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UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria
Tel: (+43-1) 26026-0 · www.unido.org · unido@unido.org

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TECHNICAL ASSISTANCE AS A MEANS OF IMPROVING THE ADMINISTRATION OF INDUSTRIAL PROPERTY OFFICES 2/

by

S. Vedaraman
Controller General of Patents, Designs and Trade Marks
India

1/ Organized jointly by UNIDO and BIRPI (United International Bureaux for the Protection of Intellectual Property, Geneva)

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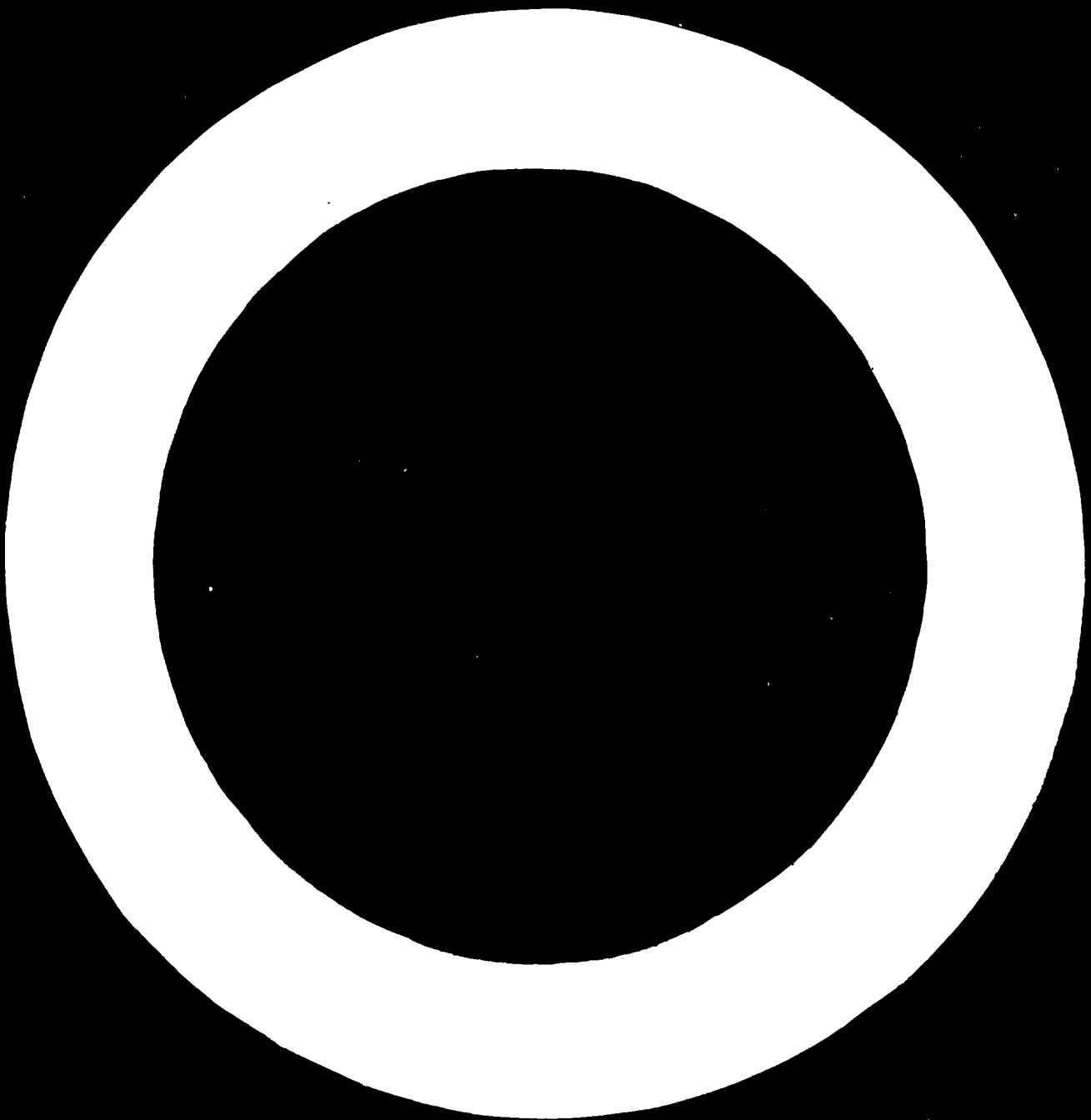


INDIA

I Introduction and organizational functions of the Industrial Property Office

In India, the industrial property office consisting of the Trade Marks Registry and the Patent Office, is under a common head, viz. the Controller-General of Patents, Designs and Trade Marks. Under Section 4 of the Trade & Merchandise Marks Act, 1958, he is the Registrar of Trade Marks for the purpose of the Trade & Merchandise Marks Act, 1958, and the Controller of Patents & Designs for the purpose of the Indian Patents & Designs Act, 1911.

