

## **IPIRTI Rules for Patenting and Sharing of Intellectual Propriety Right**

A patent is an exclusive right granted for an invention which is a product or process that provides new way of doing something or which offers a new technical solution to the problem that existed.

Patents provide recognition for the creativity of the inventor and scope for material reward for marketable inventions. Patents not only provide probation for their owners but valuable information, impetus and inspiration for future generations of researchers and inventors.

Patents help in preventing the misuse of the inventions for commercial purpose, i.e. the invention cannot be commercially made, used or sold without the patent owner's consent.

The patent rights are usually enforced through a court, which holds the authority to stop their infringement.

To patent any invention certain rules have to be necessarily followed; they are:

- 1) An invention must in general fulfill the conditions for being protected by a patent. The invention must show step of innovation i.e. some new aspects or characteristics which are not known in the body of existing knowledge. The invention can either be a process or the product or the improvised techniques adopted to enhance the quality of the product which can be made or used in an industry for commercial purposes.
- 2) Scientific theories, mathematical methods, discoveries of natural substances, commercial methods are generally not patentable.
- 3) The patent application should contain the title of the invention as well as specify of its technical field. It must include the background information with drawbacks if any, of the known invention and practices and complete description of the invention in clear and simple language which should be easily understandable along with experimental results, if any. Detailed drawings, plans and diagrams should be given to describe the invention in a clear way.
- 4) The patentee should clearly specify the claims which have to be protected on which legal proprietorship is being sought. There should

be no publication on the invention in any form by the inventor before filing of a patent application. Under special circumstances, a grace period of 6 months is available in India, within which, the patent application should be filed.

The inventors should not disclose their inventions before filing the patent application and a statement regarding this status should be made in one application.

The invention should be reported in a technical research paper, which should be submitted for publication after filing the patent for provisional specification. Provisional specification is usually filed to establish priority of invention in case the disclosed invention is only at conceptual stage and a delay is expected in submitting full and specific description of the invention. But for obtaining final patent complete specification has to be submitted within a month of filing the provisional specification. While naming the inventors in the patent application form one has to ensure that all persons who have contributed towards development of patentable features of an invention should be named as inventors.

All scientists engaged in research should keep clear and accurate records of work done by them in the form of diary which should be consecutively numbered in chronological order. These work records should be signed both by the concerned scientists and the concerned team leader, if any.

The abstract shall contain a lucid summary of the matter contained in the specification. The summary should clearly indicate the technical field to which the invention belongs, technical problems to which the invention related and the solution to the problem through the invention and principal use or uses of the invention. Where necessary, the abstract shall contain the chemical, physical or mathematical formulae which constitute the invention.

The abstract may not contain more than one hundred and fifty words. If the specification contains any drawing, the applicant shall indicate on the abstract reference to the figure or figures of the drawings which may accompany the abstract when published. Each main feature mentioned in the abstract and illustrated by the reference sign should be used in that drawing.

If any amendments are suggested to be made upon, when a complete specification or any drawing accompanying has been received by the applicant, the page incorporating such amendments shall be retyped and submitted to form a continuous document.

The drawings provided shall be on a scale sufficiently large to show the inventions clearly and dimensions shall not be marked on the drawings.

The drawings shall be sequentially or systematically numbered and shall be (i) in the left hand top corner, the name of the applicant and (ii) in the right hand top corner, the number of sheets of drawings and the consecutive number of each sheet and in the right hand bottom corner, the signature of the applicant. No descriptive matter shall appear on the drawings, except in the flow diagram.

The term of the patent once granted is 20 years from the date of filing for all types of inventions.

### **IPIRTI RULES for the inventors in Patenting**

1. A IPIRTI employee engaged on duties involving scientific and technological research related to the Institute's development shall not disclose his invention to any unauthorized person or apply for or obtain a patent, or cause or permit any other person to apply for or obtain a patent for his invention save with the permission of the competent authority. Until IPIRTI takes a decision about the grant of permission as aforesaid the inventor shall hold his invention in trust for the IPIRTI.
2. Every scientist of IPIRTI should promptly disclose his invention to the Head of the Institution where he is working.
3. Patent applications are filed in the name of IPIRTI. Inventions by IPIRTI employees are assigned to IPIRTI. This is usually done on the patent application form itself. The names of the inventors and the institutions are mentioned in patent specifications.
4. No IPIRTI investigator shall make commercial use of the results of his work, whether by patent or otherwise, unless permitted to do so by the IPIRTI which reserves the right to determine after consultation with the investigator and any other person or competent authority whether any patent shall be taken out and what commercial use, if any shall be made of any results of the investigations and on what conditions.
5. All inventions made by an employee of IPIRTI shall, until a period of five years from the *date of the retirement from the services* of IPIRTI, be the property of the IPIRTI and an ex-employee shall, whenever required, at the expense of IPIRTI join the IPIRTI or any person the IPIRTI may direct him to join in applying for letters patent in India and /or all other countries for the invention and or any such improvements. The ex-

employee shall assign the inventions and improvements and execute all the documents necessary to vest this invention in any person appointed by the IPIRTI in its absolute discretion.

