



REVIEW ARTICLE

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**REVIEW OF ORGANISATIONAL STRUCTURE OF THE OFFICE OF THE
CONTROLLER GENERAL OF PATENTS, DESIGNS, TRADE MARK AND
GEOGRAPHICAL INDICATIONS**

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Abstract: As part of its inclusive approach to the formulation of various policies, this Department has been engaging in prior public consultations on important issues on which policy reform is contemplated. These structured discussions are triggered by the publication of Discussion Papers (DPs) outlining such issues. So far, published eleven discussion papers, of which two have a direct nexus with Intellectual Property Rights. This Discussion Paper in the consultation series and dealing with issues relating to intellectual property rights. It is requested that, to the extent possible, facts, figures and empirical evidence may be furnished, in the context of the specific observations/ suggestions made. The objective is to examine what steps are required to enhance the efficiency and effectiveness of the Office of the Controller General of Patents, Designs and Trade Marks, including through reorganisation. The views expressed in this discussion paper should not be construed as the views of the Government of India. The Department hopes to generate informed discussion on the subject, so as to enable the Government to take an appropriate policy decision.

Keywords: Intellectual Property, Trademark, Patents.

INTRODUCTION

Discussion Paper deals with the scope and options for reorganising the Office of the Controller General of Patents, Designs and Trade Marks (CGPDTM), to make it more responsive to the needs of Intellectual Property (IP) holders and users while enhancing the effectiveness and efficiency of its operations.

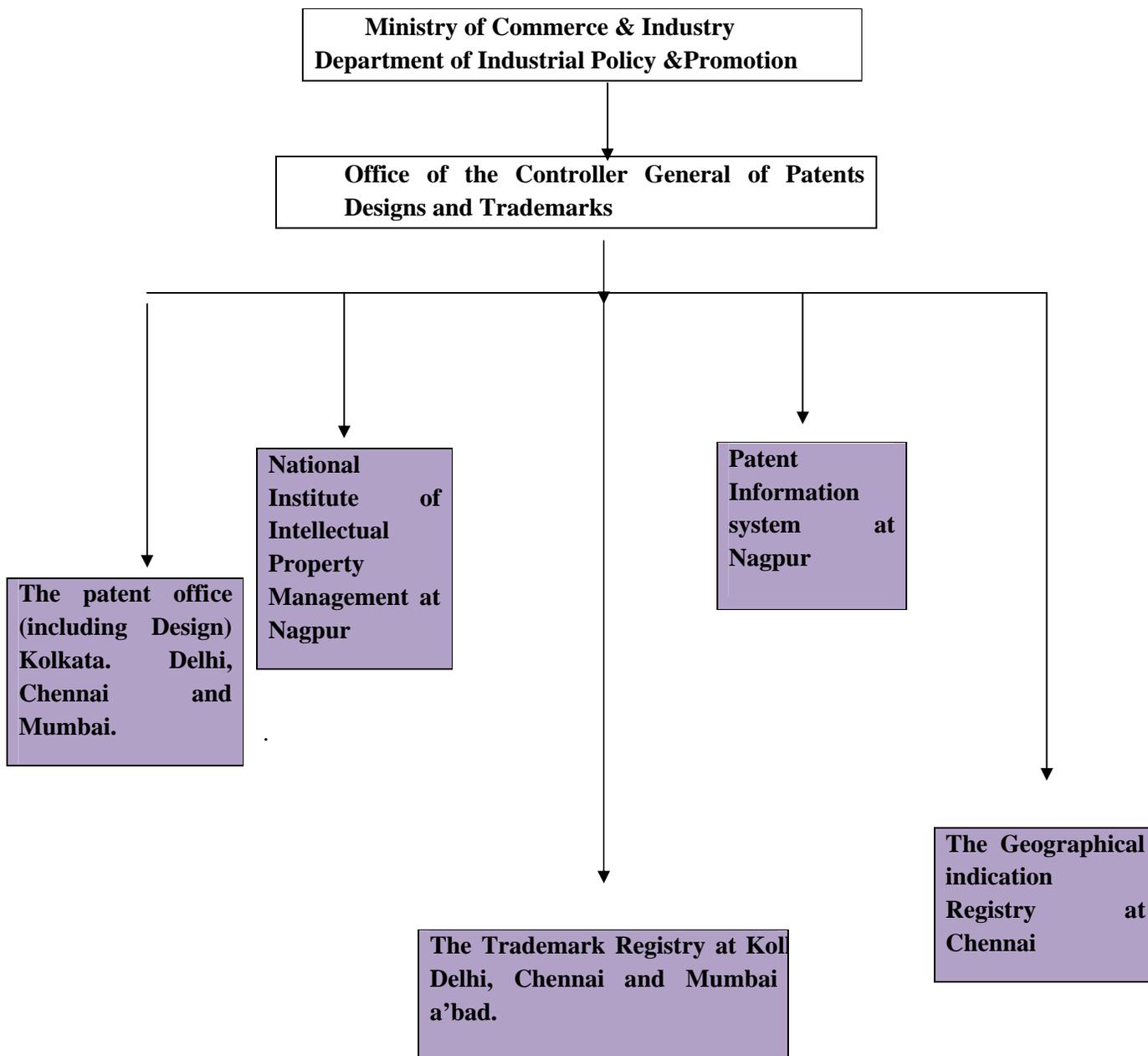
The CGPDTM, a field formation of the Department of Industrial Policy and Promotion, is responsible for registration and management of four Intellectual Property Rights, namely Patents, Trade Marks, Geographical Indications and Designs. It maintains 11 branch Offices in 5 cities i.e. Delhi, Mumbai, Chennai, Kolkata and Ahmadabad.