The detailed functions of these departments are indicated below:

PATENT OFFICE: The Patent Office is set up under section 55(1) of the Indian Patents & Designs Act, 1911. It was established on 2.1.1912, when the existing Act came into force. It is under the control of the Controller-General of Patents, Designs and Trade Marks. Under the Indian Patents & Designs Act, 1911, the Controller has to discharge two important functions, namely (i) to perform certain statutory duties; and (ii) to render certain specified services to the public for enabling the patent system to achieve its main purpose. On the administrative side, his main duties are:

(a) to organize and supervise the working of the staff under him;

(b) to dispose of matters relating to appointments, promotions, discipline, leave and all other administrative matters;

(c) to prepare the budget and control the expenditure of the office;

(d) to realize the fees payable under the Patents and Designs Act; and

(e) to settle the questions which govern the practice of the Patent Office.

His judicial functions come into operation in his day to day work of administering the various provisions of the Patents and Designs Act A large number of proceedings is in the nature of litigation between interested parties, to decide which he has to exercise the powers of a Civil Court which are vested in him under section 65 of the Patents & Designs Act. His decisions and orders are appealable, in some cases to the High Court and in others to the Central Government. In discharging his judicial functions he has to take full regard of public interest and where he

considers that the grant of a patent is not in the public interest, he is empowered to raise objections suo moto, during the examination of patent applications.

The Controller-General is assisted by the following technical officers in the administration of the Indian Patents and Designs Act and the Patent Office:

1. One Joint Controller of Patents & Designs
2. Two Deputy Controllers of Patents & Designs
3. Two Assistant Controllers of Patents & Designs
4. One Examiner of Patents-in-charge
5. Thirty-five Examiners of Patents & Designs

All the above officers have high scientific qualifications and research and technical experience in different branches of physical science, engineering and industry. Many of them possess also legal qualifications.

The Joint Controller of Patents & Designs is in charge of the day-to-day functions of the Patent Office and works under the over-all charge of the Controller-General of Patents, Designs & Trade Marks, and assists the latter in the administration of the said Act. The Deputy Controllers of Patents & Designs and the Assistant Controllers of Patents & Designs have been vested with the same powers as the Controller under the existing Act. The Examiners of Patents & Designs examine applications for patents assigned to them and put them up to the Joint Controller or one or the other Deputy Controller or Assistant Controller to whom they have been assigned. In addition to the examination of applications for patents, they assist the said supervisory officers in connexion with oppositions to the grant of patents, amendment of application, specification and drawings and other matters as may be assigned to them. Of the 35 Examiners of Patents and Designs, one Examiner is attached to the office of the Controller-General. The prime function of the Examiner of Patents-in-charge is to edit the abridgements of patent specifications prepared by the Examiners and also supervise the classifications. He co-ordinates the work of the different Examiners and the section in the office dealing with the abridgement and classification.

On the administrative side, the Controller General is assisted by an Administrative Officer and other ministerial staff. Appendix A gives the organizational chart of the Patent Office.

Under the Act, the Patent Office has to perform the following statutory functions:

1. Grant of patents for inventions;
2. Registration of industrial designs;
3. Hearing opposition matters relating to grant of patents;
4. Restoration of lapsed patents;
5. Amendment of patent documents;
6. Compulsory licenses;
7. Cancellation of registration of designs; and
8. Other functions like recordal of assignments and licences, issue of certified copies of documents, supply of information regarding patents and designs in general to the public etc.

The Patent Office also maintains a Scientific and Technical Library containing publications, including patent specifications, for the use of industry, enterpreneurs and members of the public.