6. IPIRTI employee or other person engaged on research financed by the IPIRTI will disclose fully to the IPIRTI or to any person the IPIRTI may direct or authorize the progress of any investigation made by him from time to time.
7. An IPIRTI employee will hold the results of all investigations made by him while in service and all results obtained by him in any research connected with these investigations within five years of the superannuation of his service in trust for the IPIRTI and shall disclose complete description of the nature of his invention and mode and methods of using the same.
8. Scientists may publish results of any investigation entrusted to them with the prior approval of the Director, IPIRTI.
9. Patents will be allowed to be filed liberally so that denial of filing a patent will be rare. However, if the IPIRTI decides not to file a patent in respect of a particular invention or discovery and the research workers concerned apply for permission to file a patent in their own names and at their own cost, such permission should ordinarily be granted.

All the above rules will be strictly implemented in consultation with a legal advisor based at NRDC, New Delhi with whom IPIRTI has already signed an agreement for patenting of various technologies.

### **Intellectual Property Rights [IPR]**

The concept of granting IPR was mainly to encourage innovative efforts. For a long time there was existence of a system called “inventor’s certificate” which entitled the inventor to a reward instead of providing the right.

In this system of “inventor’s certificate” the inventor was paid and reward by the Government and the invention was immediately passed on to the public domains and was freely available to all.

One of the main advantages of the reward system was that it fast forwards further innovations in that area while patent system retards it.

Finally at the close of the 20<sup>th</sup> century, it was universally felt that IPR provides the principal legal stimuli for innovation. Many countries however, still employ the reward system for inventions in the area of atomic energy, defence and certain other exceptional areas where performance has societal relevance and public appreciation.

A recent study has concluded that IPR system does not enjoy any fundamental advantage over the reward system.

It may be pertinent to note that the whole world has recognized the importance of making certain types of innovations, discoveries, etc., freely available to the world. Sometimes the inventors allow their invention in the public domain for the benefit of mankind.

Some experts still feel that in IPR matters the whole developed world has taken the entire developing world for a ride through the WTO by exploiting the ignorance of developing countries on IPR matters.

There are two main cost based methodologies which can be applied in valuing IPR. The first method which would be best suited for R & D organizations is based on determining the actual cost incurred in undertaking R & D, protecting and maintaining the IPR [cost of patenting, copyright design registration, etc.]

The other related to estimating cost of replacing the intellectual property or creating equivalent assets.

Often it is noticed that only the direct costs incurred on manpower, equipment and consumables are taken into account. For this the cost calculation is made based on the expenses which the buyer of the technology would incur to develop his own technology. To work out this cost the R & D Institution should have adequate accounting/budgeting system to correctly document and assess the actual costs incurred or involved.

Indian R & D costs being very low as compared to R & D costs in the developed countries, subject to variations in the exchange duties, the actual worth of an internationally protected IPR may be several times more than the actual costs incurred in undertaking the R & D in India.

When IPR is made for some commercial process/products the value of IPR can be determined by comparable market value.

In this method the expected profit which a buyer will make over the income life span of the IPR would be the value of IPR. For this calculation a cash flow projection is derived from the use of IPR. These cash flows are discounted back using a discount rate [10-12%] to determine the net present value.

Also the IPR value is calculated based on the interest of buyers i.e. on genuine buyer who desires to actually use the invention for manufacture may want exclusivity that could be charged equal the IPR value. While a buyer who already has a similar technology, but does not want a competitor to come up, wants to buy and block the IPR as he has already made substantial investments in his plant, will have IPR value of the comparable market value i.e. the income that would be generated.

It is necessary to sign a MoU, confidentiality agreement/disclosure agreement much before starting the negotiations for licensing the IPR.

In accordance with the foregoing prerogatives, the following operational aspects are found pertinent for adoption by IPIRTI.

