

To:
The Secretary, Government of India,
Ministry of Commerce and Industry
(Department of Industrial Policy and
Promotions), Udyog Bhavan,
New Delhi – 110 011.

Via email only to: sk.lal@nic.in
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From:
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Email: sandeep.rathod@mylan.in
Date: Nov 30, 2011

Dear Mr. Lal. / Ms. Raina/ Mr. Prasad,

REF: Comments to the discussion paper ‘Review of Organisational Structure of the Office of the Controller General of Patents, Designs, Trade Marks and Geographical Indications’ posted on the IPO website (05/Oct/2011)

Greetings.

At the outset, we thank you for allowing the various stakeholders community to comment on the above referred discussion paper.

I am Sandeep, part of Mylan Laboratories Limited’s Intellectual Property (IP) department. Mylan India is a part of Mylan Inc. USA – the world’s 3rd largest generic pharmaceutical company.

Mylan is committed to providing access to high quality, affordable drugs across the world. Mylan has 12 pharmaceutical manufacturing units In India and multiple research and development laboratories in India at Hyderabad and Mumbai.

Along with our research, Mylan is an intellectual property rights savvy Company. We are a big filer of patent applications at the Indian Patent Office - in fact - we are among the top filers of patents in India in the pharmaceuticals / drug space. Similarly, our patenting efforts have been consistently recognized by industry bodies like Pharmexcil, in form of their

annual awards, over the last 3 years. At the same time, we have been at the forefront of opposing frivolous patent applications.

Mylan has also engaged in dialogue with the Patent Office and the DIPP for various IP matters such as the recent debate on utility models etc.

Please email me/ call me, should you find that a particular response is vague or not clear enough. Should you prefer a meeting to discuss these submissions, I and my team members would be happy to devote time to this important exercise.

We request you to acknowledge the receipt of this email and the attachment.

Thank you.

Sincere regards,

Sandeep K. Rathod,
Associate Vice President and IP Counsel
Mylan Laboratories Limited

Substantive Comments:

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 office of CGPDTM, is it desirable to establish an independent office for the Trade Marks and GI registry?

Response:

We recommend a complete separation/ division of Trademarks and GI section/ department from the current patent office structure as a proposal, given the vast difference between the nature of TM/GI rights and patent rights, their prosecution and examination standards, post-grant enforceability under the respective legislations, the difference in skill set and training needed on the part of officers and examiners to process applications.

However, the Respondent is given to understand that Patent and TM/GI applications processing and examination are currently being handled by different sections and staff in the same Office buildings at the various patent offices, while the administrative aspects of both offices are handled by the staff from the patent office. Our proposal for division would mean that each office has its own staff and plans its activities and there is no pointing to the other office when problems / resource crunch arises.

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

Response:

The current structure must be retained to the extent that the Controller General oversees the administration of all divisions of the four patent offices and five trademark offices. He must concern himself primarily with high-level management such as policy development, transparency, infrastructural issues, overall productivity, revenue management, recruitment policy including adoption of best HR practices to reduce attrition and ensuring that all offices have access to the best resources to perform their statutory functions.

For management of individual portfolios such as Patents and TM/GI, one Director / senior functional Head each must be appointed who is responsible for each of the portfolios. The Director of the Patent portfolio, in particular, must be a person who has at least a science degree, a fair understanding of the law and the economics of patents. This is to ensure that the value of timelines and expeditious prosecution is understood at the highest levels.

The Director of Patents, in turn, must be assisted by a suitable number of Deputy and Assistant Controllers, and Examiners so that essential functions - like examination, opposition hearings as well as administrative functions like responding to RTI queries on time, provision of certified copies can be discharged promptly. The number of Deputy and Assistant Controllers must be fixed bearing in mind that today the functions and user numbers (not just patent applicants) for Patent office have increased exponentially and these users have a lot at stake.

Likewise, the strain on staff due to administrative activities at TM office has also moved in exponential numbers. The TM office needs to be strengthened in a like manner, keeping in view the demands/ number of filings in recent years.

It goes without saying that each of the above-mentioned designations calls for strong domain/technical expertise, besides a fair understanding of the fact that grant of patent or a trademark not only involves a significant application of the law, but also administrative law and the fact that IP rights become important tools in the real world of business.