Applications for patents in respect of which complete specifications are filed are examined and the defects noticed are communicated to the applicants or their agents. Where amendments are to be made in the application and specification, the documents are returned to the applicants for carrying out the necessary amendments. The amended documents have to be returned to the Patent Office to allow re-examination and acceptance of the same within the stipulated period, which is 18 months from the date of the application, but is extendable up to 21 months on request made with necessary fee.

In cases where the Controller refuses to accept an application or requires an amendment, an appeal lies to the Central Government under section 5(2) of the Act.

Once an application has been accepted, the fact is notified in the official Gazette and thereupon the application, specification and drawings become open to public inspection. Any person may file a notice of opposition to the grant of the patent within 4 months from the date of advertisement of acceptance on any of the grounds specified in section 9(1) of the Act.

The Controller then appoints a time for the hearing of the case and after hearing the parties, will give his decision on the opposition. In case there is no opposition or the opposition proceedings are decided in favour of the applicant for patent, the sealing fee is called for and on

its receipt the patent is sealed. A patent is valid for 16 years, provided it is renewed periodically as prescribed under the Act.

Designs: The design of an article may be registered under Part II of the Act, if the feature of shape, configuration, pattern or ornament given to the article by an industrial process or means is new or original. The application for registration of design should be drawn up in the prescribed form and accompanied by the prescribed fee, with four copies of the design. The applications are then examined and defects, if any, noticed on examination are communicated to the applicant. The defects should be removed and the application put in order for acceptance within six months from the official date of the application. If the defects are not removed as required by the Controller, a hearing will be appointed and at such hearing the Controller will decide finally whether the application should be refused. Any person aggrieved may appeal to the Central Government.

Where an application for registration of a design has been accepted, a certificate of registration is granted to the applicant. A design registration is valid for five years and it can be extended on request with the prescribed fee therefor for a second term of five years and a subsequent term of five years.

Trade Marks Registry: The Trade Marks Registry is a statutory organization set up for the administration of the Trade & Merchandise Marks Act, 1958. It has to perform the following main statutory functions:

(1) Registration of trade marks;
(2) Registration of registered users;
(3) Registration of certification trade marks;
(4) Registration of defensive trade marks;
(5) Recording of assignments etc. in the Register; and
(6) Adjudication in trade marks disputes.

The Trade Marks Registry, besides the Head Office at Bombay, has three branches for the purpose of facilitating registration of trade marks. Each office of the Registry has a defined territorial jurisdiction. The Register of Trade Marks is kept at the Head Office of the Registry at Bombay and a copy thereof at each branch office.

Application for registration of trade marks are required to be made at the Office of the Trade Marks Registry having jurisdiction, which is

known as the appropriate office. The appropriate office forwards such applications to the Head Office of the Registry at Bombay, where they are processed. The processing includes numbering of the applications, indexing of the trade marks and examination of the applications. After examination, the report is communicated to the applicants or their attorneys. Where objections are taken to an application, the applicant is entitled to ask for a hearing. Applications falling within the jurisdiction of the Head Office of the Registry at Bombay are heard at that office and the other applications are forwarded to the appropriate office of the Registry for hearing. When an application is accepted for registration, it is advertised in the Trade Marks Journal, which is a fortnightly publication of the Registry. Any person may oppose an application within three months from the date of its advertisement in the Trade Marks Journal. The period of opposition may be extended by the Registrar on a request made in the prescribed manner. In case there is no opposition or if the opposition is decided in favour of the applicant, the mark is registered on payment of the registration fee. The registration of a trade mark is for a period of seven years which may be renewed from time to time on payment of the renewal fee.

All decisions and orders of the Registrar are appealable to the High Court having jurisdiction.

II Working of protected inventions as an instrument of industrial development

Though the patent system has been in India for well over a century, as pointed out by the Indian Patent Enquiry Committee and later affirmed by Shri Justice Rajagopala Ayyangar, "The Indian patent system has failed in its main purpose, namely to stimulate inventions among Indians and to encourage the development and exploitation of new inventions for industrial purposes in the country so as to secure the benefits thereof to the larger section of the public." The patent system has thus not really helped India to the extent expected. It is of course true that in the context of industrial development of a country, there are a variety of factors involved and the role of patents, though may be limited, is certainly significant.

