THE EVOLUTION OF PATENT LAW IN INDIA AND ITS IMPACT ON THE PHARMACEUTICAL INDUSTRY: A STUDY IN THE LIGHT OF THE TRIPS REGIME

Kadiyala Venkata Sahitya, Ph.D. Scholar, KLEF College of Law, Koneru Lakshmaiah Education Foundation, KL (Deemed-to-be) University, Vaddeswaram, Guntur, Andhra Pradesh, India

Dr. Megha Ojha, Associate Professor of Law, KLEF College of Law, Koneru Lakshmaiah Education Foundation, KL (Deemed-to-be) University, Vaddeswaram, Guntur, Andhra Pradesh, India

ABSTRACT

The balance between the private interest of the inventor and the public interest in the dissemination of knowledge is at the heart of the IP rights system, with patent law playing a pivotal role. The Indian patent law has been drastically changed since the introduction of the Patents Act, 1970, which was originally a process patent law solely for the protection of domestic manufacturing; it has now become a full product patent law as per the 'Agreement on Trade-Related Aspects of Intellectual Property Rights' (TRIPS). The immediate and obvious effect of this change is on the pharmaceutical industry, as Indian legislation that did not grant product patents for drugs and chemical substances for more than 3 decades has made India one of the world's largest suppliers of generic drugs. This paper will trace the history of international and Indian (national) patent law, discuss the amendments to the Patents Act, 1970, in 1999, 2002, and 2005, and draw implications for access to medicines, innovation incentives, and the competitiveness of Indian pharmaceutical companies under TRIPS. The paper also examines the judicial attitude towards pharmaceutical patents and trademarks in India, then concludes by balancing public health concerns with incentives for innovation and recommending improvements.

Keywords: Patents Act 1970; TRIPS Agreement; pharmaceutical patents; product patents; generic drugs; compulsory licensing; intellectual property law in India.

1. Introduction

A patent is a legal instrument that grants the inventor exclusive rights to a new, novel, and industrially useful invention for a limited time, in exchange for disclosing the invention to the public. To summarize: it is a bargain, and a moment of public monopoly from society and a technical contribution from the inventor to the common pool, to which society will come unearthing freely. The pharmaceutical patent is part of a larger category, 'industrial property', and 'intellectual property', and one of the most controversial ways of creating intellectual property in the developing world.

In the field of patent law, this tension is especially pronounced in India's patent laws. Colonial patent law was originally intended to safeguard the rights of British patent owners in India. Since Independence, the Indian Parliament has begun making conscious efforts to change. After the colonial era, the Indian Patents and Designs Act of 1911 was replaced by the Patents Act, 1970, which provided for product patent protection for food products, chemicals and pharmaceutical substances, and also added process patent protection. This was because local companies should not be owned by foreign multinationals, and local manufacturing capacity should be strengthened, especially in the medical field. This policy was adopted in response to the expansion of India's generic drug industry, which now provides most of the world's generic drugs and vaccines.

The policy freedom was greatly curtailed once India joined the World Trade Organization (WTO) and hence was committed to the WIPO Agreement on Trade-Related Intellectual Property Rights (TRIPS). Under TRIPS, products and processes must be patented in all fields of technology in all member states, including developing countries such as India. India was given a grace period until 1st January 2005, after which the Patents Act, 1970, was amended to include product patents for drugs and chemicals. This paper explores the transition, the legislative process, and the implications for the pharmaceutical industry and public health.

2. Historical Evolution of Patent Protection

2.1 Early and Pre-Modern Origins

The desire to give a monopoly to the inventor's work for his or her ingenuity goes back much further than the recent patent statute. The earliest of such grants were those made by the Greeks

at the colony of Sybaris in the fifth century B.C., when a cook was given a yearlong monopoly on a particular dish after he invented a new recipe for it. The two earliest institutional patent systems were those of the Republic of Florence, which awarded the architect Filippo Brunelleschi a patent in 1421, and of Venice, with the Patent Statute of 1474, about a century and a half earlier than the Statute of Monopolies in England in 1624. The Statute of Monopolies, which limited the use of arbitrary monopolies by the Crown and granted a fourteen-year exclusive right to the "first inventor, is considered the beginning of modern patent law; the Statute of Anne of 1710 is the beginning of modern copyright law.