2. 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:

Vesting the CGPDTM with autonomy would go a long way in ensuring that the Office has the ability to respond in time to exigencies which are largely infrastructural and logistical in nature, and hence extremely critical for smooth functioning. This will further allow the Office to calibrate its responses to the dynamic and transient nature of the patent filing. It would also help, if Patent Offices are given the freedom to retain funds generated by them, or at least a good portion of it, for them to decide the use to which they must be put to. This is of course subject to Constitutional limitations.

As is already noted in our response to point 1, we think that bifurcation of the two offices is a rational move.

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

Response:

Assuming that this question pertains to changes needed for bifurcation of the Office, none is required since each of the offices is governed by its respective legislation. However, if this is a general question that pertains to need for amendment of Rules in general, they have been detailed in response to Issue 6.

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:

Yes, it is absolutely possible. Even the IPAB is governed by different notifications, one for Patents and the other for Trademarks. A model has already been proposed in response to Issue 1.

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

Response:

This issue has been addressed in some measure in the response to Issue 1. The surest way of strengthening the Controller's office is to provide for meaningful delegation of the nuts and bolts to Directors of individual portfolios making it possible for the

Controller to focus his energies on high-level management. Given the situation today, the Controller must be in a position to actively crack down on irregularities of all kinds in the office, including financial irregularities.

Besides an obsession with transparency and accountability, the Controller must possess sound knowledge of the stakes involved in patenting in the business world; this knowledge would be of little use unless he is sufficiently empowered to respond to applicants' needs which will be reported to him by Directors of the two portfolios. Increasing the number of examiners and vesting the Office of the Controller with autonomy are essential prerequisites to strengthen the office of the Controller

The Controller must also be someone who has a pulse not only on the needs of applicants, but also on policy and judicial trends as far as IP law is concerned. He must be in a position to interact with practitioners and applicants, from a position of parity as far as the law is concerned. This is the best way to ensure that applicants repose faith in the institution.

Also, the knowledge of the law must not be limited to the Controller alone, this requirement applies to Deputy and Assistant Controllers, and Examiners too in both patent and TM sections. To this end, every individual, particularly examiners must undergo a mandatory and substantial training at NIIPM in the law to understand the fundamentals of statutory interpretation, and the principles of administrative law.

The process of grant of an IP right, including a pre-grant opposition proceeding in patents, being a quasi-administrative process requires that the examiners and the Controller are comfortable with the fundamental precepts of administrative law which deal with principles of fairness and equity. In the event the IPO staff lack awareness of these principles, applicants will find themselves short-changed.

One practical proposal could be to have an active line of communication between patent offices and NIIPM so that queries on the law may be directed to the faculty at NIIPM by patent offices, particularly examiners, as and when the query arises.

Another alternative could be to have an in-house legal team in patent offices which could address queries that patent examiners may have on a daily basis. Having an in-house legal team, in addition to the examiners themselves having undergone training in the law, ensures that decisions are reasoned, and appeals to the IPAB are reduced, besides lending the outcome in the offices a semblance of sanctity, consistency and predictability.

Besides an in-house legal team or an active channel of communication with NIIPM, it would also help if every patent office has a formal tie-up with a Government-run institute of technical excellence. Since the patent offices are located in metropolitan cities, each of which has an Indian Institute of Technology, the Patent Offices could tie-up with IITs for two-fold technical support.

First, help could be sought from IITs to draw up a list of scientific advisors who could assist patent examiners in understanding inventions and looking for the right prior art. The condition that such advisors must, however, be subject to is that they shall not take part in any post-grant proceeding in relation to an application on which their assistance is taken. This is to prevent any possibility/allegations of conflict of interest. Second, the IITs could provide patent offices with access to world-class literature and scientific databases apart from databases already at the disposal of the patent office. This could lead to a two-way traffic in terms of increasing awareness on patents in IITs and providing reliable technical support to patent offices.