It is well recognized that the patent system has its first objective the industrialization of the country, where it obtains. In other words,

the advantage and benefits derived from the ownership of patents are subsidiary to this principal objective. Thus rewarding of inventors by exclusive privilege in the form of patents is a means tc an end, namely to promote indigenous industrialization. As was rightly observed by the United Nations Secretary General in his Report on the Role of Patents in the Transfer of Technology -

> "the Government of an underdeveloped country ... may conclude that it would be desirable to have the patented product produced in the country rather than import it. The utilization of domestic materials, employment and training of domestic labour, saving in foreign exchange etc. may all play a part in such calculations. The establishment of the industry making the patented product or using the patented process may, in fact, be an explicit part of the development plan of the underdeveloped country. Even where this is not so, its establishment may still be desired. It is this problem which is at the heart of the difficulty and controversy concerning the effect of a patent system on underdeveloped countries, as far as products or processes are concerned, which could be worked in these countries." (vide para 248).

Therefore, it follows that patents must be enabled to fulfil their prime purpose, viz., being worked in the country, and as early as possible after they are granted. Where, this is incapable of being achieved, the law must enable a patent to be worked. Where the patentee has no intention of working the invention in this country, either because he considers it to be not profitable or because he prefers to expand the production in his home country so as to achieve greater efficiency and more production or is otherwise not interested in working the invention in India, the grant of the Indian patent, will serve only to improve the economy of the patentee's home country but offers little or no advantage to us. Unless, therefore, the law provides for measures to be taken to work the invention within the country, and these measures are effective to achieve their purpose, the social cost involved in the grant of the patent is not offset by any benefit to the community.

A large majority of patents granted in India are owned by foreigners, which are not being worked in the country. India is probably not unique in having to face this problem of non-working of patented inventions by foreign firms, and the problem seems to be common to all underdeveloped countries, which have adopted the patent system of rewarding inventors. Two means for redressing this handicap have generally been adopted, namely (1) compulsory working, with revocation of patent in the event of non-working, and (2) compulsory licensing on terms of royalty settled by an

outside authority where the parties do not agree. It has been often argued that if the law of a country contained drastic provisions in the matter of compulsory licensing and compulsory working, it would have such a dampening effect on inventors, that the rate of invention would appreciably diminish. However, this argument is not borne out by facts. In India, the figures as to the applications for patents filed since 1950 when the Indian Act was amended by enlarging the grounds for compulsory licensing and the figures as to the patents for inventions in relation to drugs granted subsequent to 1952 when section 23CC was introduced, do not show that these provisions have produced any adverse effect on the filing of applications for patents at the Patent Office. (vide Annexures B and C).

Another argument advanced is that the system of compulsory licensing is ineffective and the meagre number of applications for compulsory licenses is often cited as proof in support of this. But the meagre number of applications for compulsory licences may be, as was observed by the Swan Committee in England, due to (1) the fact that the existence of the provision for compulsory licences in the statute book have had the effect of inducing patentees to voluntarily grant licences on reasonable terms, with the result that there was no necessity to seek compulsory licence and (2) to the fact that the patented inventions, which were not worked within the country, could not be exploited by persons (licensees) other than the patentees, merely on the basis of the information contained in the patent specifications without the technical know-how, which falls coutise the patent.

If voluntary licensing by patentees is one of the reasons for the smallness of the number of applications for compulsory licensing, it is indeed a welcome feature, since what is desired is working of patent and indigenous production. But the second reason, namely, that patented inventions could not be worked merely on the basis of the technical details set out in the patent specification, is what constitutes a major problem, particularly for developing and underdeveloped countries who do not have the technology. For this purpose, if direct enforcement of a statutory provision for imparting "know-how" is not feasible, other means have to be thought about and it is in this context a provision is envisaged for making it obligatory on the patentee to "sufficiently describe the invention and the method in which it is to be performed", so that the description

contained in the complete specification is itself sufficient to enable a person in the country possessing average skill in the art to which the invention relates, to work the invention; otherwise the patent being liable for revocation for insufficiency of description. But even this would barely touch the fringe of the problem. It is pointed out that "at the time when patents are applied for and complete specifications filed, the inventions are most often worked only on an experimental basis or in pilot plants. Large scale working commences only thereafter and it is only at that stage that technical difficulties are surmounted and efficiency in methods of production achieved. It is in that process that 'technical information' called 'know-how' is gathered and this perfected by further experience. It is because of this reason that even the fullest disclosure in the specification of everything that the patentee knows on the date of his application is insufficient to achieve the most efficient working of the invention from the information contained in the patent specification."

