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# Operational Issues at IP India Office: A Brief Report

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- ➔ Hierarchal Pyramidal Structure
- ➔ Outsourcing Prior Art Searches
- ➔ Financial Independence
- ➔ Examiner Point System
- ➔ E-Filing
- ➔ Satellite Offices
- ➔ Virtual IP Front-Desk

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# Operational Issues at IP India Office

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## Introduction

Department of Industrial Policy and Promotion (DIPP) released a discussion paper titled 'Review of Organisational Structure of the office of the Controller General of patents, designs, trademarks and geographical indications' on 4<sup>th</sup> October 2011. This Paper aimed at collecting views on changes in organizational structure of the IP India Office (Patents, Designs, Trademarks, and Geographical Indications) to remove operational issues, reduce pendency, and maintain independent functioning.

InnovAccer is an innovation management firm with a vision to create and accelerate creation of innovation ecosystem in India. InnovAccer presents its views on above mentioned topic in this brief report.

Increasing pendency of applications at the patent, trademark, and design office is a major concern at present. Majority of vacant posts of examiners make this issue worse and has to be taken into immediate consideration. Lack of hierarchal pyramidal structure, improperly defined job responsibilities, vacant examiner posts, and lack of specific administrative office are major problems taken into consideration in this report. Suggestions and Recommendation for proposed changes in organization structure and internal office policies are made to tackle above mentioned problems.

Outsourcing prior art search work, promoting and making e-filing efficient, creating an administrative office, properly defining job responsibilities, and promoting applicant interviews are few recommendations to tackle current organizational problems and operational issues.

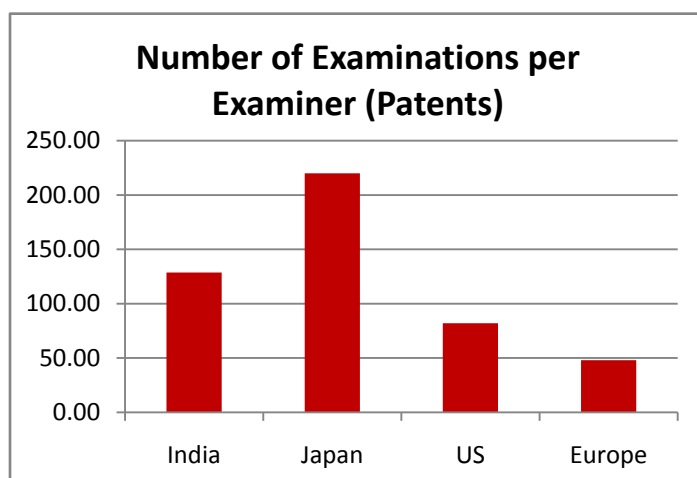
## Increasing Pendency

Pendency of examining applications in majorly all divisions is increasing drastically over the years posing a serious concern to the structure and work flow of the office.

	2003	2004	2005	2006	2007	2008	2009
<b>Patents</b>	1653	5841	16198	22724	33119	53418	76002
<b>Trademarks</b>	205772	212677	220846	239080	298889	323842	439910
<b>Designs</b>	129	129	359	904	1123	1234	1060

**Table 1 - Pendency of Application in IP India Office**

One reason associated with pendency of applications is clearly visible from the work load of examiners to examine applications. Graph 1 below shows work load of patent examiners in an international context.



India clearly has more work load than United States and Europe even though number of applications in India is marginal as compared to other two regions.

Japan enjoys high examination work load on patent examiners by outsourcing mostly all of prior art search work to third-party vendors.<sup>1</sup>

<sup>1</sup> JPO Annual Report 2011, Part 2 – Government Efforts in Intellectual Property Activities, [http://www.jpo.go.jp/shiryoe/toushin\\_e/kenkyukai\\_e/pdf/annual\\_report2011/part2.pdf](http://www.jpo.go.jp/shiryoe/toushin_e/kenkyukai_e/pdf/annual_report2011/part2.pdf) (last accessed on 29th Nov, 2011)

## Why Indian Examiners have higher work load?

Firstly, more than 60% of positions are still vacant and very few patent examiners and trademark examiners take care of the job. Also, unprecedented and significant amount of promotions of Examiners to Assistant Controllers in 2009 worsen the pendency levels.