At present, the office is headed by the Controller General of Patents Design and Trademarks and each of the 11 branch offices which include 5 branch offices of the Trade

Marks Registry, 4 branch offices of Patent and Design (design functions are only performed in the Kolkata branch), one office of the Registry for Geographical Indications and the National Institute of Intellectual Property Management and the Patent Information System at Nagpur report directly to him through their branch heads.

The establishment functions of the organization are looked after by the Controller General directly with assistance provided by an officer of the Patent office. Each branch office therefore works as an independent unit under the supervision of the Controller General who has limited support to carry out his administrative functions.

THE ORGANIZATIONAL STRUCTURE OF THE INTELLECTUAL PROPERTY OFFICE IN INDIA IS GIVEN BELOW¹:



HISTORICAL PERSPECTIVE

The present Intellectual Property legal and organizational framework in India has its roots in the system established by the colonial government. Patent Rights were first introduced through the Protection of Inventions Act, 1856. The present institutional framework can be traced to the Patent and Designs Act 1911 which created the Office of the Controller of Patents and Designs in India.

The Indian Merchandise Marks Act, 1889 which was based on the English Act of 1887, did not provide for registration of trade marks. The scope of the legislation was limited to protection of the rights of trade mark owners and the public from unscrupulous traders, by making provisions to deal with “the use of false trademarks” and “false trade descriptions”. To overcome the 4 difficulty to support a claim to ownership of trademarks, in the absence of a legal mechanism for registration of trademarks, a trade practice also developed to secure registration of the trade mark under the Indian Registration Act, 1908, the object of which was primarily the registration of documents.

A statutory law on Trade Marks was enacted for the first time only in 1940. This Act created the institution of the Registrar of Trade Marks and established a Register of Trade Marks to be kept at the Patent office, Calcutta under the control and management of the Controller of Patents and Designs.

In 1941, the Act was amended to provide for separate Trade Marks Registry at Bombay for facilitating registration of trade marks in respect of textile goods. In 1943, the Trade Marks Registry, which was formerly part of

the Patent Office at Calcutta, was separated from the Patent Office and office of the Registrar of Trade Marks at Bombay was created. In addition a branch office of the Registry was established at Calcutta, for facilitating registration of trade marks.

Thus in 1943, the Trade Marks Registry at Bombay became the head office and the Registry at Calcutta became the branch Registry under a Registrar of Trade Marks –a distinct entity from the Patent and Designs Office. These two offices remained separate and distinct for the next 14 years.

The Trade and Merchandise Marks Act, and the Patents & Designs Act, were simultaneously amended in 1958. These amendments provided for the appointment of a Controller General of Patents, Designs & Trade Marks. The Controller General was designated as Registrar of Trade Marks for the purpose of the Trade Marks Act, and the Controller of Patents & Designs for purpose of the Patents & Designs Act. No further organizational changes have taken place since the Act of 1958. The Trade Marks Act, 1999 that repealed the Trade and Merchandise Act, 1958 continued the framework established under the previous Act with the exception that it allowed the Government of India to set up branch registries as per requirement and notify the territorial limits.

Further, when the Geographical Indications Act, 1999 was enacted in compliance with the commitments made under the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), the Controller General of Patents, Design and Trade Marks was made responsible for the registration and maintenance of geographical indications also.

The responsibility for implementation of the Designs Act 2000 was also given to the CGPDTM.

OPERATIONAL ISSUES

These include:

a. As part of the commitments made under the TRIPS agreement, a number of legislative changes were made. These included calibrated amendments to the Patents Act and enacting the Trade Marks, Geographical Indications and Designs Acts. These legislative changes widened the scope of intellectual property protection in India which in turn encouraged more filings for all the four IP rights. This has systematically resulted in an increase in work load for the office over the past ten years.

b. The growing importance of intellectual property in the backdrop of an increasingly globalized and buoyant Indian economy has simultaneously placed greater demands on the

IP institutional structure. Increase in foreign investment and expansion of trade has accelerated demands of producers to seek exclusive rights over technology, products, designs and ideas as an essential tool in competitive markets.

c. CGPDTM has been designated as International Search Authority/ International Preliminary Examination Authority (ISA/IPEA) under the Patent Cooperation Treaty. Operationalization of the ISA/IPEA status will place demands on the institution.

d. With the proposed accession to the Madrid Protocol, the office must meet international expectation and will need to respond to all trademark applications within 18 months.