Another method which is envisaged is to endorse patents with the words "Licence of right", so that any person interested in manufacturing the patented article can apply to the Controller for a licence under the patent. It is expected that such a provision will be of great use, especially in respect of patents in the field of food, drugs and medicines, which are so important and vital to national health.

It is considered that provisions, such as compulsory licensing, endorsement of patents with the words "licence of right" and provision for revocation of patent in the event of non-working would (a) induce patentees voluntarily to grant licences readily and on reasonable terms, (b) induce patentees even in the case of compulsory licences to impart "know-how" to the licencees in order to prevent their patents from revocations and (c) enable the elimination of those patents which no one is willing to work in the country but which hurt national economy by serving merely to confer a monopoly of importation on the patentee or otherwise hamper progress or block the working of other inventions.

In this connection, it must, however, be added that revocation of the patent for non-working is not going to completely solve the problem of developing countries, because what is needed is transfer of technology through patents or otherwise. Revocation of a patent will no doubt open the way for the patented product being manufactured in the country,

without any legal bar, but it is not always the legal bar by reason of the existence of patents as the lack of the requisite technological know-how within the country that constitutes the real problem, for the developing countries. It is in this context, the recommendations of UNCTAD on the transfer of technology is worth recalling:

(i) Developed countries should encourage the holders of patented and non-patented technology to facilitate the transfer of licences, know-how, technical documentation and new technology in general to developing countries, including the financing of procurement of licences and related technology on favourable terms;

(ii) Developing countries should undertake appropriate legislative and administrative measures in the field of industrial technology;

(iii) Competent international bodies, including United Nations bodies, and the Bureau of the International Union for the Protection of Industrial Property should explore possibilities for adaptation of legislation concerning the transfer of industrial technology to developing countries, including the possibility of concluding appropriate international agreements in this field; and

(iv) Additional facilities for information on, and for transfer of technical documentation and know-how should be organized within the framework of the United Nations in consultation with the appropriate international organizations.

As has been already mentioned above, the developing countries on their part are no doubt contemplating or have been undertaking appropriate legislative measures in the field of industrial technology, but what is now required is urgent endeavour to implement the recommendations at (i) and (iv) above.

To sum up:

It is recognized that rapid industrial development of underdeveloped or developing countries is mostly a matter of bringing about a large inflow of technology in the form of equipment and skills from the industrialized countries. The alternative to this may be no significant industrial development or unacceptably slow growth through what really would be an unnecessary repetition of century long processes, by which industry grew in the advanced countries. In order, therefore, to bring about adequate inflow of technology, which is already existing in the advanced countries, suitable measures have to be urgently taken. Though patent system, with its inherent difficulties in the operation, will be alright in industrially advanced countries, the system does not yield the same results when applied to underdeveloped oountries. Still, the underdeveloped/developing countries have

adopted the patent system, not so much on the assumption that the nationals of such countries would be encouraged to evolve new inventions and techniques, but to attract technology from advanced countries for indigenous development.

In order, therefore, to render the legislative measures in the Patents law of the developing countries such as compulsory licensing or revocation of a patent for non-working really effective, various measures will have to be considered as to how best developing countries could be assisted in this matter. Perhaps, one suggestion may be to have an International Technological Pool on patents functioning under the auspices of UNIDO to channel technical aid to developing countries to facilitate exploitation of patents, which are considered necessary for national development and which, otherwise is rendered difficult on account of lack of technology and resources.

III Novelty examination of inventions:

Questions as to anticipation or lack of novelty as depriving an invention of patentability come up for consideration at four stages:-

(1) during the examination of an application for a patent;

(2) as a ground upon which an application may be opposed;

(3) in proceedings for the revocation of a patent;

(4) in suits for infringement where the validity of a patent is disputed by the defendant.

Under the present Indian Law, what constitutes an anticipation is not dealt with clearly. It has now been decided that under the new law in India there should be compulsory search for novelty before applications for patents are accepted and that the scope of search should be extended not only to publications in India, but also publications elsewhere. In other words, publication of an invention in India or any foreign country before the priority date claimed should constitute anticipation.

