

Standing Committee Report Summary

Review of the Intellectual Property Rights Regime

- The Standing Committee on Commerce (Chair: Mr. Vijayasai Reddy) submitted its report on the subject ‘Review of the Intellectual Property Rights (IPR) Regime in India’. IPR are rights given to creators of goods gained from scientific development, artistic work, or original research, which give the creators exclusive right over its use for a certain period. Key observations and recommendations include:
 - **Role of IPR:** The Committee noted that an improvement in protection of IPR increases Foreign Direct Investment (FDI) and inflow of foreign exchange. For instance, an improvement of 1% in protection of copyrights increases FDI by 6.8%.
 - **Investment in R&D:** The Committee noted that India grants a low number of patents (as compared to China and the USA), which can be attributed to low spending on research and development (0.7% of the GDP). It recommended: (i) allocating funds to each government Departments for research, (ii) providing incentives to private companies for undertaking research, and (iii) directing large industries to give Corporate Social Responsibility funds for research.
 - **Encouraging IPR:** The Committee noted that only 36% of patents filed in India are filed by domestic entities. It attributed this to lack of awareness of IPR, and recommended the Department for Promotion of Industry and Internal Trade (DPIIT) to increase awareness among small businesses, artisans, and establishments in remote areas with participation of non-governmental organisation.
 - **National IPR Policy, 2016:** The Policy was adopted to provide the legal and administrative framework to manage IPR. The Committee recommended its re-assessment in light of new trends in innovation and to identify challenges in implementation of the policy. It suggested involving state governments in framing IPR policies.
 - **IP Financing:** The Committee noted that the use of IP backed financing (use of IP to gain financial benefits, credit or revenue) can enhance financial innovation, availability of credit, and increase capital base. It recommended: (i) amending the Insurance Act, 1938 to minimise monetary risks from infringement of IPR, (ii) devising a uniform system of valuation of IP, (iii) enacting legislation to protect and determine standards for financing, and (iv) adopting risk-sharing policies with companies.
 - **Counterfeiting and piracy:** To curb piracy and counterfeiting, the Committee recommended: (i) implementation of stringent legislation through strong inter-Departmental coordination, (ii) increasing the capacity of enforcement agencies (such as IPR cells in the state police), and (iii) establishing a method to estimate revenue loss from it. It recommended labelling products as ‘patent pending’ (patent applied, but not yet granted) to deter misuse and yield marketing benefits.
- **IP Appellate Board:** The Committee noted that the Board had dealt with complex issues on IPR disputes and financing efficiently. It recommended reconsidering its abolition under the Tribunals Reforms (Rationalisation and Conditions of Service) Ordinance, 2021, as this may further increase judicial pendency. It recommended undertaking a Judicial Impact Assessment and consultations before abolishing it. It also recommended reforms in the Board, including greater structural autonomy, infrastructural and administrative reforms, and timely appointment of officials and manpower.
- **Regulation:** The Committee examined and recommended changes to: (i) the Patent Act, 1970, (ii) the Trademarks Act, 1999, and (iii) the Copyright Act, 1957. It recommended changes to: (i) encourage registration of patents (by checking on the power to decline patents, and decreasing penalty for furnishing false information), (ii) fast-tracking patent applications (by shortening timelines for filing documents), (iii) prioritising trademarks for export-oriented products by creating a separate category, and (iv) increase compliance (by deploying trained police officers, and streamlining process for search and seizure). It recommended incorporating work from the internet and digital broadcasters under licenses for copyright. A separate framework for protecting trade secrets may be established.
- **COVID-19:** The Committee recommended waiving off patent rights for COVID-19 related drugs and vaccines temporarily, to address inadequate availability. It recommended avoiding any delays in invoking compulsory licenses on crucial drugs and vaccines in emergency like situations in the future.
- **Sector-specific recommendations:** The Committee recommended creating a separate category of rights for Artificial Intelligence and related innovations, owing to its significant benefits and applications. It also suggested focusing pharmaceutical research towards niche segments and discovery of new drugs.

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