The other area of concern is the dire need for integration of information related to applicants and applications between all four offices. It must be understood that the Patents Act prescribes the “appropriate office” for a reason, which is to avoid duplication of applications by mischievous applicants, and to ensure that there is a single contact point for

a patent applicant with respect to all of his applications. Today, the unfortunate situation is that the absence of an integrated repository which is put to practical and daily use by the Patent Office, aids applicants who get to “forum-shop” for reasons best left unsaid. Multiple applications/divisionals are filed by the same applicants in different offices, although there is an implied duty on their part to disclose the earlier filed applications.

5. 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:

Essential statutory functions, which are integral to the grant or non-grant of patents must not be outsourced. No amount of precaution can overcome a statutory limitation. The only areas fit for outsourcing are purely administrative activities which have nothing to do with forming an opinion on the merits of a patent application such as docketing of files, creation of a database, creation of a faster payment gateway, putting an automatic publication software in place which publishes applications as soon as the 18-month period expires, and the like. Even when such strictly “administrative functions” are outsourced, care must be taken to ensure integrity and safety of the files are preserved. Past experience has shown that files have been lost when a particular activity has been outsourced to vendors.

Ad-hoc prior art searchers may be hired in line with standard recruitment policies but wholesale outsourcing of prior art searches to an outside agency may be deemed un-statutory. Importantly, the respondent is not aware of how the current CSIR search system is helping and hence won't comment in isolation.

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:

Yes, subject to the condition that these *ad-hoc* employees will be subject to all restrictions that apply to full-time employees.

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

Response:

This issue is integrally linked to streamlining of workflow inside the Patent offices to expedite prosecution of applications, and cannot be addressed from a narrow perspective. One of the first things that any attempt at restructuring hierarchies must focus on, is recruitment of more examiners on a war-footing given the fact that patent applications filed in India are bound to increase over the next few years by leaps and bounds. If the Indian Patent Office continues to remain as poorly manned as it is at the moment, the quality of examination is bound to suffer leading to erosion of faith in the process and sanctity of grant. Each examiner must be loaded with only as many applications to which he can do reasonable justice to, without compromising on the quality of application of mind.

In the US, according to the USPTO's 2011 Performance and Accountability Report, in all 5,36,604 applications were filed, which were distributed between 6780 patent examiners. In other words, approximately 79 patent applications were handled per examiner (this of course excludes the number of pending applications from previous years).

According to the 2009 Annual Report of the European Patent Office, 1,34,500 applications were filed which were handled by 6818 examiners i.e. 19 applications per examiner, again this is excluding the number of pending applications from previous years.

In contrast, in the Indian Patent Office, according to the current Controller General's keynote address in an ASSOCHAM conference held in October 2011, the number of examiners is around 260. According to the Annual Report of 2009-10, 34,287 applications

were filed. This works out to approximately 131 applications per examiner! (Which again excludes the number of pending applications).

This monumental paucity in the number of examiners itself is one of the major reasons for the Patent Office's persistent failure to comply with statutory time limits, with the result being that proposals for grant of presumptive validity of patents granted are met with disdain and cynicism by practitioners and policy analysts alike.

That said, paucity of manpower cannot be an excuse for non-adherence to statutory timelines by the patent office. In this regard, creation of timelines where there is none on the patent office is a thought worth dwelling upon. For instance, the publication of applications is delayed beyond 18 months *despite* the publication being an online process. It must be appreciated that publication of patent applications on time is of critical consequence, since not only does it give effect to the applicant's rights under Section 11A(7) of the Patents Act, it also opens the window for pre-grant oppositions. Therefore, all that can be done to publish applications immediately after the expiry of 18 months, must be done.

One possible solution could be to amend Rule 24 and give it a "positive" twist. Rule 24 currently states that an application shall ordinarily not be open to the public for a period of 18 months from the date of filing of the application or the date of priority, whichever is earlier. This could be re-worded to state that patent applications "shall" be published at the end of the 18-month period. This is further needed in light of the perceived ambiguities that Section 11A and Rule 24 give rise to. "Opening applications to the public" does not appear to be the same as publication of the details of the application in the Patent Office Journal. This means, the public has the right to access an application after the 18-month period, even if the application has not been "published" by the Patent Office. However, this nuance is seldom understood by the Patent Office. Also, on a practical level, the general public will not know whether a particular patent application is open to public without it first being

published since the existence and details of the patent application are made public only by way of publication.