It is possible that the Examiner in the Patent Office might not have adequate facilities for determining novelty on the basis of publications abroad, and accordingly it is felt that if provision is made in the law that such foreign publications also constituted an anticipation, an opponent who objects to the grant of a patent could cite the foreign publication as depriving the invention of novelty and similarly even if a patent were granted, it could be revoked on the same ground and suits for infringement could be resisted on that ground. In effect, the purpose is that an invention which is published abroad before the date of the corresponding application for a patent in India, should not be allowed to qualify for the grant of a patent.

The number of applications for patents all over the world is ever increasing and the subject matter of inventions is also increasing in sophistication and complexity. The task of the Patent Office in ascertaining the novelty of an invention is therefore rendered more difficult and complex than ever before with the tremendous increase in published technology and volume of search material. This naturally results in considerable delays in the granting of patents after the examination of applications. Backlog of work in the matter of examination of applications for patents has become a universal problem, including for the industrially advanced countries. Naturally, therefore, the Patent Offices of the respective countries

individually and also at various international conferences have been considering various measures for tackling the problem of dealing with the growing number of patent applications and the complexity of examination involved therein. One of the solutions suggested to overcome this problem is by means of international co-operation (PCT), and further developments in this regard are awaited.

However, it will be agreed that ultimately the responsibility for dealing with these growing number of patent applications will be mainly that of the national Patent Office in accordance with the Patents law obtaining in that country. Accordingly, the strengthening of the Patent Office by means of increased budget, use of mechanical searching and improvement of administrative procedures will all have to be thought of, besides international co-operation. The Patent Office is not to be regarded merely as a Registration Office for invention, but a storehouse of technical information intended to serve both industry and science. The utility of the Patent Office has to be enhanced by rendering it a potent instrument for the diffusion of scientific and technological knowledge, to minimise duplication of work among those engaged in research, and thus accelerate the rate of invention. That being so, apart from envisaging any international co-operation as a means to solve the problems, the national Patent Offices themselves have to be greatly improved for increasing its efficiency and utility. In this context, the problem of underdeveloped countries is twofold, namely (1) lack of technical man-power and (2) paucity of funds. Even in countries more industrially and technically advanced, complaints are frequently made of the scarcity of scientific and technical personnel and so, the problem is necessarily more acute in less developed countries like India, though the opening of more institutions for postgraduate training and of the several national laboratories might help to lessen the gap between the number needed and that available. As such, primarily it is the responsibility of the national Patent Offices to find the necessary technical personnel from within the country and train them up suitably to step up its efficiency. The real problem therefore, is collection of scientific literature, documentation, abstracting and classification of the same (industry-wise) for the purpose of facilitating search for novelty and information retrieval, because of the high cost involved. It is in this context, one of the recommendations of UNCTAD, viz. "additional facilities for information

on, and for transfer of, technical documentation and know-how should be organised within the framework of the U.N. in consultation with the appropriate international organisations" should be examined. Perhaps full support, financial and otherwise, may be given to developing countries to facilitate establishing a Centre for Technical Information Retrieval. Such a centre will be of invaluable assistance to the Patent Office and to the industry.

Another area where international co-operation could be envisaged is that in respect of offering of technical training in industrial property matters to persons in the industrial property offices of developing countries. In this connexion, BIRPI has been already doing a very good service by arrangement with developed countries. It will be useful if their activities in this regard could be expanded. UNIDO could no doubt play an important part in this field as well, by supplementing BIRPI's efforts. Such training programme is of great assistance for modernization and uniformisation of the practice and procedure adopted in industrial property offices.

IV Fee Policy:

With the industrial and technological development and increase in international trade, the industrial property offices have to render greatly increased service to the technical research workers, inventors and the public generally. Despite a steep increase in general in the cost of administration probably everywhere, at least in India, the fee for the service rendered has been static for a considerably long time. The effective operation of the patent system itself is dependent on the efficiency and adequacy of the Patent Office. It is true that the maintenance of a Patent Office should be considered a service rendered to the country in its industrial development and therefore if an increase in the cost should result in an increase in the efficiency of the service, the cost should be considered worthwhile. However, it is necessary to ensure that as far as possible, the Patent Office becomes by itself self-supporting, without very much encroaching on the general revenues of the country for meeting its expenditure.