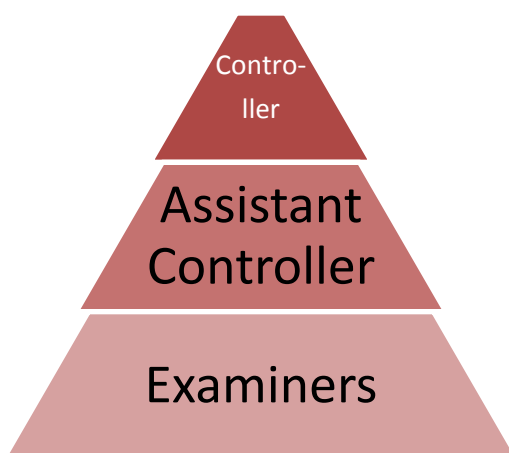
Secondly, Examiners are not only assigned the task of Examination but also administrative tasks like conducting Patent Agent exam, Training Sessions, and similar tasks.

## Suggestions and Recommendations

### Financials

IP India Office has a gross profit margin in between 80-90%! Profits earned by the office go back to the government in totality. We strongly recommend a policy which allows the office to keep a fraction of profits for its own development. Increased budget will allow creating an administrative block, set up outsourcing of prior art searches, aid in promotion of e-filing, and help build satellite offices and IP front desk.

### Hierarchical Pyramidal Structure



A pyramidal structure makes work-flow of the office efficient while keeping accountability in order. Assistant Controllers report to the Controller while Examiners report to the Assistant Controllers. An Examiner reports to various Assistant Controllers at present, making his job difficult to cope up with varied working styles of different Assistant Controllers. An Examiner must report to a single higher authority (Assistant Controller) to avoid duplicity, save time and increase efficiency. Also, there must be a cap to the ratio maintained between

authorities. For example, number of Assistant Controllers must not be more than one-fourth and must not less than one-tenth of the number of Examiners. This will make sure that an Assistant Controller is managing work of 4 - 10 examiners.

## Outsourcing

Japan Patent Office (JPO) has shown an excellent example of managing outsourcing of prior art searches in their patent office. At present, 70% of the prior art searchers are outsourced to third-party vendors. Third-Party vendors are kept under constant check by the JPO and these vendors constantly improve their capacity and efficiency in a competitive business environment to meet JPO's demand. JPO has also found that Dialogue-Style outsourcing (submission of prior art search report by third party followed by a presentation to the examiner on the subject matter and prior arts discovered) is found to be more effective than Report style (submission of report only).<sup>2</sup>

Indian Patent Office must initiate outsourcing of prior art search work to third-party vendors gradually, keep track of their work, and maintain competitiveness of third-party prior art search vendors by rating their work annually and penalizing for below average work. Quality of work can be accessed by factors like number of prior art citations found, number of non-patent literature cited etc.

## Examiner Point System

United States Patent & Trademark Office (USPTO) has found Examiner Point System as an effective tool to keep track of pendency, make environment amongst examiners more competitive, and improved overall efficiency of the office.<sup>3</sup> Each examiner will receive points for a particular task. First or Second reexaminations will receive less points than original examination, while third examination report will receive way lower points than first or second examination report. This system will drastically increase accountability while maintaining a competitive environment in the office, thereby increasing overall efficiency.

