (7th Cir.1993), it was also held by a dissenting judge "'When a

reasonable dispute exists about any factor important to the sentencing determination, the court must ensure that the parties have an adequate

opportunity to present relevant information.'" Therefore from these case laws, it is undoubtedly clear that the respondent had the absolute necessity to

give an opportunity to the appellant, to present his views and observations.

54. Perusing some of the famous reported cases on principles of natural justice, we notice in the case of Ross v. Medical University of South

Carolina³²⁸ S.C. 51, 68 : 492 S.E.2d 62, 71 (1997), the South Carolina Supreme Court held that, "'law requires an administrative agency or authority to

provide notice and an opportunity to be heard, but does not require notice and an opportunity to be heard at each level of the administrative process. It

mandates notice and opportunity to be heard at some point before the agency makes its final decision.

55. An authority is required to act judicially whenever its actions are likely to result in any disadvantage to a person. "'Disadvantage"' as the Supreme

Court stated in Bhagwan v. Ramchand MANU/SC/0320/1965 "'may result from taking away of a right or a privilege or adverse effect on an interest'".

If it appears that an authority or a body has been given power to determine questions affecting the right of citizens, the very nature of power would

inevitably impose a limitation that the power should be exercised in conformity with the principles of natural justice.

5 6 . T h e Andhra Pradesh High Court in Berulal Tiwari v. CIT MANU/AP/0037/1988 held that "'We would express our disapproval of the way in

which ITOs' drag on the assessment proceedings till almost the last minute and rush through the entire process of assessment when the limitation was

about to set in without giving adequate opportunities to the assessee. The CIT, exercising administrative jurisdiction over these officers, should keep a

close watch on the proceedings and should discourage any attempt on the part of

the tax officers in dragging on the duty to act fairly, which lies on all quasi-judicial authorities and this duty has been extended also to the authorities holding administrative enquiries involving civil consequences of affecting rights of parties.

57. A quasi-judicial or administrative decision rendered or an order made in violation of the rule of Audi Alteram Partem is null and void and the order made in such a case can be struck down as invalid on that score alone—Gangadharan Pillai v. Asstt. CED MANU/KE/0068/1978. In other words, the order, which infringes the fundamental principles, passed in violation of Audi Alteram Partem rule, is a nullity. When a Competent Court of authority holds such an order as invalid or sets it aside, the impugned order becomes null and void—Nawabkhan Abbaskhan v. State of Gujarat MANU/SC/0068/1974.

58 . In case of State of Kerala v. K.T. Shaduli Grocery Dealers, Etc. MANU/SC/0303/197, the Hon'ble Supreme Court followed the provision of law laid down in case of Dhakeshwari Cotton Mills Ltd. and Suresh Koshy George and quashed the assessments which were found to be in violation of principle of natural justice.

59. The principles of natural justice have been elevated to the status of fundamental rights guaranteed in the Constitution as is evident from the decision of the full Bench of the Supreme Court in the case of Union of India v. Tulsiram Patel MANU/SC/0373/198, holding that the principles of natural justice have thus come to be recognized as being a part of the guarantee contained in Article 14 of the Constitution because of the new and dynamic interpretation given by the Supreme Court to the concept of equality and that violation of principles of natural justice.

60 . Natural justice is a great humanizing principle intended to invest law with fairness and to secure justice and over the years it has grown into a widely pervasive rule affecting large areas of administrative action. Supreme Court of India had even gone to the extent of treating cases on the principles of natural justice as a part of Article 14 of the Constitution.

61. In Maneka Gandhi v. Union of India MANU/SC/0133/197 it was held that Audi Alteram Partem is a highly effective rule devised by the Courts to ensure that a statutory authority arrives at a just decision and it is calculated to act as a healthy check on the misuse of power. Hence its reach

should not be narrowed and its applicability circumscribed. Earlier it was generally believed that the rules of natural justice apply only to judicial or quasi-judicial proceeding.

62. In *State of Orissa v. Dr. (Miss) Binapani Dei* MANU/SC/0332/1967 the reach of the rule was clarified by the Supreme Court by holding that even an administrative order or decision in matters involving civil consequences has to be made consistently with the rules of natural justice.