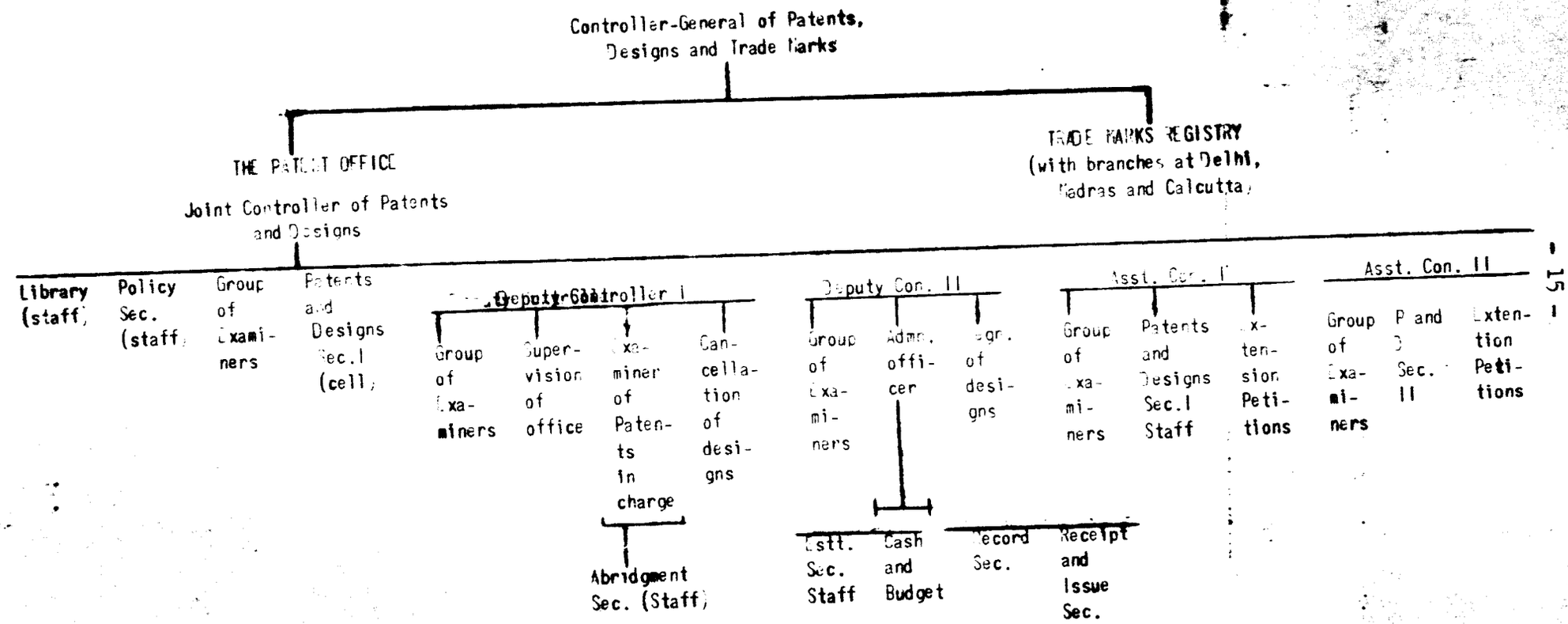
It has been pointed out that the policy of large companies with respect to industrial property protection of inventions and trade marks today, is to apply for protection of an industrial right in more than one country and accordingly the cost of multinational protection is high. In this

connexion, it may be mentioned that though the total cost involved in such multinational protection would appear high, the cost involved in such protection in each country is insignificant when compared to the monetary gains they make as a result of such protection in various countries. After all, when such an international company considers it not lucrative to keep a patent or trade mark in force, they are free to discontinue payment of renewal fee and allow it to lapse. There seems to be therefore no force in the argument for reduction of governmental fee on this ground.

If it is felt that high cost of industrial property protection would discourage individuals and nationals of such countries from seeking protection, the remedy does not lie in cutting down the general fee policy or providing for any discrimination, but aiding such people through other agencies which may be established by Government for purpose of encouraging indigenous inventive talent through cash awards, monetary assistance etc.

