

COMMENTS / SUGGESTIONS

On

DISCUSSION PAPER

“REVIEW OF ORGANIZATIONAL STRUCTURE OF THE OFFICE OF THE CGPDTM”

Submitted By: -

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Our response as India’s largest organisation of micro, small and medium enterprises - entities that probably generate the most innovations, niche products and trade marks and, therefore, probably represent the largest community in India who require protection of IPRs - to the various questions are as follows:

1. Given the radically different skill requirements of trade mark and patent office staff, the operational difficulties and the present challenges being faced by the O/o CGPDTM, is it desirable to establish an independent office for the Trade Marks and GI registry?

Response: Definitely yes but still under the overall supervision of what is now the CGPDTM which should be renamed as the O/o the Controller General of Patents and Designs, & Geographical Indications and Trade Marks (CGPD & GITM) to reflect the four different IPRs that this office is expected to examine and register to create legally valid and protectable intellectual property in the name of their legally verified valid owners.

2. If so, what should be the organisational and reporting structure for each office?

Response: While the O/o of the CGPD & GITM should continue to function under the Ministry of Commerce & Industry, Department of Industrial Policy & Promotion, under the CGPD & GITM two separate, distinct and relatively “autonomous” divisions/departments should be created – one for Patents and Designs (PD) and another for Geographical Indications and Trade Marks (GITM) with each division being headed by a Controller.

The PD division should be headed by a reputed senior qualified scientist/engineer while the TM division should be headed by a reputed senior qualified lawyer.

The troika comprising the CG and the two Controllers should function as the de facto board of directors of a corporate organisation and should be made responsible for (a) taking overall policy decisions for the entire O/o the CGPD & GITM, (b) the overall functioning and performance of the entire O/o the CGPD & GITM, (c) the overall administration and establishment functions of the entire O/o the CGPD & GITM (d) the overall financial performance of the entire O/o the CGPD & GITM.

Under each DCG there should be one chief executive officer (CEO). These CEOs should be primarily recruited and preferably from the private sector or public sector maha nava ratnas or nav ratnas on the basis of their management skills rather than on scientific/technical or legal skills. They should also be co-opted into the de facto Board of Directors mentioned above (hereinafter referred to as the Board) and all five will work as a team and will be responsible for the effective and efficient functioning of the entire O/o of the CGPD & GITM with the CGPD & GITM acting as Chairman of the Board.

Under each CEO there should be functional/vertical heads following a typical corporate organisational hierarchy depending on the specific functions that each CEO will be heading. At the least, each of these divisions – PD & GITM – should have heads to take charge of each of the following functions – (a) operations, (b) finance & accounts, (c) technology – to take care of computing systems and online operations, (d) human resources & training, and (e) marketing – promoting IPR awareness, marketing the services provided by the O/o the CGPD & GITM to individuals and commercial entities, handling all internal and external communication in collaboration with HR for internal communication and with operations for external communication, and ensuring timely and effective service delivery.

Each divisional CEO should be made responsible for formulating annual budgets for their respective divisions/departments based on (a) short-term and long-term requirements under both revenue and capital heads and (b) revenues and costs trends – past years and current year - and getting them passed by the de facto board of directors comprising the CGPD & GITM, Controller (PD), Controller (GITM), CEO (PD) and CEO (GITM). It may seem that there is an element of redundancy in creating the two posts of Controller and CEO for each division – PD and GITM – but the reason is efficient and effective functioning of any organisation is possible only when they are headed by people proficient in management while at the same

time because of the specialised domain knowledge required to run the entire O/o the CGPD & GITM and the two separate divisions - PD and GITM - there is a clear and obvious need for domain knowledge specialists to provide overall guidance to the management team.

The rest of the hierarchy and manpower requirements can then be worked out by the functional/vertical heads in consultation with their respective CEOs. This will ensure that the troika of CGPD & GITM, Controller (PD) and Controller (GITM) can concentrate on providing domain knowledge inputs to the management teams headed by the respective CEOs of each of the independent and autonomous divisions/departments. Here, we should specifically mention that the word autonomous does not mean complete independence to function as one pleases – it only means functional autonomy so that the two divisions/departments – PD and GITM – can function efficiently and effectively. The autonomy of the CEOs will always be limited by the checks and balances imposed by the troika of CGPD & GITM, Controller (PD) and Controller (GITM) and ultimately by the DIPP and Ministry.

In this schema, while the task of framing laws, rules and regulations and ensuring their overall implementation will remain with the DPPI and the Ministry of Commerce & Industry (MoC&I), the de facto Board comprising the top five persons in the O/o CGPD & GITM should be consulted and their views taken on board on a mandatory basis by the DIPP and the MoC&I before the formulation or enactment of any laws and rules and regulations in the area of IPR. Moreover, the DIPP and the MoC&I should be required to always take into active consideration, preferably with predetermined specified time limit to accept or reject, any suo moto recommendations on laws and rules and regulations or any other matter forwarded by the de facto Board of the O/o the CGPD & GITM.