2.2 Consolidation of an International Framework

By the end of the nineteenth century, the internationalization of inventors and traders was taking place, and patents were increasingly becoming an international matter. Some fundamental rules were included in the Paris Convention for the Protection of Industrial Property (1883), including the principle of national treatment and the right of priority, which meant that if they had filed in one of the countries, they could also file in other countries within a short period of time (12 months), for the same date of filing. Later, the Paris Convention and the Berne Convention (1886, copyright) had their administrative secretariats combined to create the current one, the World Intellectual Property Organization (WIPO), a specialized agency of the United Nations formed in 1967. It was a step on which a much bolder and more complex multilateral project in the twentieth century would be built: the TRIPS Agreement.

2.3 The Genesis of Patent Law in India

In India, the statutory patent protection can be traced back to the Act for granting exclusive privileges of 1856, which was very similar to the English Patent Act and ultimately to the Indian Patents and Designs Act of 1911. The major protection was the product patent granted in respect of any pharmaceutical, chemical, etc., which was applicable to all colonies, but little was the effect of such protection on Indian industrial or public health interest – foreign companies accounted for nearly all patents granted in India, and the prices of drugs remained fairly high even in the Indian territory. This disparity led the Government of India to establish the Bakshi Tek Chand Committee (1949) and, later, the Ayyangar Committee (1959), which recommended eliminating product patents for medicines and food, and limiting protection in these areas to processes. Many of these recommendations were also incorporated into the Indian Patent Act, 1970, enacted in 1972 and essentially unchanged in its fundamentals for over 30 years.

3. The Patents Act, 1970 and Its Amendments

The Patents Act 1970 was shaped by a number of policy decisions, making it very different from the patent regimes of industrialized countries. First, it refused to grant any protection for the use of a product as food, medicine, or a drug, and granted process patents only in these areas. Second, it shortened the relatively short patent term for process patents (from seven years from filing, or five years from grant, whichever is earlier) to fourteen years for all other patents. Thirdly, it introduced extremely broad compulsory licensing provisions, under which the government or interested parties could seek to enforce compulsory licensing of a patented invention if it did not meet the "reasonable requirements of the public" or was not used in India.

Under TRIPS, India had to make a series of amendments to fulfill its commitments. In a manner, the Patents (Amendment) Act, 1999, provided a mailbox system for receiving product patent applications during the transition period and a method of granting Exclusive Marketing Rights (EMRs) in very specific situations. The Patents (Amendment) Act, 2002, made important amendments, such as extending the patent term to the end of 20 years from the filing date for all patents, redefining the meaning of 'invention,' and introducing grounds for compulsory licenses and for revocation of patents in line with TRIPS. The most significant of the three was the Patents (Amendment) Act, 2005, which removed the exclusion for product patents on substances used as food, medicine, or drugs, thereby bringing full product patent protection to pharmaceutical products and agrochemicals from 1st January 2005, as India's transition-period commitment under TRIPS.

In the meantime, the 2005 amendment retained some public-health safeguards under TRIPS flexibilities. Particularly, Section 3(d) of the Act allows for patents to be denied if the discovery is a new form of a known product. One of the provisions of the Act is to prohibit "evergreening" (Section 3(d)) in the sense of getting successive patents for minor changes to an existing drug to extend the market exclusivity of a drug. No changes were made to the compulsory licensing regime, and section 84 was extended, allowing the Controller of Patents to grant a license to a third party for other public interest considerations, including the absence of reasonable prices.

4. TRIPS and the Transition Period

The first broad-based multilateral agreement to establish minimum standards in protection and enforcement of different types of IP rights, the TRIPS Agreement, continues to be administered since 1995 by the Uruguay Round of the General Agreement on Tariffs and Trade (GATT),

which is now in operation as the World Trade Organization (WTO). Under Article 27 of TRIPS, all Member States have to grant patent protection for all technologies, subject to certain exceptions. Fundamentally, the provision was to prohibit the exclusion of certain sectors, such as pharmaceutical product patents in India, which was once a valid form of national industrial policy.