APPENDIX A

ORGANISATIONAL CHART OF THE PATENT OFFICE



APPENDIX "B"

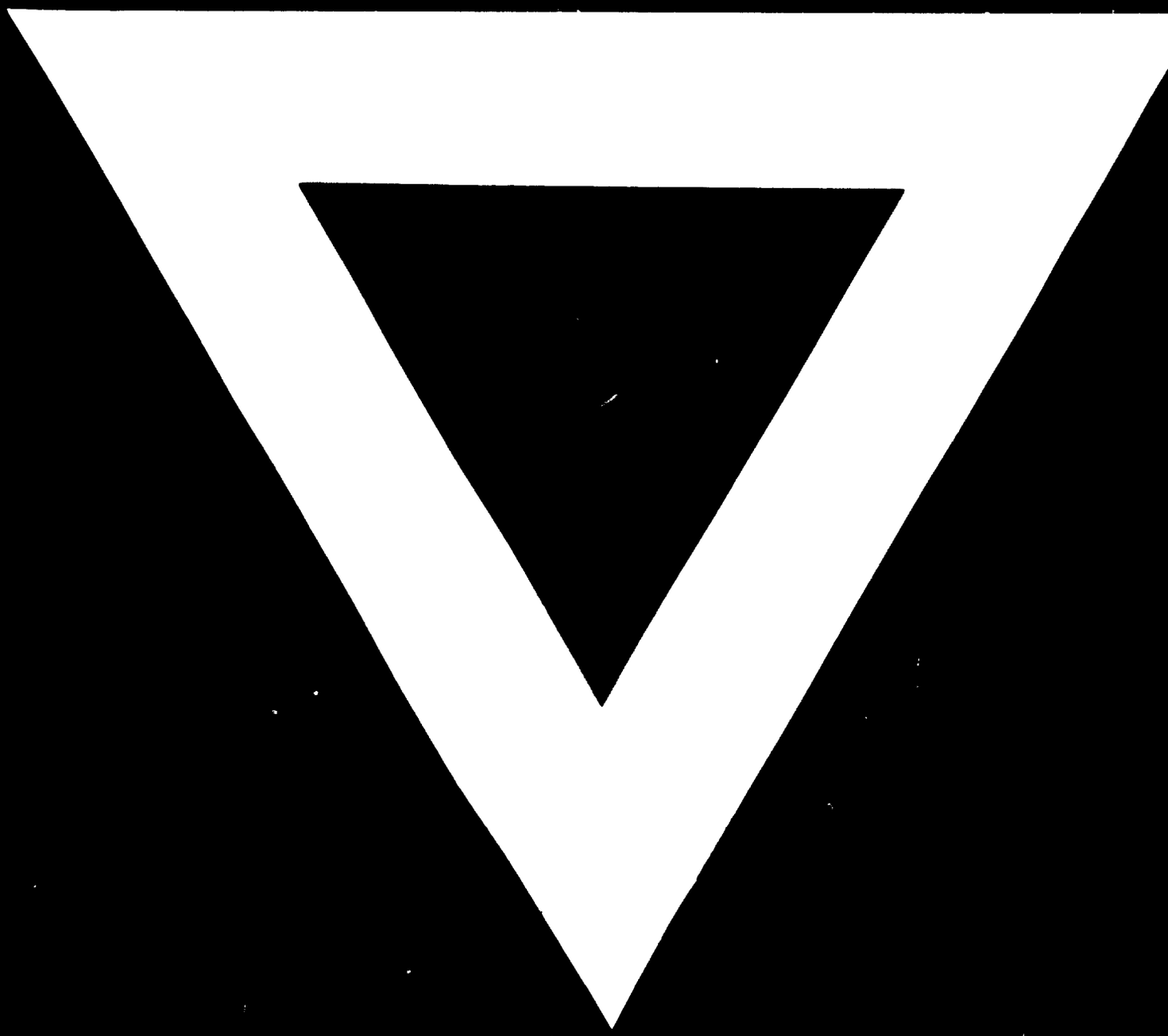
Figures of applications for patents since 1950 (when the Indian Act was amended enlarging the grounds for compulsory licensing).

Year	Total number of applications filed.	By Indians	By other than Indians.
1950	1,851	352	1,499
1951	2,108	422	1,686
1952	2,272	473	1,799
1953	2,235	406	1,829
1954	2,497	403	2,094
1955	2,736	403	2,333
1956	3,067	482	2,585
1957	3,456	527	2,929
1958	3,572	529	3,043

APPENDIX "C"

Figures of Patents for inventions in relation to **drugs** granted since 1952 (when section 23CC **was introduced**)-

Year	Number of applications		**Total**
	Indian	Foreign.	
1952	18	224	242
1953	18	267	285
1954	13	300	313
1955	7	325	332
1956	13	476	489
1957	25	543	563



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