DATA OF PATENTS, T.M., AND DESIGN

Table 1
Patents: Request for examinations filed, applications examined and pendency

Period	RQE Filed	Applications Examined	Pendency
2003-04	12362	10709	1653
2004-05	19001	14813	5841
2005-06	21926	11569	16198
2006-07	20645	14119	22724
2007-08	22146	11751	33119
2008-09	30595	10296	53418
2009-10	28653	6069	76002

Table 2
Trademarks: Applications filed, examined and pendency

<u>Year</u>	<u>Filed</u>	<u>Application Examined</u>	<u>Pendency</u>
2003-04	92251	89958	205772
2004-05	78996	72091	212677
2005-06	85699	77500	220846
2006-07	103419	85185	239080
2007-08	123514	63605	298889
2008-09	130172	105219	323842
2009-10	141943	25875	439910

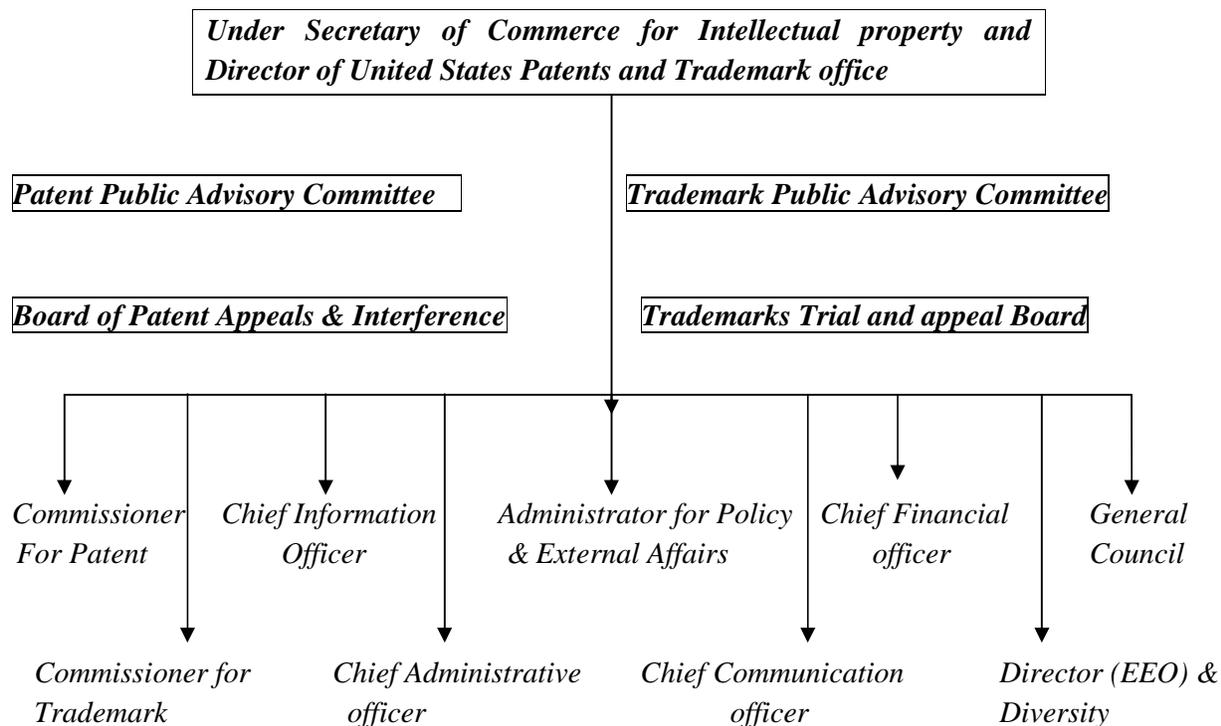
Table 3
Designs: Applications filed, examined and pendency

<u>Period</u>	<u>Applications Filed</u>	<u>Applications Examined</u>	<u>Pendency</u>
2003-04	3357	3228	129
2004-05	4017	4017	129
2005-06	4949	4719	359
2006-07	5521	4976	904
2007-08	6402	6183	1123
2008-09	6557	6446	1234
2009-10	6092	6266	1060