Developed countries had to comply from 1 January 1996, developing countries had a transition period until 1 January 2005, and least-developed countries had repeatedly extended transition periods. A lot of discussion was held about the transition that India has been going through for the past ten years. The supporters of the extension of patent protection had expected that the TRIPS requirements would attract foreign direct investment, foster technology transfer, and stimulate domestic R&D by domestic pharmaceutical companies. Public health experts and many in the domestic generic industry voiced concern that prices of products patented by foreign companies would increase, that Indian manufacturers would not be able to produce alternative versions of patented drugs, and that Indian manufacturing capacity would be undermined by the prospect of providing low-cost versions of patented drugs to sub-Saharan Africa.

The Doha Declaration on the TRIPS Agreement and Public Health (2001) was an attempt to strike a balance between these interests, which called for the interpretation and application of TRIPS in a manner consistent with the right of WTO members to protect public health and promote access to medicines for all, and explicitly acknowledged the use of flexibilities, such as compulsory licensing and parallel importation. Attempts have been made to incorporate flexibilities into Indian patent law since 2005, including Section 3(d) of the patent law and the grant of compulsory licenses, as discussed above.

5. Impact on the Indian Pharmaceutical Industry

5.1 Growth under the Process-Patent Regime

The Patents Act, 1970, is often said to have kicked in, sort of catalyzing the growth of India's pharmaceutical industry, starting from a tiny base into a large global source of generic medicines. Once the so-called product patents were no longer in the way, Indian firms could develop alternative ways of making drugs that were still patent-protected in other countries. Then they could sell these formulations at home, and later even abroad, at a level far below

what originator companies charged. This period saw companies like Ranbaxy, Cipla, and Dr. Reddy's Laboratories build real strength in reverse engineering and process chemistry know-how, and over time, the domestic industry expanded to include thousands of licensed manufacturers, who ended up producing most of the country's essential medicines. Also, India's position as a low-cost supplier became really noticeable on the global stage during public health emergencies. For example, during the sub-Saharan African HIV/AIDS crisis, generic Indian formulations helped broaden access to antiretroviral therapy, and in practice, they cut treatment costs quite substantially.

5.2 Adjustment to the Product-Patent Regime

The 2005 shift to product patents kind of forced Indian firms to recalibrate their business strategies quickly. Firms that had solid process chemistry skills but only limited discovery research found themselves staring at a new problem: drugs patented after 1995 (because they were covered by the mailbox provisions) could no longer be freely reverse-engineered once India granted product patent protection. So, instead of staying put, several of the larger Indian pharmaceutical companies increased spending on in-house R&D, pursued licensing and co-development deals with multinational originator companies, and also branched out into contract research, biosimilars, and export-driven generic manufacturing. They pushed especially toward regulated markets like the United States and the European Union, where, in practice, regulatory approval—rather than patent status—was the real bottleneck, and that was what mainly constrained them.

At the same time, the safeguards retained in the amended Act have been invoked from time to time to protect access to medicines, serving as a kind of backstop. The most prominent illustration is India's first compulsory license, granted in 2012, in respect of a patented anti-cancer drug. That move permitted a domestic manufacturer to produce and sell a generic version at a substantially reduced price, subject to royalty payments to the patentee, though it was a pretty measured arrangement overall. Decisions of this kind, along with the use of Section 3(d) to deny patent protection for certain reformulated versions of existing drugs, show a continuing role of statutory flexibilities. In other words, they help temper the effects of product patent protection on drug affordability.

