

Part 3 – Foreign Filing Restrictions and Licenses in India

Article By:

Lisa L. Mueller

This is part 3 in our series examining foreign filing restrictions and licenses in the U.S. and in a number of countries throughout the world. To view part 1, foreign filing restrictions and licenses in the U.S., click [here](#). To view part 2, foreign filing restrictions and licenses in the China, click [here](#).

Foreign filing licenses in India

There are a myriad of reasons an Applicant (such as an entity or individual) may wish to obtain a foreign filing license to file a patent application abroad first rather than directly in India. These include:

- A desire to cater to foreign markets outside of India;
- The subject matter of patent application has no or low market potential in India;
- The subject matter of patent application is considered to be non-patentable subject matter in India; and/or
- There are research and development teams across countries are working together

Obtaining a foreign filing license in India provides an Applicant with the requisite permission to file a patent application outside of India. The specifics involved in this process are discussed in more detail herein.

The Indian Patent Office rules are unique in that the requirement for obtaining a foreign filing license is not necessarily based on the place of invention, but the resident status of the inventor. What constitutes “resident” status in India is also discussed in more detail herein.

If a person is considered to be resident in India, then a foreign filing license is needed if a patent application is to be filed directly in a foreign country less than 6 weeks from filing the application in India or without a first, direct filing in India. Examples of specific cases requiring a foreign filing license include:

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- Filing a patent application directly in a foreign country, without first filing in India;
 - Filing an international patent application under the Patent Cooperation Treaty (PCT) in a country other than India, without first filing in India;
 - Filing a patent application directly in a foreign country, less than 6 weeks from filing in India; and/or
 - Filing a patent application under the PCT in a foreign country other than India, less than 6 weeks from filing in India.

What are the Indian Foreign Filing Restrictions?

Similar to other countries, the procedure for obtaining a foreign filing license in India is designed with the intention of allowing the Indian government to monitor inventions, especially the inventions that relate to defense/atomic energy and those that are relevant to national interests.

The Indian Patent Office is administered by the Office of the Controller General of Patents, Designs and Trade Marks (CGPDTM) and it administers the Indian patent law. The Indian Patent Act (IPA) of 1970 consolidates the law relating to patents in India. The foreign filing license requirement is detailed in Section 39 of the IPA, as reproduced below.

39. Residents not to apply for patents outside India without prior permission.

- 1. No person resident in India shall, except under the authority of a written permit sought in the manner prescribed and granted by or on behalf of the Controller, make or cause to be made any application outside India for the grant of a patent for an invention unless—
 - a.) an application for a patent for the same invention has been made in India, not less than six weeks before the application outside India; and*
 - b.) either no direction has been given under sub-section (1) of section 35 in relation to the application in India, or all such directions have been revoked.**
- 2. The Controller shall dispose of every such application within such period as may be prescribed: Provided that if the invention is relevant for defense purpose or atomic energy, the Controller shall not grant permit without the prior consent of the Central Government.*
- 3. This section shall not apply in relation to an invention for which an application for protection has first been filed in a country outside India by a person resident outside India.*

35. Secrecy directions relating to inventions relevant for defense purposes.

- 1. Where, in respect of an application made before or after the commencement of this Act for a patent, it appears to the Controller that the invention is one of a class notified to him by the Central Government as relevant for defense purposes, or, where otherwise the invention appears to him to be so relevant, he may give directions for prohibiting or restricting the publication of information with respect to the invention or the communication of such information.*
- 2.*

*Where the Controller gives any such directions as are referred to in subsection (1), he shall give notice of the application and of the directions to the Central Government, and the Central Government shall, upon receipt of such notice, consider whether the publication of the invention would be prejudicial to the defense of India, and if upon such consideration, it appears to it that the publication of the invention would not so prejudice, give notice to the Controller to that effect, who shall thereupon revoke the directions and notify the applicant accordingly.*³.

Without prejudice to the provisions contained in sub-section (1), where the Central Government is of opinion that an invention in respect of which the Controller has not given any directions under sub-section (1), is relevant for defense purposes, it may at any time before grant of patent notify the Controller to that effect, and thereupon the provisions of that sub-section shall apply as if the invention were one of the class notified by the Central Government, and accordingly the Controller shall give notice to the Central Government of the directions issued by him.

Therefore, a foreign filing license is required if an Indian resident (either an Applicant, an inventor, or one inventor out of several inventors) wishes to file a patent application directly in a foreign country without first filing an application in India. However, if a patent application is filed in India, a foreign filing license is not needed if 6 weeks have passed since the Indian filing date.

In order to obtain a foreign filing license, permission is needed from the Controller (Controller General of Patents, Designs, and Trade Marks).