***ORGANIZATIONAL STRUCTURE OF
THE INTELLECTUAL PROPERTY
OFFICE INTERNATIONAL
EXPERIENCE:***

- **In the United States of America**, the United States Patent and Trade Marks Office, which is a bureau under the US Department of Commerce, is administratively headed by a Director (who is also Under Secretary of Commerce for Intellectual Property in the US Department of Commerce).
- The Director is assisted in his functions by two Commissioners, one of whom heads the Patents Department and the other heads the Trade.
- Marks Department. Other officials including administrators for Policy and External Affairs, Chief Financial Officer³, Chief Information Officer, General Counsel assist him in his functions.
- Budget for the USPTO needs approval from the Committee of Appropriations, US House of Representatives. To ensure stable funding, the US Patent Office Reforms Bills (presented in March 2011) proposes that the USPTO be permitted to retain and spend all the revenue it generates. US PTO has a backlog of hundreds of thousands of applications with an average pendency of 3.5 years. The reforms bill inter-alia proposes additional satellite offices

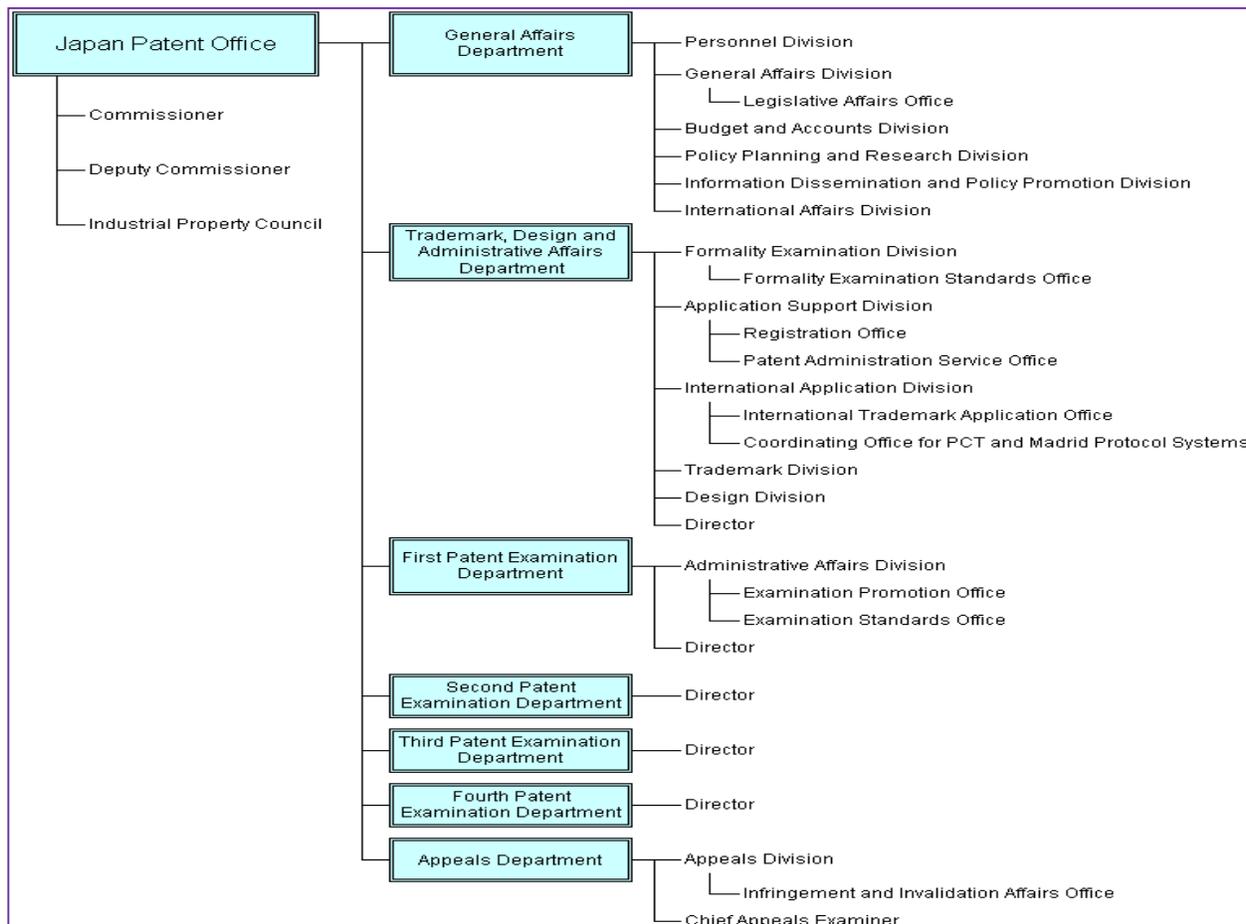
THE ORGANIZATIONAL STRUCTURE OF USPTO IS AS FOLLOWS:



Japan Patent Office is an agency of the Ministry of Economy, Trade and Industry. It is responsible for patents, trademarks and design, and is headed by a Commissioner⁴. The office structure comprises several departments namely the General Affairs Department for