6. Judicial Trends

Indian courts have had a significant hand in how the amended patent framework actually works day-to-day, and in deciding many intellectual property disputes that affect the pharmaceutical sector in practice. When it comes to reading Section 3(d), the Supreme Court's notable 2013 ruling, which refused patent cover to a reformulated anti-cancer drug, is usually taken as a kind of final word that small or incremental changes to already known pharmaceutical compounds won't, by themselves, earn patent protection unless there is a real and provable improvement in therapeutic efficacy. A lot of people say that this approach has become influential even outside India; it is mentioned in policy arguments in other developing countries as well, especially those weighing similar protections against "anti-evergreening".

In addition to patent litigation, Indian courts have also developed a substantial body of trademark case law, especially for medicines and drug brands. This reflects the kind of public health danger that comes from consumers being confused between drugs with names that look similar or are confusingly alike. Courts have generally leaned toward a stricter similarity standard for prescription-free medicines because there is a greater chance that an ordinary buyer might grab the wrong product, thinking it's the same. But at the same time, they seem more willing to allow closeness of marks when it concerns prescription-only or specialist medicines, where the product is supplied under supervision, and the qualified professionals involved are expected to be able to tell the difference. Courts have also acknowledged the trans-border reputation of well-known foreign pharmaceutical trademarks, which has helped them extend protection even when the foreign owner's actual use in India has been limited. The reasoning is that modern travel, communication, and advertising have already made those marks familiar to Indian consumers, so the law treats reputation as something that can cross boundaries, not just physical store shelves.

7. Challenges and Emerging Issues

- Balancing innovation incentives with affordability: keep the incentives alive for real pharmaceutical innovation, but also stop patent-driven price jumps that can choke access to essential medicines for India's huge low-income population.

- Patent quality: making sure Section 3(d) stays strict, and having rigorous exam standards, so patents do not get granted for trivial, or not really inventive, tweaks to already known

drugs.

- Effective use of compulsory licensing: there is a need for clearer procedural guidance and stronger precedent, so compulsory licensing works as a credible safeguard, not some rarely used exception that nobody can count on.

- Building indigenous R&D capacity: pushing domestic pharma firms to move beyond process chemistry strengths into genuine drug discovery, with public research funding and more university-industry collaboration to back it up.

- International pressure and bilateral trade agreements: resisting pressures that often come through bilateral and regional negotiations, trying to lock in patent standards higher than what India TRIPS requires, these so-called "TRIPS-plus" moves could narrow the flexibilities India currently depends on.

- Data exclusivity and regulatory linkage: handling requests for data exclusivity and patent-registration linkage systems, because if they get adopted, generics could be delayed even without touching the patent term itself.

8. Conclusion and Recommendations

India's patent law has made remarkable change: starting from a colonial statute that was really tuned for foreign proprietary interests, moving into a deliberately restrictive process-patent regime that ended up supporting a world-leading generic pharmaceutical industry, and then shifting toward a TRIPS-compliant product-patent setup that is supposed to balance international obligations with domestic public health priorities. Now, the transition has not really removed the fundamental rigidity between incentivizing innovation and keeping medicines affordable; it's more like it was relocated into the way courts interpret and how authorities run the particular statutory safeguard, with Section 3(d) being the main one, and the compulsory licensing provisions under the Patents Act, 1970, as amended.

Based on the foregoing analysis, several recommendations are given. First, patent examination capacity at the Indian Patent Office should continue to be strengthened so that patents with doubtful inventiveness are screened out at the examination stage rather than only pushed back afterward through costly post-grant litigation. Second, the compulsory licensing mechanism would benefit from clearer procedural timelines and more published guidance, so that it can

act as a credible and predictable safeguard rather than an exceptional last resort that only shows up when everything is already too late. Third, fiscal and institutional support for indigenous pharmaceutical research and development should be expanded, so that Indian companies are positioned to benefit from the product-patent regime rather than merely adapt to it in a largely reactive way. Finally, in upcoming trade negotiations, India should continue resisting TRIPS-plus obligations, such as data exclusivity and patent-registration linkage that would shrink the flexibilities expressly preserved under the TRIPS Agreement and restated in the Doha Declaration on TRIPS and Public Health. A patent system that stays sensitive to these considerations offers the best prospect of sustaining both innovation and access in India's pharmaceutical sector going forward.

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