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# Indian patent applicants outpaced foreign entities in FY24, but foreigners dominate final patent clearances

Patents approved for non-resident Indians and entities stood at 74.46 per cent in 2022, which is among the highest in any major economy globally.



Patent approvals to foreign entities among highest in World

Driven by increased applications in sectors such as chemicals, pharma, computer science and information technology, domestic patent applications in FY24 have for the first time outpaced foreign applicants, even though foreign entities maintain a dominant share of patents granted in India, at nearly two-thirds of the overall applications cleared, an analysis of Indian patent data has shown.

Patent approvals, an indicator of research and development (R&D) activity by companies and firms, continue to be skewed in favour of foreign entities with global IT majors such as Qualcomm Inc., [Samsung](#) Electronic, [Huawei](#) Technologies and [Apple](#) taking top spots, edging out Indian companies, [Controller General of Patents, Designs & TradeMarks \(CGPDTM\)](#) data showed. The skew in final patents granted too has narrowed, though foreign entities still account for over 70 per cent of the final patent clearances.

Trade policy experts said that the wide gap between domestic and foreign patent holders [reflects the inefficiencies in India's R&D capabilities](#) that are exploited by foreign companies often by pre-empting entry of potential domestic competition in

...results from weak private investments and sluggish government spending. This has resulted in Indian manufacturing depending on imported machinery, parts, and foreign technicians to fulfil export orders.

## Foreign patents in India among highest globally

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Global comparisons bear this out. Patents approved for non-resident Indians and entities stood at 74.46 per cent in 2022, which is among the highest in any major economy globally. The World Intellectual Property Organization (WIPO) data showed that the comparable number in the case of China stood at 12.87 per cent. Notably, India has a trade deficit with 8 out of the top 10 trade partners. India's imports in FY24 from China alone crossed \$100 billion.

## PATENT APPLICATIONS IN INDIA

	Indian applicants	Foreign applicants	% of foreign applicants
2022-23	43,301	39,519	47%
2021-22	29,508	36,932	55%
2020-21	24,326	34,167	58%
2019-20	20,843	35,625	63%
2018-19	17,005	33,654	66%

## PATENT PATENTEE OUTSIDE INDIA

	Indian patentee	Foreign patentee	% of foreigners holding patents
2022-23	9,239	24,895	72%
2021-22	6,397	23,676	78%
2020-21	5,629	22,756	80%
2019-20	4,003	20,933	83%
2018-19	2,511	12,772	83%

Source: Office of the Controller General of Patents, Designs & Trade Marks (CGPDTM)



WIPO data showed that the countries with high spending on R&D had a lower share of foreign patent approvals. For instance, the share was as low as 22.98 per cent for Japan and 26.61 per cent for the Republic of Korea. Japanese and Korean products also hold a dominant position in smartphone and automobile sales in India.

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The foreign domination in patent approvals in the European Patent Office stood at 54.83 per cent, Germany at 40.97 per cent and the US at 56.11 per cent. India is the fifth largest economy in the world as per gross domestic product (GDP) data after the US, China, Germany and Japan and aims to become the third largest economy in the next 5 years. Experts pointed out that **the rise in foreign patents in India has been fueled by Patent Cooperation Treaty (PCT) and Paris Convention for the Protection of Industrial Property, which is a source of 90 per cent of the patents filed by foreign entities.**

“India had no compulsion to join PCT in 1998 but India joined the treaty. Around 142 countries are members of PCT and it provides great ease for a multinational company to file patents in multiple countries simultaneously. MNCs target big

## Domestic patent applications rising

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Domestic patent applications, however, have been steadily increasing since FY19, bridging the wide gap between domestic and foreign applicants. The patent application of residents in the total request to the patent office rose from 34 per cent in FY19 to 53 per cent in FY24, as per data released by the Office of the CGPDTM.

However, rising applications have not yet translated into approvals as foreigners' share in total patent approval continues to be above 70 per cent for nearly a decade. Experts said that one of the key reasons has been the quality of patent applications as well as the patent ecosystem in the country.

Gopakumar said that the quality of patent approval considered sacred in economies driven by research and innovation suffers from a lower number of patent examiners in the country. The number of full-time equivalent (FTE) examiners in India as per WIPO stands at 597 who approved over 1 lakh patents last year. Whereas, the EU has deployed 3,982 examiners, Germany 821 and the US over 8,000 examiners. "In 2022 India was 6th worldwide in terms of patent grants wherein a total of 30,490 patents were granted, with 72 per cent awarded to non-residents. It is noteworthy that this trend is reflective of the fact that patents often come with a built-in time lag due to various procedural timeliness. In simpler words, patents

“Until half a decade ago foreign entities dominated the patent filings in India leading to a majority of grants going to them. This trend witnessed a dynamic shift since 2020. In the 2022-2023 period, total patent filings by residents was around 53 per cent whereas in 2023-24 this figure increased to 55 per cent and this shift is likely to be reflected in future patent grants, depending on the merit of their application as per patentability according to Indian Patent Act 1970 as amended,” the official said.

## India back offices of global IT giants

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Back in the early 90s, India made a name for itself on the global stage as the back office of the world. However, there was none to very little original IP creation that was happening in India, by Indian firms. Slowly, the back offices have evolved into more serious operations of multinational corporations, in the shape of global capability centres (GCCs) which have seen somewhat of a boom in India in the last half a decade or so. At these centres, the local value addition has increased, but the needle has not moved much on original IP creation.

The government is cognizant of this issue and has encouraged creating and owning, or co-owning IP by Indian firms. In 2021, it rolled out a 76,000 semiconductor manufacturing incentive scheme, of which a little more than Rs 7,500 crore was earmarked for offering design-linked incentives to chip companies doing original design and IP creation in the semiconductor space.

India's spending on research and development as a percentage of GDP has stagnated over the years. R&D spending as a percentage of GDP is lower than the levels of 0.83 per cent seen in 2008, the highest in the last two decades. The comparable number has slipped by 0.65 per cent in 2022 as per World Bank data. This is much lower than the global average of 2.62 per cent.

Jawaharlal Nehru University (JNU) professor Biswajit Dhar said that India's R&D intensity has stagnated over the years and does not augur well for the industrial growth which is highly dependent on Chinese imports. "One of the reasons for China's manufacturing success was innovation which complemented its capacity building. Foreign firms cornering a big chunk of patents would not only increase India's tech dependence but also increase foreign exchange outgo," Dhar added. Notably, New Delhi's R&D spending is lower than the top economies which are also the biggest source of patent applications in India.

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While neighbouring China spends 2.43 per cent of its GDP, for South Korea it stands at 4.93 per cent. In Thailand the number stands at 1.21 per cent, European Union 2.21 per cent and the United States 3.46 per cent. India's former chief statistician TCA Anant said that lower R&D spending is also a reflection of the weaker private investment climate in the country.



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“As far as companies are concerned, corporate investments are also low right now. Patents will come down the cycle, once corporate investments are high then R&D investments will pick up. But initially, companies will try to expand capacity with readily available technology. Research is a long-term investment. We were close to China in the 1980s but since then we have lost ground to China. Chinese universities have ramped up research,” Anant said.

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