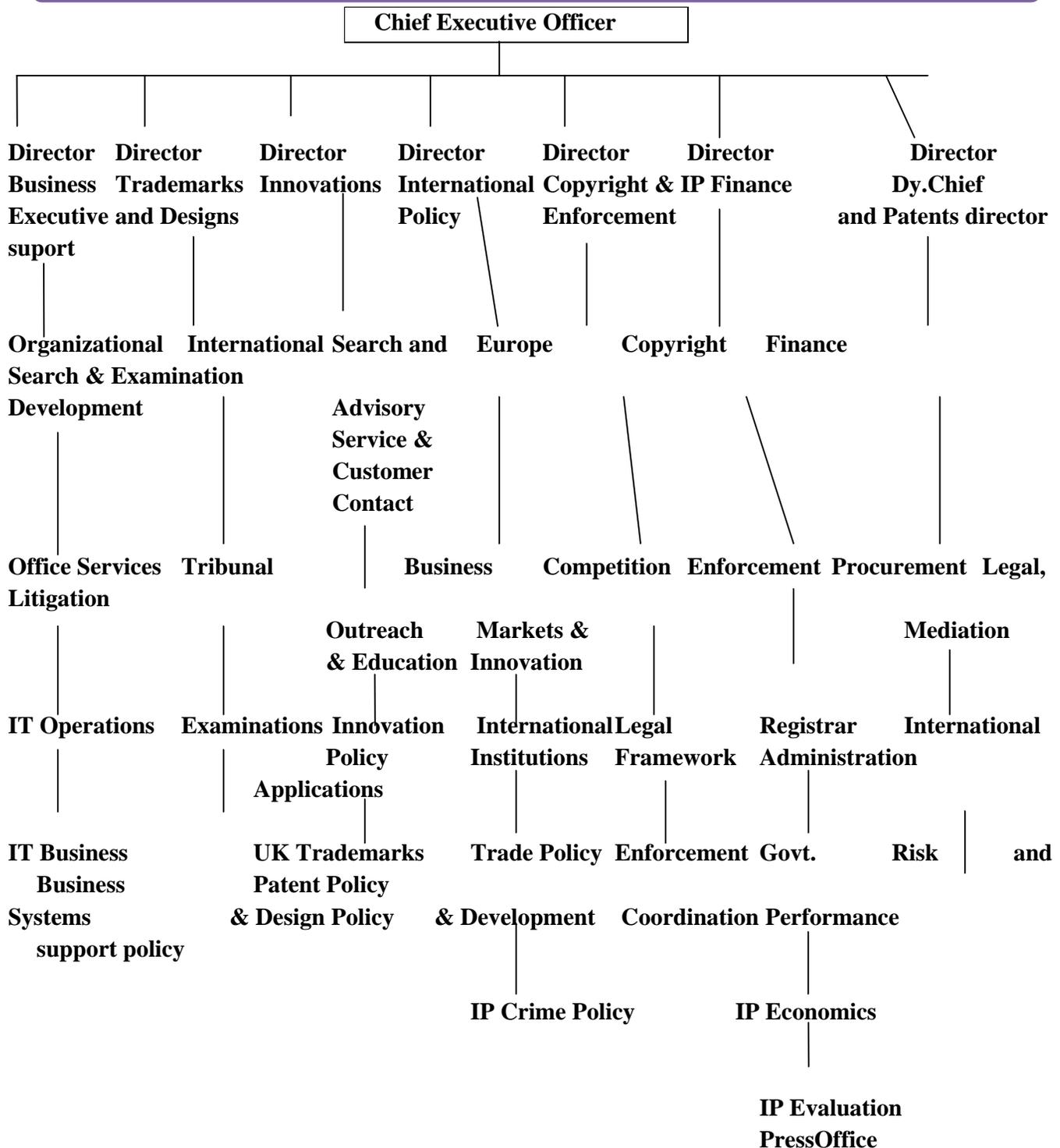
policy, budget and international affairs, the Department for Trade Marks, Designs and Administrative Affairs, four patent examination departments and a department dealing with appeals. Each of these departments is headed by a Director General

THE ORGANIZATIONAL STRUCTURE OF JAPAN PATENT OFFICE IS AS FOLLO



The Intellectual Property Office in the United Kingdom⁵ is a self-funding executive agency of the Department of Business Innovation and Skills, responsible for the national framework of Intellectual Property (IP) Rights including patents, trademarks, designs and copyright. The office is headed by the Chief Executive and Comptroller General who is assisted by Directors for Trade Marks and Designs; Innovations, International Policy, Finance and Business Support, Copyright and IP Enforcement

The Organization Chart of Intellectual Property Office of United Kingdom Is As Under:-



The German Patent and Trade Marks Office⁶ (DPMA) is the central authority in the field of industrial property protection in Germany. It operates within the portfolio of the Federal Ministry of Justice and receives budgetary allocations from the German Government. The office is headed by its President who has under him, departments dealing with Patents, Trade Marks, Utility Model and Design. Besides this, there are other departments looking after administration, law and information.