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<sup>2</sup> JPO Annual Report 2011, Part 2 – Government Efforts in Intellectual Property Activities, [http://www.jpo.go.jp/shiryoe/toushin\\_e/kenkyukai\\_e/pdf/annual\\_report2011/part2.pdf](http://www.jpo.go.jp/shiryoe/toushin_e/kenkyukai_e/pdf/annual_report2011/part2.pdf) (last accessed on 29th Nov, 2011)

<sup>3</sup> USPTO Joint Labor and Management Count System and Taskforce, Overview of Count System Initiatives and Changes, [http://www.uspto.gov/patents/init\\_events/Count\\_System\\_changes-Overview\\_3-8-2010.ppt](http://www.uspto.gov/patents/init_events/Count_System_changes-Overview_3-8-2010.ppt) (last accessed on 29th Nov, 2011)

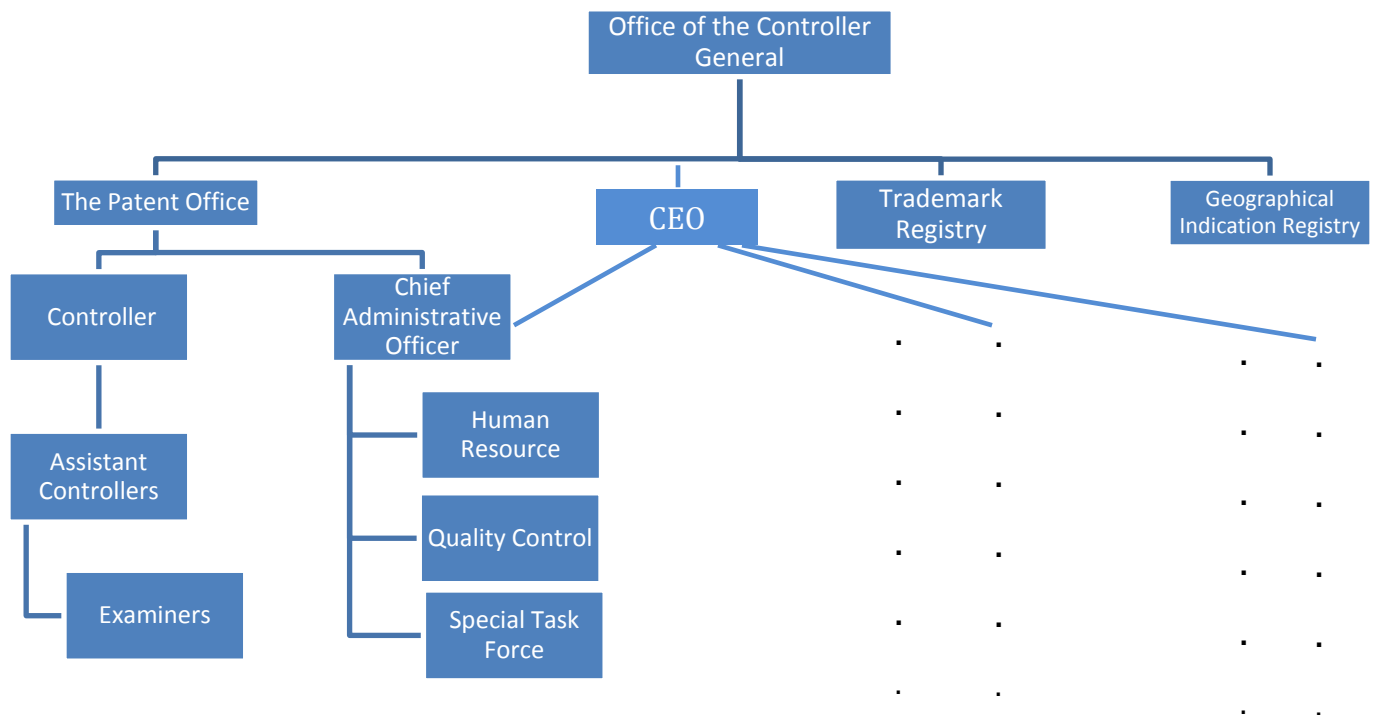
## Promote Applicant Interviews

As earlier pointed out, JPO has reported that presentations given by third-party prior-art vendors to examiners increases efficiency. Similarly, David Kappos in his speeches has suggested that applicant interview with examiners help examiners understand the invention quickly thus increasing efficiency and quality of examinations.

