Public Funded Patents

What is the issue?

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- CSIR-Tech, the commercial arm of the Council of Scientific and Industrial Research (CSIR) shut down its operations due to lack of funds.
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- One of the reasons is the excessive spending on patents.
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How much is spent on patents?

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- CSIR has filed more than 13,000 patents at a cost of Rs. 50 crore over the last three years.
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- Recently, CSIR's Director-General claimed that most of CSIR's patents were "bio-data patents", filed solely to enhance the value of a scientist's resume.
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- CSIR claims to have licensed a percentage of its patents, but has so far failed to show any revenue earned from the licences.
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- This compulsive hoarding of patents has come at a huge cost.
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What should be done?

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- Reckless filing of patents using public funds may be explained by the economic concept of moral hazard which happens when one person makes the decision about how much risk to take, while someone else bears the

cost if things go badly.
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- Government-funded research organisations are likely to spend more money on patents so long as they are not asked to bear the risk.
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- Acquiring Intellectual Property Rights (IPR) also comes out of blind adherence to the idea of patenting as an **index of innovation**.
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- In the insurance sector, moral hazard refers to the loss-increasing behaviour of the insured who acts recklessly when the loss is covered by another.
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- They check this by introducing co-payment from the insured.
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- Similarly, CSIR laboratories need to bear 25% of expenses for their patents acknowledges the moral hazard.
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What are the drawbacks in IPR policy?

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- The National IPR Policy does not offer any guideline on distinguishing IPR generated using public funds from private ones.
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- The IPR policy of some publicly-funded research institutions allows for 30-70% of the income generated through the commercialisation of the patent to be shared with the creators of the invention, i.e., scientists and professors on the payroll of the government.
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- Such a policy could promote private aggrandisement and may work against public interest.
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- In contrast, the IPR policy of private companies does not allow for a payback on the share of royalties earned by patents.
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What should be done?

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- A possible solution is to devise an IPR policy wherein patents are initially offered on an open royalty-free licence to start-ups.
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- Once start-ups commercialise the inventions successfully, the royalty-free licence could be converted into a **revenue-sharing model.**
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- When research is commercialised by private entities, it tends to be sold back to the public at a price.
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- It would not only bring a sense of accountability to the managers who run the system but it would also open up publicly-funded research to a whole lot of people, especially start-ups.
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Source: The Hindu

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