The details of the organizational structure of DPMA are given below:

Organisation Structure

1. President of the German Patent and Trade Mark Office
2. Vice-President
3. Public relations
4. Internal communications and key support to senior management
5. Central controlling
6. Internal audit, corruption prevention and office data protection
7. Arbitration Board under the Law on Employees' Inventions
8. Arbitration Board under the Copyright Administration Law

Department

1. Department 1/I - Patents I
2. Department 1/II - Patents II

3. Department 2 - Information
4. Department 3 - Trade Marks, Utility Models, Designs
5. Department 4 - Administration
6. Department 4 - Law

The Australian Patent and Trade Marks office⁷ known as IP Australia administers Australia's IP rights system, specifically patents, trademarks, designs and plant breeder's rights. It is a prescribed agency within the Department of Innovation, Industry, Science and Research (DIISR), operating independently of the Department on financial matters and with some degree of autonomy on other matters. By charging fees for services, IP Australia recovers more than 95% of its costs.

The organizational structure of Australian Patent and Trademarks office is as follows:

Director General:

Business Development & Strategy Group

Business and Information

Management Solution

Corporate Service Group

Director General: Deputy Director General

Quality Improvement, Customer Operation Group, Trade Marks and Designs Group,

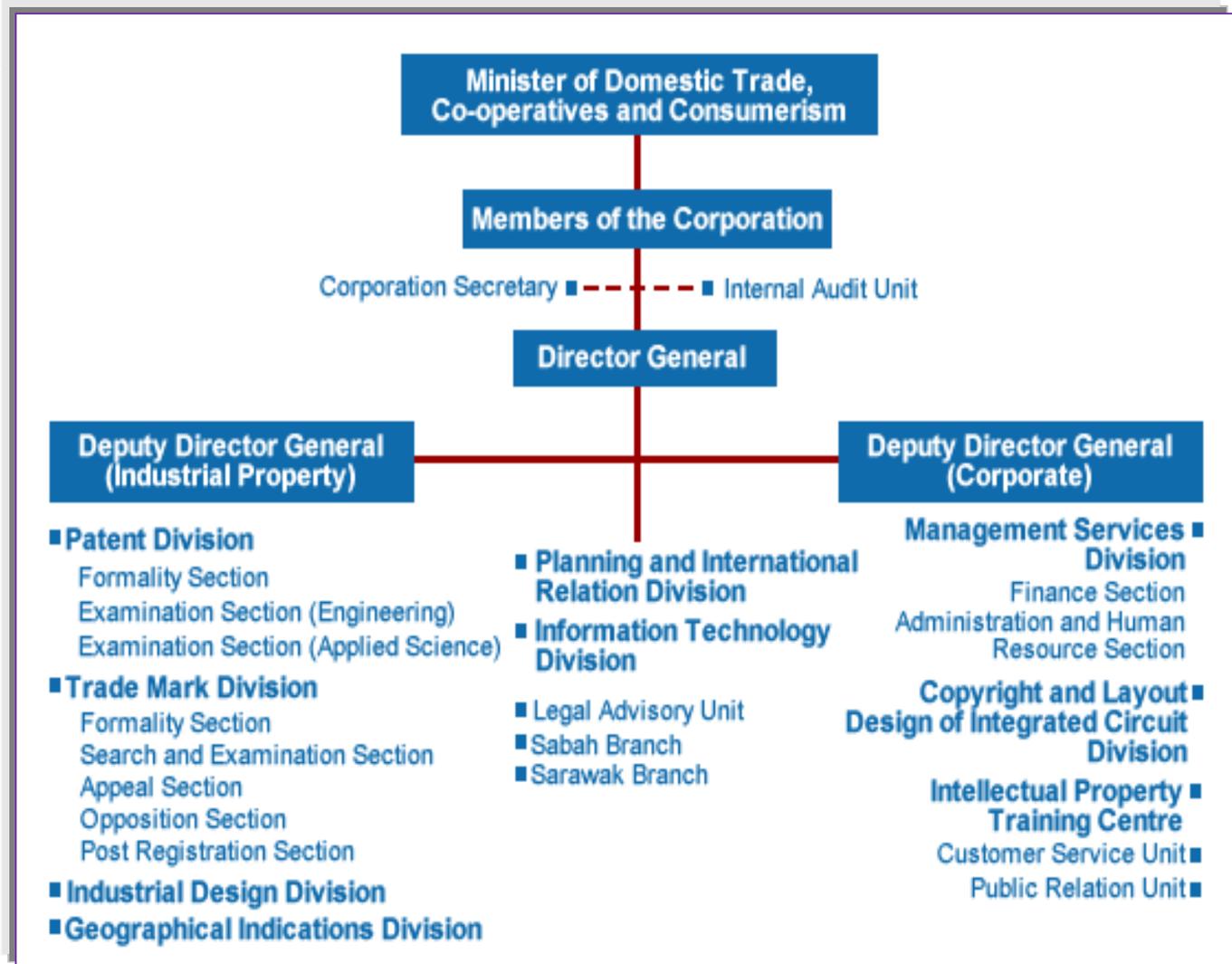
Patent & Breeder's Right Group

Among the emerging economies namely **Brazil and South Africa**, the intellectual property office has a composite structure with only one