Not just that, a pre-grant opposition may not be filed according to Rule 55 of the Patent Rules until the application is “published” by the Patent Office; however, under Rule 24 an application is open for public inspection after 18 months. There is no clear indication from the Act whether such a consequence was ever intended by the Legislature.

Apart from the above, a technological solution could be to install software which publishes the application automatically once the statutory period of 18 months has expired by enabling/ linking the current software to directly publish all patent applications at the end of 18 months unless the Applicant had sought an early application or there are secrecy directions. Also, since online publication is the only form of publication since 2009, it could be made more meaningful if the entire application is published instead of just the bibliographical details and the abstract. This is perfectly permissible and legal since Section 11A(5) is “inclusive” in nature. It does not preclude publication of the entire application. Since there is a public interest involved in expeditious publication of applications, the entire application ought to be published.

While we are on the point of installing software, we must highlight the fact that administrative problems at patent office for following matters are very irksome:

- a) Getting photo copies / certified copies of files takes an unduly long time.
- b) We have noted that there are discrepancies in fee paid versus the status shown on on-line register.
- c) Physical file inspection requests take a long time.
- d) Importantly, we note that when papers are scanned, not every thing is uploaded on to the IPAIR server – eg.
 - In our experience we have at least seen 2 applications where examination report was there in physical file but not on IPAIR;

- The various branches have a differing standard on scanning the pre-grant oppositions- some scan and upload the entire file, some only scan the cover letter;
- The scanning of papers is not complete (or is not in sequential order) - not all files have been scanned completely, even today. In our own case, some files have been completely lost in scanning exercise and we as applicants put them together again to help the Patent office prosecute the matter.
- The IT infrastructure is not very good and even now we face blank screens many times when we click on IPAIR for the .pdf files.
- The decisions from Controller are NOT uploaded on a religious basis – in our notice there are at least 10 decisions where the IPAIR site shows a decision is released but when clicked, the decision does not open.

The second important issue to be addressed is the 12-month period for putting an application in order for grant under Section 21 read with Rule 24B. The Indian Patent Office could take a cue from other jurisdictions and split the 12-month period from the date of issuance of FER into two-three time-slots wherein there is a time period – **equally applicable on both parties to respond**. For instance, the applicant must be required to respond within three months of the receipt of the FER from the Patent Office. Once the applicant submits his response, the Patent Office in turn must be required to respond within three months if it has any further objections. In both instances, if neither party responds within the stipulated period, either the applicant has abandoned his application, or the Patent Office loses the right to press those objections or issue any more objections.

The alternative to this could be to state that no examination report/objection will be issued by the Patent Office unless the Applicant has at least a 2-3 month period to respond before the end of the 12-month period. This would also help to set a ceiling on the number of ERs the patent office may issue in an application within the 12-month period and within the stipulated time-spans in the 12-month period.

The quality of examination of applications itself needs a sea change. Quality prior art searches are an absolute must under the Act. The records of the patent application must reflect search strategy and its results so that in a situation where the application is called for inspection under Section 144 by a Court of law, the Court must be in a position to understand the strategy adopted and make sense of the search results. In a recent case, where the records of a patent were summoned by a High Court, it was observed that the records did not contain any search strategy, making it virtually impossible for the High Court to decide if a search had been undertaken in the first place.

Also, the quality of objections raised by the Patent Office must improve. Specifically, most objections raised by the Office are “formality” objections or are vague/ broad, which never touch the merits of the invention or are specific enough. Even if objections are raised in connection with the invention, they are cryptic at best, making it extremely difficult for the applicant to formulate a suitable response. One of the principles of administrative law is that the Official authority must give an applicant sufficient and clear notice of the objections so that the applicant is in a position to understand and frame a response. This principle is rarely adhered to by Patent Offices. Sometimes, objections are raised merely because the examiner has not understood an invention, which can be resolved if the applicant is asked to explain the invention. There is no rule under the Act which prevents an examiner from seeking clarifications (which are not necessarily objections) with respect to the invention.

It must be understood that the role played by the Patent Office is not adversarial in nature. Although the Patent Office need not facilitate the grant of a patent, it need not necessarily pit itself against applicants.