#### **INTELLECTUAL PROPERTY RIGHTS WHEN TECHNOLOGY IS SHARED/TRANSFERRED TO OTHER FIRMS**

1. The Recipient will not use the technology for other than his unit, unless the prior written consent of IPIRTI is obtained.
2. The Recipient is permitted to make a reasonable number of copies/replica of the innovation entity/process for Recipient use only.
3. The Recipient is not permitted to sell or distribute or copy the item(s) of innovative entity/process to third parties, or to derive any financial return from the use of the corresponding Process/technology.
4. The Recipient will bring to IPIRTI's notice, without delay, any information, including complaints, relating to the innovative process/technology developed by IPIRTI which has been received by the Recipient and is likely to be of interest, use or benefit to IPIRTI.
5. The Recipient will not at any time describe himself/herself/itself or act as the agent of the IPIRTI in respect of any item of innovation having its origin in IPIRTI.
6. The Intellectual Property Rights in the Process/technology developed by IPIRTI will remain vested in the IPIRTI at all times.

7. The Recipient will ensure that each user of the innovative Process/technology developed by IPIRTI is aware that the Intellectual Property Rights in the Process/ technology are vested in the IPIRTI and that the doing of an act comprised with IPIRTI's Intellectual Property Rights in the Process/technology, including reprocess/technology on, resale or distribution, in whole or in part, by any such extent party is prohibited without IPIRTI's written permission.
8. If the Recipient comes to know of any infringement or potential infringement of the rights of IPIRTI in relation to the innovative process/technology, having origin in IPIRTI it will report such infringement or potential infringement to IPIRTI.
9. IPIRTI has not made any, and hereby excludes all warranties, whether express or implied, statutory or otherwise, including any implied warranty of fitness for a particular purpose in respect of the innovation Process/technology having origin in IPIRTI.
10. IPIRTI reserves the right to give such instructions to the Recipient on the use of or access to the innovative Process/technology developed by IPIRTI as in IPIRTI's opinion is necessary to preserve reputation, quality and security of the Process/technology.
11. IPIRTI will not be liable for any damage, injury or loss arising or resulting directly or indirectly from the Recipient's use of the Process/technology, whether or not such use resulted from information or advice made or given by IPIRTI.
12. The Recipient will indemnify, keep indemnified, release and hold harmless IPIRTI against any claim, demand, action, suit or proceedings that may be brought against it in respect of any kind of loss (including economic loss) or damage to any property or physical injury (including death) to any person whatsoever arising out of or as a consequence of the use of the Process/Technology developed by IPIRTI.
13. This Agreement contains the whole of the agreement between IPIRTI and the Recipient with respect to the innovative Process/Technology developed by IPIRTI and supersedes any and all other representations and statements by either party, whether oral or in writing, whether made prior or subsequent to the date of this Agreement.

14. This Agreement will be construed and enforced in accordance with the patent laws.

**15. Distribution of Investigators share of Premia/Royalty/Fee**

Sharing of amount earned through intellectual property rights among the IPIRTI employee engaged on duties involving scientific and technological research. A portion of premia/royalty earned from IPRITI processes/patents/engineering know-how is distributable to the investigators as under:

A) Premia/royalty on processes/patents released through NRDC of India

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|------|-----------------------|-----|
| i)   | Project investigators | 30% |
| ii)  | NRDC                  | 30% |
| iii) | IPIRTI                | 40% |

B) Premia/royalty on processes/patents released direct by the IPIRTI

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|-----|---------------|-----|
| i)  | Investigators | 40% |
| ii) | IPIRTI        | 60% |

**Procedure for distribution**

The procedure for distribution share of premia/royalty/fee to the team of scientists involved in the research will be made in accordance with the decision of the Executive Committee/Head of the Institute and based on records mentioned in second Para of page 2.

“The Investigator’s share of the lump sum premium be paid only after the process has gone into commercial production or in case of licenses terminated after the forfeiture of the premium has become absolute”.

It may also be clarified that the forfeiture of lump sum premium will become absolute only after three years from the date of forfeiture, if the party concerned does not resort to legal proceedings.

**Team of Personnel**

- i) Team for any R & D project shall consist of workers contributing to its success and may include research scientists and other development staff, such as chemical engineers/engineers and information scientists who are required to provide innovative, experimental, design

engineering, development and data collection and analysis inputs. Other personnel, who provide only physical or mechanical inputs on ad-hoc basis, shall not form part of the R & D team, however, depending on the quality and quantity of their support to the team, suitable remunerations for their effort will be decided by the team and accepted by IPIRTI for payment.

- ii) The personnel of the team shall be decided by the Project Leader in consultation with the Director/Head of the Laboratory/Institute. In the case of patents, the names of the authors shall be decided from among the Research Team and displayed on the Notice Board prior to filing of the patent.