institution responsible for trademarks, patents and design. A similar situation is observed with

respect to **Malaysia, Indonesia, Singapore and Thailand.**

THE ORGANIZATIONAL CHART OF MALAYSIAN INTELLECTUAL PROPERTY OFFICE IS AS GIVEN BELOW⁸



In China, the State Intellectual Property Office (SIPO) exclusively deals with patent matters whereas; trademark law is administered by the China Trade Mark Office (CTMO) which is a division of the State Administration for Industry & Commerce (SAIC) of the State Council⁹.

Appeals against its decisions are dealt by the Trademark Review and Adjudication Board and the courts while the appeals against the decision of SIPO are heard by the Patent Re-examination Board.

In China, the Trade Marks Act was introduced for the first time only in 1982 and the first substantive Patents Act in 1984. The distinguishing aspect of the intellectual property institution framework that came up as an outcome of these two Acts was that the trademark and patent offices were under the administrative control of different agencies within the State Council.

Significantly, the provincial administration is charged with the major functions of supervision and cooperation over both the Patent and Trade Marks offices. According to the People's Daily Online input dated 16th September 2009, China with 2.4 million registered trademarks owns the largest number of trademarks in the world. In case of invention patents¹¹, 289838 applications were received in the period January 2008-December 2008¹². Of these 67.1 per cent belonged to domestic applicants. During the same period, 225586 Utility Models and 312904 Industrial Designs applications were filed and 93706 invention patents were granted, of which 49.7 per cent were awarded to the domestic applicants.

Ideas on Restructuring of the Office of the CGPDTM

A number of ideas can be thought of for restructuring the office of CGPDTM which are not necessarily mutually exclusive or contrary. One suggestion is to constitute a separate full-fledged Registry for Trademarks and

Geographical Indications as a distinct and independent entity from the office of the Controller of Patents and Designs. This could help in consolidating its functioning and bring synergy in its operations. The rationale for this proposal derives from the following facts:

A. Subject Matter and Skill Sets: The work in the Patent Office is largely technical and scientific; the work in the Trade Marks Registry and the GI Registry is largely legal. Except for the fact that trademarks and patents are different forms of intellectual property, there is no commonality between the two. Examiners of Patents examine a patent application to assess patentability and determine whether a patent can be granted or refused by conducting search for prior art available in patent and non-patent literature which include patent databases and also journals, articles, studies, reports in scientific and technical fields.

- Thus, for examination, processing and grant of a patent application by Patent Office, the primary requirement is to have a sufficiently large pool of Examiners and Controllers who are highly qualified in a particular branch of science, engineering or technology. The minimum qualification for an examiner (entry level) has been kept as a post-graduate qualification in science or a graduate qualification in engineering/technology so as to enable them to understand/ assess the invention fully and decide on the grant or

refusal of a patent. Higher level officers including CGPDTM act as decision making authorities in most of the patent matters including patents grants and study the cases and also hearing done.

- On the other hand, as per the Trade Marks Act, 1999, a trade mark or service mark, (which may be a coined word, logo, sign etc.) is registered based on whether it is distinctive and not infringing a similar registered mark of another commercial entity. The entire procedure for registration of trademarks is essentially rights based.
- The Registrar of Trade Marks would be the officer appointed by the Government for the purpose of implementing the Act. Besides being the Chief executive and administrative head of Trade Marks Registry (TMR), he would also be a tribunal under the Act. He would be responsible for administration of the Trade Marks Act in the country and could nominate other officers of the Trade Marks Registry to deal with various aspects of Trade Mark registration.
- Litigation matters and opposition cases that are before the Registrar of Trade Marks for decision involve issues as to whether the particular mark is being infringed or copied or held illegally or is invalid or is deceptively similar to other marks or involves prior to proposed use or whether

the goodwill associated with the particular trade mark is being misappropriated.

- These are all essentially legal issues and Registrar and Examiners require sound legal knowledge and experience, unlike in Patents where litigation matters and opposition cases revolve around scientific/technical/R&D based issues. Hence, the Examiner of Trade Marks who decides whether the mark is register able or not must be a law graduate.
- The essential qualification for the Examiner of Trade Mark has been set accordingly. Thus, the issues involved in examination, registration and litigation which are legal and commercial. The controlling officers of TMR, including the Registrar of Trade Marks, must have legal knowledge and expertise apart from sound knowledge in the Trade Marks Act and need not be scientific or technical persons.

