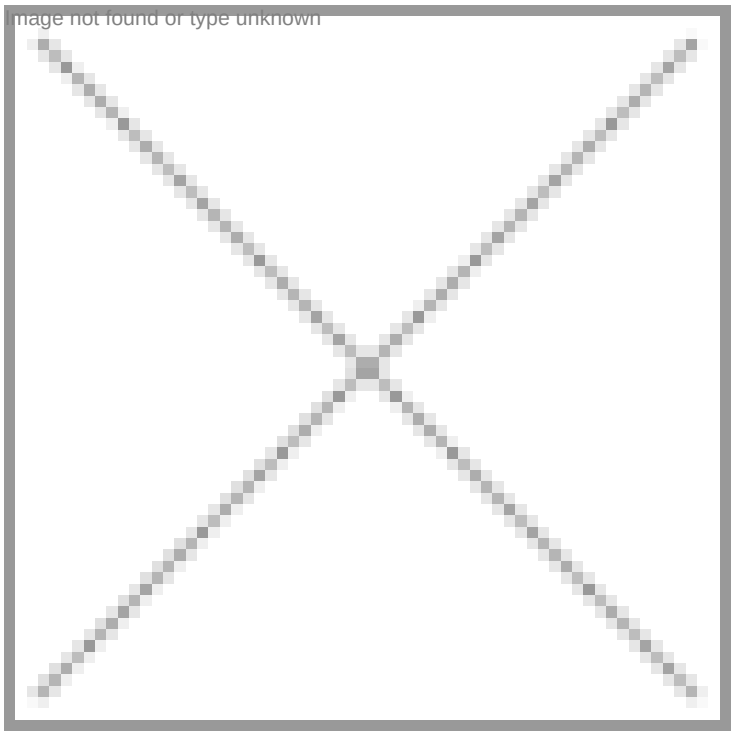
BioSpectrum the business of Bio & Health Sciences

A promising venture or a flawed legal transplant?

14 November 2011 | News



Shouvikguha Image not found or type unknown Mr Shouvik Kr Guha	The author has completed BA LLB (Hons) from West Bengal National University of Juridical Sciences, Kolkata, and is currently working as a research associate

In January 2009, the Indian government introduced in Rajya Sabha the Protection and Utilization of Public Funded Intellectual Property (PUPFIP) Bill, which heavily draws inspiration from the US Bayh-Dole Act. It has been faced with considerable criticism due to the lack of transparency surrounding the drafting of the Bill as well as at several provisions thereof. It has since then undergone scrutiny by a Parliamentary Standing Committee, which has prescribed certain amendments before it can be made into an act.

Much like its US parent, the Indian Bill vests institutes with the right to acquire patents over inventions derived from publicly-funded R&D. However, instead of a facilitative framework encouraging patent applications, it imposes a harsh punitive framework mandating institutional patenting under threat of serious sanctions. Moreover, the Bill's purview extends beyond patents, covering other forms of intellectual property (IP), such as copyright, plant varieties, semiconductor layout, and trademark. While as a former British colony, India is more than familiar with western legal transplants, this current effort can unfortunately be perceived as even more flawed than the original, thereby being likely to face rejection by a host of legal regime and perhaps rightly so.

Apart from exhibiting a lack of prudence in its blind efforts at transplantation, the earlier versions of the Bill have also so far reflected a complete lack of understanding of ground-level realities of publicly-funded research in India the modes of appropriation and dissemination of results of such research and the industry nexus. Opinions are divided even on the original

US Act's usefulness in the promotion of innovation and patent application by publicly funded universities and other organizations. At best, it provides a skeletal model for adoption by countries to construct an optimal regulatory regime. Among the usefulness that a similar piece of legislation, like the Indian Bill, can bring is the possibility of regulating hitherto uncontrolled patenting of public-funded research.

The scenario of patent titles in India is already murky due to the Patents Act, 1970, the General Financial Rules and specific employment agreements. The situation is likely to be roiled further by the Bill, given that the latter covers grant situations, but not necessarily sponsorship grants.

Although the Indian Bill draws its inspiration from the US Bayh-Dole Act, it fails to appreciate the latter's facilitative natureand opts instead for a punitive framework, in which institutions are effectively forced to register almost every piece of intellectual property that is created, under the threat of serious sanction. Due to this, it is a flawed legal transplant.

However, this is not to say that the primary objectives of the Bill, including wealth creation, promoting technology transfer, accountability of public-funded institutions and innovation-culture as well as providing higher royalty-shares to the scientist-inventors, are not laudable in themselves. It is just that the government must retain a set of realistic expectations from the Bill and not go overboard. Wealth creation by the Bayh-Dole model has faced its due share of flak even in the US and available statistics about the commercial viability of the patenting efforts of Indian institutes like the Council of Scientific and Industrial Research augur, ill for the same.

Similarly, rigorous record-keeping, accounting obligations, and audits appear to be much better means of ensuring accountability than forcing public-funded institutions to patent any and all inventions that they generate. Moreover, while technology transfer is a commendable objective, the Bill in its current form is overly broad, forcing institutes to patent any and all inventions without providing any specific framework or incentives to promote technology or knowledge transfer.

Based on overtly romanticized conceptions of the Bayh-Dole Act, it also makes a flawed assumption that patents are always the best way to incentivize innovation and transfer technology and requires patent application in all cases, leading to potential waste of resources. The inability of converting patented inventions into socially useful products has thus been overlooked. Providing 30 percent mandatory royalty to the scientist-inventor is perhaps one of the rare provisions of the Bill to have received uniform approval, although the Bill forces the publicly-funded inventor to patent his invention even if he wants to put it in public domain.

Given that the Indian effort was nothing more than a formalistic importation of the US Bayh-Dole Act with a few cosmetic changes and some harsh punitive provisions thrown in at the last minute, the imperfect outcome is unsurprising. The lawmaking process, which the Bill passed through reflects a lack of transparency as well as a lack of study and consultation with critical stakeholders, whom the Bill is likely to impact the most.

Fortunately, the standing committee has asked the government to reconsider certain provisions of the Bill after more meaningful consultation with stakeholders. It was to this end that a few proposals have been made by scholars and stakeholders to improve upon the current structure of the Bill.

These include achieving wider 'knowledge spillovers' and evaluating performance of scientists and institutions, open-access publishing, encouraging socially relevant innovation, creation of nodal authority for administrative purposes, facilitating non-commercial governmental use of such inventions and fostering greater transparency.

It also includes, incorporating more public interest safeguards like mandating affordable pricing of all products deriving from publicly-funded patents, making licensing of such patents compulsory in appropriate cases, favoring SMEs and local manufacturing, and vesting more discretion in the individual inventor to determine how to disseminate his invention, to name a few.

Until and unless the aforesaid flaws are addressed and at least some of the suggestions mentioned above are incorporated in the Bill, it is most likely to remain an exercise in futility and a prominent example of flawed legal transplantation at best.