July 26, 2013

Shri Chaitanya Prasad
IAS Controller General of Patents, Designs & Trade Marks
Bhoudhik Sampada Bhavan
Antop Hill, S.M. Road, Mumbai-400037

Re: Draft Guidelines for Examination of Computer-Related Inventions

Dear Sir:

The India Patent Office ("IPO") has released its draft "Guidelines for Examination of Computer-Related Inventions ("CRI") inviting public comment. The Guidelines are meant to provide standards/procedures to determine whether CRI claims fall within the scope of non-patentable subject matter under Section 3(k) of the India Patent Act, 1970 (as amended). The U.S.-India Business Council (USIBC) appreciates the IPO's efforts in drafting the Guidelines, and for offering the opportunity for the public to submit comments. We have concerns with the current draft and hope that you will favorably consider our views below.

Section 3 of the Indian Patent Act, 1970 covers topics that are not patentable. Subsection (k) of this Section classifies "a mathematical or business method or computer program per se or algorithms" as non-patentable subject matter and therefore such are excluded from patentability. Under the 2002 Amendments to the 1970 Patent Act, the definition of invention was changed to include the notion of an "inventive step." Subsection (k) was added to Section 3 of the Patent Act to limit the scope of what is patentable under the new definition. Clear guidelines reconciling these two provisions are important to patent practitioners and companies seeking to protect their inventions in India.

USIBC is concerned that the draft Guidelines interpret and apply Section 3(k) too restrictively and will result in a finding of un-patentability of computer-implemented inventions in an inappropriate number of cases, which in turn will impede innovation and growth in India of an important industry. USIBC is also concerned that the Guidelines, as drafted, appear to be inconsistent with the law, specifically, the landmark decision of the IPAB dealing with CRIs, the ENERCON CASE (M.P. Nos.5/2010. 27/2010 & 49/2010 in ORA/4/2009/PT/CH and ORA/4/2009/PT/CH), cited in the Guidelines. In addition, we note that the approach articulated in the Guidelines may raise issues with India's international trade obligations, including Article 27 of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs). Finally, USIBC is concerned that the draft Guidelines are not consistent with treatment of computer-implemented inventions in major patenting jurisdictions, such as the European Union, the United States, and Japan.

The overly restrictive nature of the Guidelines is shown by two sections of the Guidelines and related illustrations. The sections are Section 5.4.5, "The question therefore, is whether a computer program loaded on a general purpose known computer or related devices can be held patentable. Keeping in view the spirit of law the answer is in the negative." and Section 5.4.6, "a computer program which may work on any general purpose known computer does not meet the requirement of the law. For considering the

patentability of computer program in combination with hardware features, the hardware portion has to be something more than general purpose machine."

"[T]he answer is in the negative" in Section 5.4.5 and the requirement of "more than general purpose machine" in Section 5.4.6 are too absolute and do not take into account the requirement of a technical effect and technical advancement defined under Section 3.15 of the Guidelines (technical effect is a "solution to a technical problem, which the invention taken as a whole, tends to overcome"). Even though a majority of the illustrations comply with this requirement of technical effect and technical advancement, the inventions in the illustrations are held to be non-patentable subject matter. In addition, there are a number of these negative illustrations but no illustration that clearly explains what constitutes patentable subject matter under the interpretation of subsection (k).

Specifically for computer-related inventions, if the software does not meet the statutory requirements of India Patent Act 1970 (as amended) such as pure mental activities or pure mathematics without any technical application, then a combination of such non-patentable software with a general purpose machine should not be held patentable. If, however, the software portion solves a technical problem in a technical field and achieves a technical effect, the combination of this software with a general purpose machine should be patentable, as per the decision of the IPAB in the ENERCON case.

The IPAB's ENERCON decision (paras 78-79), shows that what is important is the definition in Section 3.15 regarding the technical effect as a "solution to a technical problem". As such, the Guidelines' interpretation of Section 3(k) and the patentability of CRI inventions is contrary to the decision of the IPAB.

Article 52 (2) and (3) of the European Patent Convention (EPC) only excludes the patentability of "computer programs as such", which is very similar to the "computer program per se" under Section 3(k) of the India Patent Act 1970 (as amended).   The European Patent Office (EPO) has interpreted the phrase "as such" as limited to those computer-programs-implemented inventions, which do not have a technical character and technical effect. Thus, examination of the subject matter issue of computer-implemented-inventions in the EPO is focused on "technicity" or "technical effect", as specified in the "Guidelines for Examination at the EPO".

The EPO Board of Appeals decision in T 26/86 OJ 1988 emphasizes the importance of a "technical problem (to be) solved". The decision states in relevant part, "a mix may or may not be patentable. If, for instance, a non-patentable (e.g., mathematical, mental or business) method is implemented by running a program on a general-purpose computer, the fact alone that the computer consists of hardware does not render the method patentable if said hardware is purely conventional and no technical contribution to that (computer) art is made by the implementation. However, if a contribution to that art can be found either in a technical problem (to be) solved, or in a technical effect achieved by the solution, said mix may not be excluded from patentability under Articles 52(2) and (3) EPC, following T 38/86, OJ EPO 1990, page 384".

In the United States, a series of court decisions have led to the patenting of software. The U.S. Supreme Court's decision in *Diamond v. Diehr* (1981) caused the U.S. Patent and

Trademark Office (USPTO) to reconsider its reluctance to find computer programs to be patentable subject matter. There have been numerous subsequent decisions upholding software patents in the U.S. Most notably, *Bilski v. Kappos* (Supreme Court 2010) sought to clarify what constitutes patentable subject matter. Software continues to be patentable in the United States.

In Japan, Article 29 of the Patent Law defines "invention" as the highly advanced creation of technical ideas utilizing a law of nature. The Japan Patent Office (JPO) does not require hardware to be more than a general purpose machine for computer-program-implemented claims to be patentable, although it does require the "hardware resource usage" to be recited in the computer-program-implemented claims.

Much of the technological innovation today, especially in the information technology (IT) industry, is achieved through new and innovative software development as opposed to hardware innovation. Innovative software can achieve the same technical effect without the added cost of hardware development and at a much faster pace. This trend toward software implementation of inventions and away from hardware continues throughout the worldwide IT industry. The Guidelines' approach of favoring older technology over new technology is against this trend and potentially will discourage software innovation in India. Since patents promote innovation and the effect of the Guidelines will be to allow patents for hardware but not for software, this interpretation against patentability in the Guidelines will negatively affect the development of the software industry in India. The India IT industry has witnessed rapid growth in the past decade, and a balanced approach to the patentability of computer-implemented inventions –in line with the practice of other major patenting jurisdictions—will help boost further growth of the India IT industry, especially in software.

Lastly, we note that the Guidelines may implicate the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs). According to Article 27, patents shall be available and patent rights enjoyable without discrimination as to the place of invention, the field of technology and whether products are imported or locally produced. As currently drafted, the Guidelines suggest that patent examiners should interpret the prohibition against computer program per se in a broad and expansive manner, thereby preventing many technical inventions from being patented in the field of software. We encourage further thought to be given to the Guidelines and India's obligations with respect to Article 27 of the TRIPs agreement.

For these reasons, we respectfully request you to reconsider the Guidelines' interpretation of "computer program per se" under Section 3(k) of the India Patent Act 1970, as amended. Please let us know if you have any questions or if we can provide further input.

Sincerely,

Ron Somers
President, U.S.-India Business Council