B. Independent Functioning: The two offices have always functioned independently, under a combined head, in accordance with their respective laws. The Patent and Trade Marks Offices have their own dedicated workforce.

- There are no inter office transfers and the two offices have separate recruitment and promotion policies, different work study units and are considered separate institutions for the purpose of Audit.

- Functioning of the two offices being completely dissimilar, they work like independent offices but for the fact that the funding for their modernization and strengthening is provided under a single plan scheme and that the heads of expenditure for the two offices are the same.
- This situation does not result in the optimum allocation of resources based on a assessment of the work requirements of each office. It is to be noted that other IPRs such as copyright, semiconductor circuit layout design, plant variety protection are separate and independent offices managed by completely different offices.

C. Establishment Matters: While the Patents and the Trademarks office are independent of each other and implement two different legislations each, there are a number of establishment matters which complicate their relations.

- To begin with the number of employees in the Patent Office far exceeds that of the Trade Marks Office. Since the trademarks office is less than a third the size of a patent office in terms of staffing, the administration of the two cadres is being looked after by the officials of the Patent office.

D. Operational Issues: In the post TRIPs era, there has been a significant increase in the number of filing of applications for trademarks,

patents and designs and consequent increase in the volume of connected statutory proceedings.

- It is reported that “each examiner of the Chinese Trademarks Office has to examine about 3800 application for trademark registration on the average each year, which is four time the number in the US, three times the number in the Republic of Korea and two times that in Japan.....”¹³.
- In comparison the Indian story appears to be more demanding. In 2009-10, with total filing of trademarks application at 1943 and the total working strength of examiners in the trademarks registry at 26, each examiner would be expected to do 5459 examinations in a year. Since this is an impossible task, pendency has been natural and has been increasing.¹⁴

E. Accession to the Madrid Protocol, with the enforcement of the new Amending Act of 2010, is likely to impose a heavy burden on the Registry to handle international applications, within strict time limits, which were not there earlier. To administer the provisions of the amended Act, the infrastructure at the Registry, both in terms of personnel and equipment will have to be augmented. All these will call for the undivided attention of the Registrar.

FINANCIAL BENEFITS AND USE

The Patent and Trademarks office is an important revenue earner for the government. In 2010-11, the office contributed approximately Rs. 250 crore to the Government exchequer as compared to an overall non plan expenditure of approximately Rs 40 crore. Since the institution, which needs critical resources to improve its effectiveness, generates surplus; there is a case for making it an autonomous agency of the government. Autonomy will ease the operational problems and give the flexibility to hire technically qualified personnel. Such issues are not confined to India alone.

David J. Kappos Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, Statement before the Subcommittee on Commerce, Justice, Science, and Related Agencies, Committee on Appropriations, U.S. House of Representatives “USPTO FY 2012 Budget Request”(March 2, 2011)

“.....Availability of these budget resources will promote America’s economic growth and competitiveness by enabling investments that are essential for reducing current patent application backlog and pendency levels; maintaining trademark pendency at current levels; moving to 21st century information technology systems; and helping improve IP protection and enforcement around the world.”

This statement reflects the world wide pressure on IP management institutions and the need to respond in a timely and effective manner. At the same time, it is also a fact that Intellectual Property is a sensitive matter not only in developing country but also in developed countries.

In the Indian context, at present, the administration of legislations relating to Patents, Trade Marks, Designs and Geographical Indications, are being carried out by the office of CGPDTM under the Department of Industrial Policy & Promotion, whereas the legislation relating to copy-right, plant variety and farmers rights protection, biological diversity and integrated circuits are being carried out by the Ministry of Human Resources Development, the Department of Agricultural Research & Education, the Ministry of Environment & Forest and the Ministry of Information Technology, respectively.

The creation of such an autonomous organization will have a significant, positive impact among the international and domestic users of Indian IPR systems. Creation of an autonomous body will entail amendments to all the IPR laws in existence and compliance with other legal/governmental formalities.

Alternatively, the Office of CGPTDM can be given complete financial and administrative autonomy with minor modifications in the rules

which can increase efficiency and give flexibility in decision making.

There are examples of autonomous statutory bodies having quasi judicial functions such as the Securities and Exchange Board of India (SEBI) and the Insurance Regulatory Development Authority. Both SEBI and the IRDA are statutory authorities created.

SEBI was set up under the SEBI Act, 1992 to regulate the securities market in India and the IRDA was also set up through a legal enactment in 1999 to regulate, promote and ensure orderly growth of the insurance and re-insurance business.

The role of SEBI and IRDA are fairly vast as they draft regulations, conduct inquiry and also adjudicate in matters. Thus they have quasi legislative, quasi judicial and executive functions. In comparison, the Indian Intellectual Property Office is mainly implementing the four IP legislations with its role limited to registration of the IP rights and to adjudication in opposition cases that may be filed in the process of registration of the IP rights or within a certain period after the grant of the rights.

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