Interview No.15

The patent systems are thus different between India and Japan (4)

Companies are obligated to report on working of patent

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For the Japanese manufacturing industry to survive, it is no longer avoidable to advance into developing countries. Especially India, as well as China, is highly likely to become an important industrial stronghold. However, the Indian patent system that is essential to protect and exploit intellectual property rights in India is not so well known in Japan. Mr. Vinit Bapat, an Indian Patent Attorney who is familiar with patent affairs in India, Japan and the United States, and Mr. Masakazu Ito, a Patent Attorney and the President of Miyoshi & Miyoshi, talked about differences between the Indian and Japanese patent systems.

Attendees:

Mr. Vinit Bapat, Indian Patent Attorney, Representative Director of Sangam IP; and

Mr. Masakazu Ito, Patent Attorney, President of Miyoshi & Miyoshi.

Ito: While a "compulsory license" has become nominal in Japan, how is it treated in India?

Bapat: In India, a "compulsory license" is considered effective. If you have a patent in India, you should basically work it in India. If not, some other person may ask, "Let me work it," and a license negotiation starts. And yet, if the inventor refuses, the person can request the patent office that he/she would like to have a right to compulsorily work this patent. This is the "compulsory license." Then, the patent office comes between the parties and mediates. Of course, to grant a compulsory license, a good sum of money will be set up. Suppose B receives a "compulsory license" of A's patent. If B does not work it even after a lapse of 2 years, the patent would be deemed unneeded and become invalid. Otherwise, there is a way of utilization to enable the central government to use the patent freely in a state of national

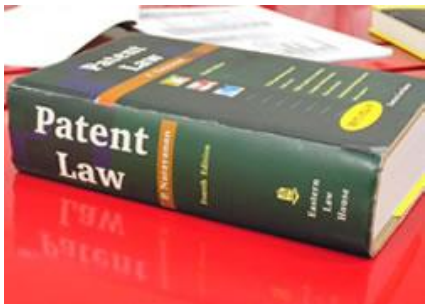
emergency. This is also the same in Japan, isn't it?

Ito: In Japan, there is the "compulsory license" as a system in case of failure to work, but it has scarcely been used.

Bapat: Neither have I heard that it has been actually used in India, but as substance patents were registered for the first time around 2008, I hope applications for "compulsory license" will be filed hereafter.

Ito: In that case, will the royalty be the same as the license fee?

Bapat: Before applying for a compulsory license, we must first endeavor to obtain an ordinary license. Still, if the patentee did not grant a license because of the problematic license fee, it may be difficult that a royalty for the compulsory license would be of the same amount as the concerned party license fee. When the original license fee was set highly, it may be possible that the patent office mediates and holds down the original license fee.



Ito: In respect of "compulsory license," I hear that it is obligated in India to report on a regular basis the state of working of one's own patent...

Bapat: That's right! Each company has an obligation to submit a report whether or not it is working patents once a year, and whenever requested by a patent administrator. This is a considerable burden to companies.

Ito: Not only Japan but also other countries have no provision of such obligation. Does it mean that no paper patent is allowed? Is there any penal regulation, when a company failed to report?

Bapat: The company will be fined in case it failed to report. And if wrong information was intentionally submitted, it sometimes leads to a penal punishment.