

A welcome move to secure the nation's intellectual property

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The Lok Sabha has finally passed the long-overdue measure, "The Protection and Utilization of Public Funded Intellectual Property Bill, 2007." The bill was recently introduced in the Rajya Sabha, so it will take some time before it becomes the law of the land. Nevertheless, it is a much-welcome step in the right direction.

Kapil Sibal, the Minister for Science and Technology, Government of India, pointed out that the bill aims at promoting creativity, innovation, and collaboration in research and development between government and private organizations; commercialization of intellectual property, and most importantly, increasing the awareness of IP issues particularly within academic institutions. These objectives will be largely accomplished provided the many provisions of the bill are implemented faithfully and effectively.

There are many positive features in the IP bill, the most significant being sharing of income or royalties arising out of the IP between the inventor(s) or creator(s) of the IP and the institutional recipient of the public funds (Sections 11(a) and 11(b)). This will create a strong monetary incentive for both the individual scientists and the organization to adhere to the IP "discipline," as enumerated in the various provisions of the bill. In my view, the government should have actually given something back to itself from the IP income (say 10 percent), and not left everything in favor of the institution.

Two key provisions will ensure that IP prosecution will not be compromised either due to unnecessary delays in filing or due to premature public knowledge.

- Recipients of public funds for R&D will have to make IP disclosures to the government within a defined time limit of 60 days. Early filing of IP applications is critical to guard against the possibility of being beaten by a competitor filing for a similar invention. And invention disclosure is a critical step prior to filing of an IP application as this gives the institution an opportunity to evaluate the IP, sort out inventorship and other issues and make sure that specifications, claims, etc.

are fully assembled.

- They will also be prohibited from making public disclosures, publications and exhibition of IP prior to filing of IP applications in all applicable jurisdictions. This is again a very important provision as premature public disclosure has been known to kill many patent applications on the grounds of prior art, lack of novelty and “obviousness.”

Two additional provisions address the objective of commercialization of IP:

- Section 10: Recipients of public funds for R&D will be required to form an IP management committee, whose functions include assessing market potential, addressing licensing issues, managing funds and revenues, and managing relationships. Part of the funds for administering this committee will come from the shared income and royalties arising out of IP commercialization (Section 11 (c)). The IP management committee appears to be the equivalent of the “Office of Technology Management” established by most American universities. All academic institutions in India conducting R&D must have such a department.
- Section 7 (c): Institutions having title to public funded IP are also required to take active steps to commercialize their IP, and submit bi-annual reports to the government in this regard.

A few provisions in the bill strike are somewhat onerous and perhaps require a re-think.

- Section 12: Forces recipients to ensure that when they issue an exclusive license to market in India, the products will be manufactured in India. This is an unnecessary burden that could substantially devalue the commercialization potential of the IP, and in some respects defeats the purpose of the bill. Arguably, this is a concession made to promote the domestic industry. However, it may not serve the public good in India if, for example, a pharma company (domestic or foreign) chooses not to market a fabulous drug in India even though it was invented here, because this provision will force it to manufacture the drug in India.
- The government has given itself compulsory licensing rights either due to international treaty obligations (Section 13) or national security reasons (Section 18 (e)). However, there is no mention of any compensation to the IP title-holders. This directly contradicts the spirit of Section 11 to provide a monetary incentive to the inventor and the institution to promote innovation.

Perhaps, the single biggest loop-hole that will have the largest negative impact on the government’s objective to promote IP awareness is Section 17, which essentially exempts post-graduate students receiving scholarships, fellowships and grants from all provisions of the bill. I fail to see why. A vast amount of creative and innovative R&D is conducted by this group of young scientists, and it is imperative that in the current global scenario the IP discipline is inculcated as an integral part of the senior students’ training.

In conclusion, since over 80 percent of the R&D in India is today funded by the government, the IP bill is a great step in the right direction to secure India’s Intellectual Property.

(All views expressed above are the personal opinions of the author and do not necessarily represent the views of Actis Biologics, the company where he works.)

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