As for reorganisation and relocation of existing CGPD & GITM offices, we suggest that the proposed O/o of the CGPD & GITM should have branches initially in all the Tier-I cities in India and each office should have personnel to man both the proposed two separate divisions/departments so that each such office can handle at least front-end applications for all four kinds of IPRs. Back end processing should be centralised for both divisions/departments to ensure more efficient and more cost effective functioning. In any case, this issue should be considered from process re-engineering point of view taking into consideration what can be done through more extensive use of information and communication technologies (ICT).

3. Given the sensitivity of Patent law and practice in India and also the experience in other major IP Offices such as the USPTO, would it be appropriate to consider making the Office of CGPDTM autonomous? Is it possible to bifurcate the two offices and make the Trade Marks Registry and the Patent and Design Office two autonomous organizations?

Response: Our response to Question 3 makes this question somewhat redundant for us. Even then we feel there is a need to specifically point out that words such as “autonomous”, “autonomy”, “freedom” are entirely meaningless unless they are associated with specific duties and responsibilities.

As is well known, in the legal, social, economic, commercial or for that matter any other sense that we can think of, words such as “autonomous”, “autonomy” or “freedom” are meaningful only when they are associated with specific duties and responsibilities.

To give just one example, public sector units have been granted “autonomy” of various degrees depending on their classification as maha nava ratnas or nava ratnas subject to them signing MOUs with the respective ministries that they come under. And these MOUs specify their duties and responsibilities and the extent and limits of their autonomy.

In this sense, while the two divisions/departments proposed by us – PD and GITM – under the overall control of the troika of CG and the two Controllers, should have functional autonomy in terms of operations, administration and funding, there has to be a mechanism for specifying their specific duties and responsibilities as well as a mechanism of “checks and balances” so that they can operate autonomously but in compliance with the duties and responsibilities specified for each of them and subject to the mechanism of “checks and balances”. The details of what these specific duties and responsibilities should be and what should be the mechanism of checks and balances need to be worked through consultations between the DIPP, the MoC&I and the existing O/o of the CGPD & GITM but such mechanism need to be in place before granting any kind of functional autonomy to the two divisions/departments proposed by us under the overall control of the CGPD & GITM.

4. What legal changes are required? What changes are required to the rules?

Response: In case the above proposals are accepted in principle, the DIPP and MoC&I will have to do a detailed study to find out whether the above changes can be implemented

through amendments to the existing legislations, which seems more likely, or whether an entirely new legislation will have to be enacted. This is a matter for the ministry to decide and we cannot comment on this.

5. Can the reorganization of the office of CGPTDM be taken up within the existing framework without seeking any amendments to the law? If so, what can be an ideal model?

Response: Same as above – our response to Question 4 is self-explanatory and needs no further elaboration.

6. How should the office of the Controller be strengthened?

Response: The above proposals if implemented should automatically take care of this issue.

7. The Department had taken an initiative to outsource some part of the prior art search of the Patent office to CSIR. This project is proving to be beneficial. Which other organizations could be tapped for the purpose. Are there likely pitfalls that the department must take precautions against? What could be such precautions?

Response: We believe that India has many world class scientific and technological institutions such as the IITs, TFIR, IISC, etc. Almost the entire prior art search of the proposed PD division/department can be outsourced to these selected institutions. Similarly, much of the legal examination and opposition work of the GITM division can be outsourced to NLSUI and other centres of excellence of law education and research. The only rider is that the O/o of the proposed CGPD & GITM must be willing to fund dedicated cells in these institutions for both capacity building and functioning. This would solve in a big way the recruitment problems that the O/o of the CGPD & GITM is currently facing with regard to qualified and competent personnel. This would also cut down drastically the time that this office is taking with regard to examination and registration. The number of pending cases with regard to PD and GITM would come down drastically within a fairly short time of one or two years if the O/o the CGPD & GITM takes this outsourcing route.

8. Is a similar outsourcing (including employment of temporary but qualified personnel) exercise possible in case of trademarks where more than 400000 trademark applications are pending at various stages? If so, what could be the safeguards that should be put in place?

Response: The response to the above question (Q8) takes care of the first part of this question. As for the second part regarding safeguards, the DIPP, MoC& I and the O/o of the CGPDTM must work in collaboration with selected institutes to work out a framework for quality assurance, confidentiality maintenance, etc. regarding any outsourced work. This is a matter of detail and we do not think FISME or any other third party would be in a position to comment on this. What we can, however, say is that typically any outsourced work has to go through a quality assurance and confidentiality maintenance process at both ends – at the end of employer, in this case O/o of CGPDTM and the vendor, in this case various selected institutions, and a system of correction iterations and NDAs have to be put in place to make the outsourcing process as effective and error free as possible and within a relatively short time depending on the specific processes that are being outsourced. All business process outsourcing (BPO), knowledge process outsourcing (KPO) and legal process outsourcing (LPO) have such “safeguards” or “corrective processes” and NDAs in place and what these “safeguards” or “corrective processes” and NDAs should be are a matter of detail that the outsourcer has to work out with specific vendors for specific processes being outsourced. India is one of the world’s top outsourcing vendors and there is enough domain knowledge within the country that the above proposed CEOs under the above proposed organisational restructuring should be able to tap to work out what these should be.