Indian Patent Office must promote applicant interviews and also improve infrastructure like telephone lines, fax machines, and video conferencing facilities to this effect.

## Administrative Block

Currently, Examiners are also involved in other administrative works like conducting patent agent exams, training sessions, hiring new examiners, and other similar tasks. There should be a separate administrative block for each division guided by a common Chief Executive Officer. Organizational Structure of new administrative block is described below.



A similar structure can be observed in other patent office too. CEO will manage overall execution of the office while Chief Administrative Officer in each division will administer and manage work flow and pendency of corresponding division. Quality Control team will take care of efficiency and quality of examination and also keep a track of pendency rates. Human Resource team will manage recruitment of new officers, internal/external training sessions, and will be responsible for communication with the employees. Special task force team will execute special tasks designed by CEO or Chief Administrative Officer for improvement in execution of work in the office.

## E-Filing

Increase in number of E-filing will reduce work load at the front desk as well as management of files will be relatively easy. Once docketing of files is completely computerized, transparency in sharing dockets (prosecution history) online will improve transparency. Promoting E-Filing via training sessions and marketing is one option of promoting it. Most of other patent offices worldwide have increased number of e-filing by discounting filing fees. India should amend patent & trademark rules for discounting application fees if an application is filed via e-filing process.

## Satellite Office

It is not a hidden fact that Karnataka and Andhra Pradesh are in top 6 states in filing patents, whereas patent offices are located in 4 of these top 6. Also, Bangalore and Hyderabad are innovation clusters of India.

State	Number of ordinary Applications filed	
	2009-10	2009-08
Maharashtra	2286	1990
Delhi	868	702
West Bengal	364	358
Tamil Nadu	813	783
<b>Karnataka</b>	<b>755</b>	<b>872</b>
<b>Andhra Pradesh</b>	<b>553</b>	<b>411</b>
Gujarat	319	295
Kerala	166	107
Haryana	144	126
Uttar Pradesh	321	115

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A small satellite office setup in Bangalore and Hyderabad with only two roles:

**Acceptance of applications:** Applications will be accepted in Bangalore or Hyderabad front desk. Applications will be transferred to Chennai office at the end of business.

**Examiner Interviews:** Examiners from Chennai Office can travel to Bangalore and Hyderabad Offices to conduct applicant interviews. Otherwise, video conferencing facility can be availed. This will help examiners in faster examination and make applicant's job easier.

## Virtual IP Front-Desk

There will be no requirement of IP Front Desk once E-filing is the most common filing process. Though, a virtual IP Front Desk can be setup wherein filing of all Intellectual Properties can take place under one roof: A single website for filing patents, trademarks, designs, and geographical indications. Applications submitted on the website from thereon can be transmitted to corresponding offices.

## Conclusion

Indian IP office at present is facing serious issues with elevated pendency rates, vacant examiner positions, and inconsistent ratio of assistant controllers and examiners. An administrative block in each division of IP office is need of the hour. There should be a hierarchal pyramidal structure (Controller -> Assistant Controller -> Examiners) with defined responsibilities for increased efficiency and accountability.

An efficient administrative organization structure is a Human Resource Team, Quality Control Team and Special Task Team guided by an administrative officer of each division under a common Chief Executive Officer. Dialogue-Style Outsourcing, Examiner Point Systems, and creation of separate administrative block will reduce work-load on Examiners and let them concentrate only on Examinations.

Promotion of E-Filing, Satellite Offices in Bangalore & Hyderabad, and Virtual IP Front-Desk will improve transparency and make applicants & examiners file management work easy.