In order to request a foreign filing license from the Indian Patent Office, an Applicant must provide the following:

- “[Form 25](#)” titled *Application for permission for making a Patent Application outside India*;
- The requisite fee;
- A brief description of the invention covering the underlying inventive concept known to the Applicant at the time of making a request for the foreign filing license (the title of the invention and any related drawings should also be included as well);
- The name(s), address(es), and nationalit(y/ies) of the inventor(s)/applicant(s) considered to be resident of India;
- Names of co-inventors who are not residents of India;
- A Power of Attorney from any inventor(s)/applicant(s) who is a resident of India;
- Name, address, and nationality of any Assignee;
- The country/countries in which the patent application is expected to be filed after obtaining the foreign filing license from the Indian Patent Office; and
- Reason for making such application (e.g. low market potential in India, non-patentable subject matter in India)

The Indian Patent Office generally acts on requests for foreign filing restrictions within 21 days from the date of filing the request, unless the invention relates to defense and atomic energy according to Rule 71, The Patent Rules, 2003.

71. *Permission for making patent application outside India under section 39*

(2) The time within which the Controller disposes of the request made under subrule (1), except in case of inventions relating to defence and atomic energy applications, shall ordinarily be within a period of twenty-one days from the date of filing of such request.

Who is subject to Indian Foreign Filing Restrictions?

The residential status of an Applicant is relevant, while nationality and place of invention creation is not. Interestingly, a foreign citizen can be a resident of India and an Indian citizen can be a resident of a foreign country. A “resident” of India is not defined in the IPA. Therefore, the meaning of this term can be interpreted from the Indian Tax Act of 1961 and the Foreign Exchange Maintenance Act of 1999, as shown below:

According to Section 6 of the Income Tax Act of 1961, the term “resident” is defined as:

(1) An individual is said to be resident in India in any previous year, if he—

(a) is in India in that year for a period or periods amounting in all to one hundred and eighty-two days or more; or

(b) [* * *]

(c) having within the four years preceding that year been in India for a period or periods amounting in all to three hundred and sixty-five days or more, is in India for a period or periods amounting in all to sixty days or more in that year.

(2) A Hindu undivided family, firm or other association of persons is said to be resident in India in any previous year in every case except where during that year the control and management of its affairs is situated wholly outside India.

(3) A company is said to be resident in India in any previous year, if—

(i) it is an Indian company ; or

(ii) during that year, the control and management of its affairs is situated wholly in India.

(4) Every other person is said to be resident in India in any previous year in every case, except where during that year the control and management of his affairs is situated wholly outside India.

(5) If a person is resident in India in a previous year relevant to an assessment year in respect of any source of income, he shall be deemed to be resident in India in the previous year relevant to the assessment year in respect of each of his other sources of income.

(6) A person is said to be “not ordinarily resident” in India in any previous year if such person is—

(a) an individual who has been a non-resident in India in nine out of the ten previous years preceding that year, or has during the seven previous years preceding that year been in India for a period of, or periods amounting in all to, seven hundred and twenty-nine days or less; or

(b) a Hindu undivided family whose manager has been a non-resident in India in nine out of the ten previous years preceding that year, or has during the seven previous years preceding that year been in India for a period of, or periods amounting in all to, seven hundred and twenty-nine days or less.

According to Section 2(v) of the Foreign Exchange Maintenance Act (FEMA) of 1999, the term “resident” is defined as:

(v) “person resident in India” means-

- a person residing in India for more than one hundred and eighty-two days during the course of the preceding financial year but does not include-
 1. a person who has gone out of India or who stays outside India, in either case-
 1. for or on taking up employment outside India, or
 2. for carrying on outside India a business or vocation outside India, or
 3. for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period;
 2. a person who has come to or stays in India, in either case, otherwise than-
 1. for or on taking up employment in India, or
 2. for carrying on in India a business or vocation in India, or
 3. for any other purpose, in such circumstances as would indicate his intention to stay in India for an uncertain period;
- any person or body corporate registered or incorporated in India,
- an office, branch or agency in India owned or controlled by a person resident outside India,
- an office, branch or agency outside India owned or controlled by a person resident in India;

Conversely, there is no indication in the IPA as to whether the Income Tax or FEMA definition of resident applies and there is no judicial precedent as of yet on this issue.

According to the Indian Income Tax Act, an individual is “resident” in India if he/she was in India for 182 days or more for the previous fiscal year (April 1-March 31) or was in India for a total of 365 days or more during the past 4 years. However, if a person has handled the control and management of his/her affairs wholly outside of India, that person is not considered to be resident in India, even if he/she is an Indian national citizen.

If an inventor falls within the purview of any of the above, then he/she will need to obtain a foreign filing license before filing any patent application.

Penalties

The penalties for failing to comply with Section 39 and obtain a foreign filing license before filing the application in a foreign country are as follows:

- Imprisonment for up to 2 years;
- Monetary fine;
- Both imprisonment and fine; and
- Abandonment of any pending Indian Patent Application or revocation of an Indian Patent

40. Liability for contravention of section 35 or section 39

Without prejudice to the provisions contained in Chapter XX, if in respect of an application for a patent any person contravenes any direction as to secrecy given by the Controller under section 35, or makes or causes to be made an application for grant of a patent outside India in contravention of section 39 the application for patent under this Act shall be deemed to have been abandoned and the patent granted, if any, shall be liable to be revoked under section 64.

Nidhi Anand of Chadha & Chadha is co-author of this article.

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