9. What other measures can be used to improve the base of examination of applications within the framework of the existing legislation?

Response: The key measure has to be greater use of information and communication technology (ICT) to speed up all functional processes. Process re-engineering of both the above “autonomous” divisions/departments via more extensive ICT use is clearly and obviously the measure of choice. Again India has enough ICT giants such as Infosys or Wipro and many others who can provide the necessary re-engineering design and concomitant technologies. This is really a minor problem for a country like India once a decision is taken at the highest policy level to make more extensive use of ICT to speed up functional processes and make them more effective and efficient. All other measures except that of reorganisation are of secondary importance.

10. In spite of e-filing for patents etc. and streamlining of the examination process, is there a need for setting up additional offices?

Response: Given our responses on all the above questions, this question seems redundant and meaningless to us.

11. The National Institute of Intellectual Property and Management, which is housed in Nagpur, is at present under the supervision of the CGPDTM. This institute needs to be developed into a world class institution for research and training in the field of IP. Would it be better for such an institution to be directly controlled by the Ministry or should it continue as one of the offices of CGPDTM?

Response: The reasoning behind this question is not very clear from the discussion paper provided by the CGPDTM. If it is merely a question of turf war between the CGPDTM and the ministry, then we would prefer to reserve our comments. But if it is a question of ensuring efficiency and effectiveness, then it seems obvious that NIIPM should remain under the overall control of the proposed O/o of CGPD & GITM while enjoying complete academic and administrative autonomy as a separate and third division/department after the proposed PD and GITM divisions/departments and subject to similar specific duties and responsibilities and a similar mechanism of checks and balances.

12. The recruitment of officers has been delayed inordinately by the complicated, prolonged procedures involving interdepartmental approval. What could be the options to address this problem? Should a special dispensation be sought to address this issue. If so, what could be the possible course of action?

Response: The implementation of our proposed reorganisation and our suggestions on outsourcing should take care of this problem as such implementation would entirely do away with inter-departmental approval and all other kinds of red tape. The CEOs of the proposed three divisions/departments will be entirely responsible for recruitments on the basis of annually approved budgets. The existing recruitment and manning system is far too flawed on several counts and there is really no need to dwell on how to correct them if our above proposals on reorganisation and outsourcing are properly implemented. New recruitment, manning and outsourcing systems will then automatically be in place and this problem will be entirely taken care of.

13. Since Trademark registration is a quasi-judicial process involving opposition cases and hearings, what can be done to address the large number of vacancies for the post of Assistant Registrar and above? If it is not possible to select new officers immediately, what can be done to remedy the situation?

Response: Our proposals on reorganisation and outsourcing should be able to take care of this problem.

14. Considering the importance of trademarks in India and the fact that a majority of the application are made by Indian applicants, should the size of the Registry be addressed in the XII Plan? What could be an appropriate structure?

Response: Yes, but only after taking into consideration and implementing our above proposals since such implementation will automatically put in place a system for addressing this issue and taking it up with appropriate authorities such as the ministry and in turn the Planning Commission.

15. In view of the fact that some innovations can qualify for different kinds of IPRs, would it be better to have a single window at the front end for applicants for all kind of IPRs while the specific IPR issues could be handled by different offices at the back-end?

Response: Again the proposed reorganisation should take care of this issue since the O/o the CGPD & GITM will be designed to handle all four kinds of IPRs although their processing will be handled by different divisions/departments which in turn will have different sections to deal with each kind of IPR. Thus the PD division/department will have two different sections – one for Patents and one for Designs. Similarly, the division/department handling GITM will have two sections – one for GI and another for TMs.

16. Any other views on the subject.

Response: Our general view is that the greater the corporatisation of any public service organisation that has to act effectively, efficiently and in a commercial way, the greater is its chances of actually working in an effective, efficient and commercial way. Our above proposals are aimed at achieving that objective. Red tape and bureaucratism has to be reduced at all levels and corporate methods of functioning must be introduced at all levels. Secondly, more extensive use of ICT to re-engineer functional processes would also hugely improve efficiency, effectiveness and commercial performance. In general we are all in

favour of greater corporatisation and more extensive use of ICT in all government and public service organisations. Our proposals are aimed precisely to achieve these twin objectives.

Thanking you,

Yours Sincerely,

Anil Bharadwaj,

Secretary General,

Federation of Indian Micro and Small & Medium Enterprises (FISME).