The need of the hour is for the Patent Office and the applicants to understand each other’s requirements and expectations within the bounds of the law. And this is best achieved when there are training sessions or grievance sessions or by opening a virtual discussion portal. A brief manual of patent practice and procedure is not sufficient to achieve this objective. This goal is of practical value since applicants need to trust the Patent Office and its ability to

understand their grievances if more applications have to be filed and granted without rancour and acrimony.

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

Response:

There is no need for setting up additional offices if e-filing is used effectively and optimally. On a related note, if the Patent Office seems open to the idea of investing in creating additional offices just to handle filing, it appears there are enough funds to invest in upgrading the skills of existing examiners and recruiting more examiners.

The point on e-filing that needs to be understood is, why have users not accepted it with open arms. The fact is that the present e-filing system is very cumbersome, with onerous paper requirements post e-filing has meant that most users still want to use paper filing. The e-filing mechanism will pick up only when the hassles to users are less.

8. 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:

It would be best if the NIIPM is under the direct control of the office of the CGPTDM. Autonomy and freedom to take decisions, again are the reasons for this suggestion. The institute can become the source of dissemination of information to the Patent Office and applicants alike besides becoming a centre for evolving an Indian jurisprudence on patents.

The NIIPM ought to conduct workshops on area-specific as well as skill specific and experience distinguishing topics based on issues that typically arise in relation to patent applications in an area of technology and experience profile of various users of the patent system. Also, NIIPM must hold training sessions in all the four cities where the Patent Office

is located and other major cities where applicants are situated such as Hyderabad, Surat and Bangalore, instead of conducting its courses only in Nagpur. They should also create one day sessions – both for fresh users and experienced users on different topics – for eg, a professional with some years of experience may want to now look at the procedural aspects of opposition filings- this is not taught in the current system.

The NIIPM realistically cannot expect people to come all the way to Nagpur to attend training sessions, when a more convenient and preferable alternative can be easily arranged. Participants would certainly not mind paying for these training sessions so long as they are held in major cities, preferably cities where Patent Offices or patentees/applicants are situated.

So, in brief – NIIPM to make more content for various levels of users, various industry / professional types and importantly come out of Nagpur for conducting many more one day sessions.

9. 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 present system is too inter-linked with Government recruitment to bring in timely and adequate number of people as examiners (specially). We are yet to see the working of the ‘earlier’ round of Examiners that Minister had announced. Nor are we aware of what happened with the recruitments being done with the help of CSIR.¹ We are advised the Controller has announced more recruitment plans.² However, there does not seem to be concrete data on how many different recruitment drives were done in last five years, how many examiners joined as a result and how many of these

¹ <http://www.livemint.com/2009/12/28220631/CSIR-set-to-recruit-patent-exa.html>

² <http://www.thehindubusinessline.com/industry-and-economy/government-and-policy/article2528277.ece>

remained at end of three years.

Autonomy of the IPO is the way out for recruitment problems.

10. 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:

The Respondent does not have a solution to this issue at this juncture, but the option of choosing from practitioners appears *prima facie* feasible. But, reiterating, we are not sure on what has happened in the various recruitment drives over the last five years or what will be the probability of enough examiners joining pursuant to the latest drive.

11. 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:

The nationality of the TM applicant does not seem to be relevant. Appropriate number of examiners in relation to new trademark applications filed, should be implemented. Empirical data is needed to understand the current position before any informed comment can be volunteered with. The size and the office structure of the TM office can be modeled along our suggestion on the Patent office in earlier comment – as we users see the situation, both TM and patent are cash-positive functions by a long shot and the Government must spend money on giving optimum service to the payers.

12. 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:

There really appears to be no need for such a proposal at this stage because we are yet to see how each of the offices is capable of functioning when it is equipped with adequate manpower (for instance the requisite examiners) and infrastructure (top of the line databases/ libraries). Venturing into this line of thought at this nascent stage may be too premature considering that existence of different offices for different rights has not really shown any adverse effects. At the most, a help desk at various IP offices could be set up where applicants/ public can engage in a dialogue with officials who can guide the right form of IP protection.