63. In *A.K. Kraipak v. Union of India* MANU/SC/0427/1969 the Supreme Court further clarified the position in the following words:

If the purpose of these rules of natural justice is to prevent miscarriage of justice one fails to see why those rules should be made inapplicable to administrative inquiries. Often times it is not easy to draw the line that demarcates administrative inquiries from quasi-judicial enquiries.... Arriving at a just decision is the aim of both quasi judicial enquiries as well as administrative enquiries. An unjust decision in an administrative enquiry may have far reaching effect than a decision in a quasi judicial enquiry.

64. Supreme Court in *D.K. Yadav v. JMA Industrial Ltd* MANU/SC/0529/1993 had observed that "it is fundamental rule of law that no decision must be taken which will affect the right of any person without first being informed of the case and giving him/her an opportunity of putting forward his/her case. An order involving consequences must be made consistently with the rules of natural justice".

65. In *Mohinder Singh v. Chief Election Commissioner* MANU/SC/0209/1977 the Constitution Bench held that 'civil consequences' covers infraction of not merely property or personal right but of civil liberties, material deprivations and non-pecuniary damages. In its comprehensive connotation everything that affects a citizen in his civil life inflicts a civil consequence.... In *State of Orissa v. Miss Binapani Dei* MANU/SC/0332/1967 the Court held that "even an administrative order which involves civil consequences must be made consistently with the rules of natural justice. The person concerned must be informed of the case and must be given a fair opportunity to meet the case before an adverse decision is taken".

66. In *Nava Bharat Ferro Alloys Ltd. v. A.P. Electricity Regulatory Commission* 2007 APTEL 622, it was held that an adverse decision against a person, who has not been provided a hearing, would be violative of the principle

of natural justice. In this regard, it was observed as follows: ""It is well-settled that an affected party must have its say before an adverse order is passed against it. Every order or decision affecting the interests of a party should be taken only after providing him with an opportunity of hearing. A person must know what case he has to meet and he must have an effective opportunity of meeting the same. Principles of natural justice are implicit in the statute even when they are not incorporated specifically therein. In case, no hearing is given to a person by a judicial, quasi-judicial or an Administrative Authority before making an adverse decision against his rights/interests, it would be violative of the principles of natural justice"".

67. In *McManama v. Plunk* 250 Va. 27, 34 : 458 S.E.2d 759, 763 (1995) it was held that ""Procedural due process guarantees that a person shall have reasonable notice and opportunity to be heard before any binding order can be made affecting the person's rights to liberty or property.

68. In the case of *Klimko v. Virginia Employment Comm'n* 216 Va. 750, 757 : 222 S.E.2d 559, 565 (1976) it was held that, to satisfy procedural due process, it is sufficient to provide an opportunity for a hearing and a judicial determination shall be taken.

69 . Lord Mustill, with the agreement of all other members of the House of Lords, spoke in similar vein in *Re D (Minors) (Adoption Reports:*

Confidentiality) [1996] AC 593, 603-604, when he described ""fairness & Justice"" as a first principle of fairness that each party to a judicial process

shall have an opportunity to answer by evidence and argument any adverse material which the tribunal may take into account when forming its

opinion. This principle is lame if the party does not know the substance of what is said against him (or her) for what he does not know he cannot

answer.

70. Otherwise too it is very well cast on the learned Controller as an administering authority of the Patent Law, to have offered an opportunity of

hearing to the appellant before taking any adverse decision on this application. In the present case, admittedly no notice for an opportunity of hearing

was given to the Appellant providing him a reasonable opportunity to defend his case though the appellant had repeatedly requested for it very

specifically. Not only that an opportunity of hearing was not given to the Appellant, the respondent has directly issued the impugned order without

assigning any reasons therefor, and so indirectly refusing to grant the opportunity of hearing to the appellant under Section 14 or 80 of the Act. The impugned order under consideration has been undisputedly made without affording an opportunity of being heard to the Appellant, and that order does affect the Appellant adversely. It appears to us very clearly that the impugned order is unreasonable in the sense that it is manifestly arbitrary and as such unsustainable. In the light of the above, we are of the view that the impugned order need be set aside. Accordingly, we do so and we are of the view that this application for patent be remanded back to the Patent Office for de novo consideration by the respondent, in accordance with the law, and also with a specific direction that the respondent shall afford an opportunity of hearing to the appellant as per the provisions of law, consider any amendments if and when the applicants may seek in line with the application and patent granted in US PTO & EPO and then decide the matter in accordance with law. The appeal is disposed of on the above terms. However, there shall be no order as to costs.