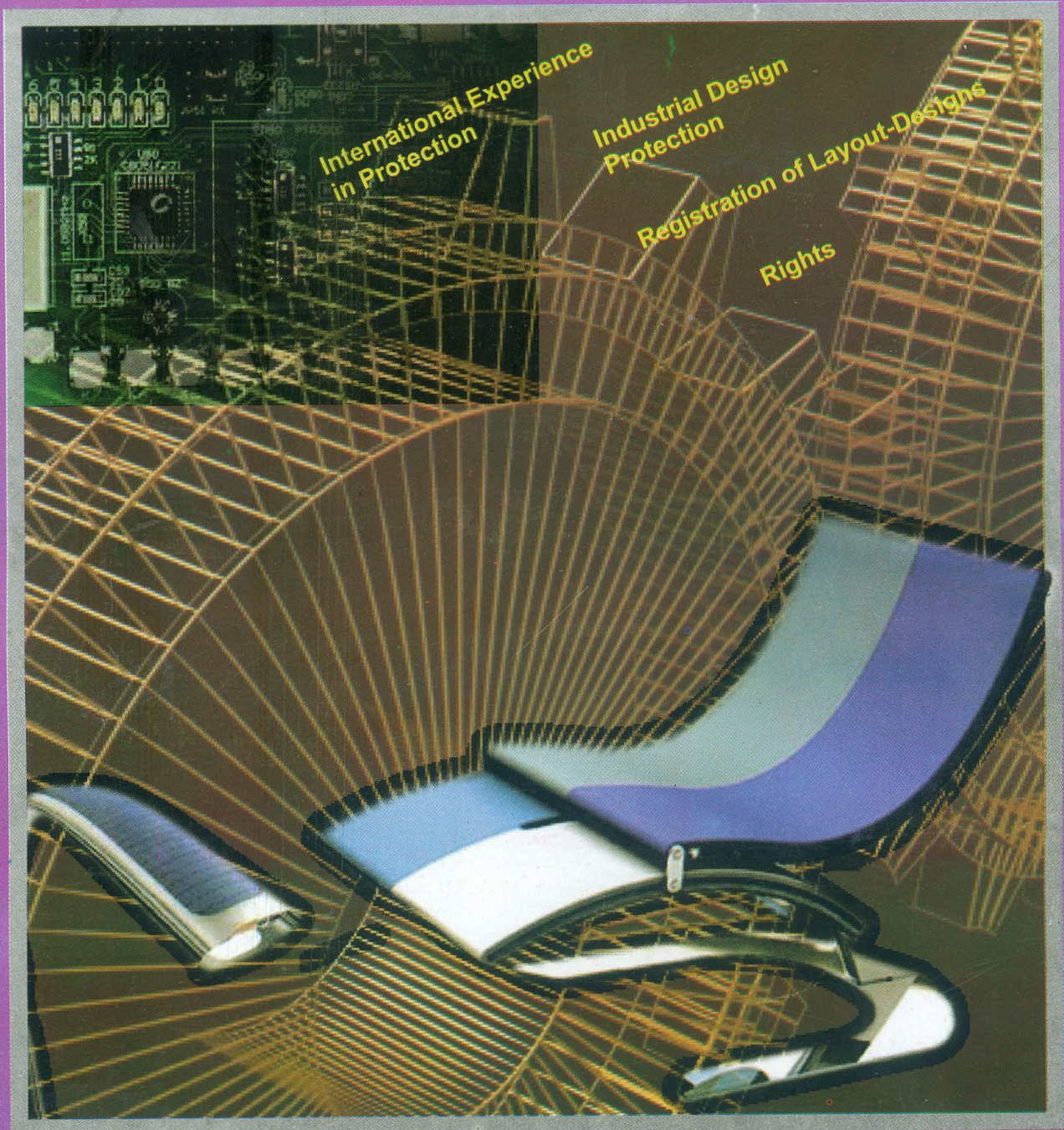


MIP-103
INDUSTRIAL DESIGNS AND
LAYOUT DESIGNS OF INTEGRATED
CIRCUITS AND UTILITY MODELS



Utility Models

3

“शिक्षा मानव को बन्धनों से मुक्त करती है और आज के युग में तो यह लोकतंत्र की भावना का आधार भी है। जन्म तथा अन्य कारणों से उत्पन्न जाति एवं वर्गगत विषमताओं को दूर करते हुए मनुष्य को इन सबसे ऊपर उठाती है।”

— इन्दिरा गांधी

“Education is a liberating force, and in our age it is also a democratising force, cutting across the barriers of caste and class, smoothing out inequalities imposed by birth and other circumstances.”

— Indira Gandhi



Indira Gandhi
National Open University
School of Law

MIP-103
Industrial Design and
Layout Design of
Integrated Circuits and
Utility Models

Block

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UTILITY MODELS

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March, 2017 (Reprint)

© Indira Gandhi National Open University, 2013

ISBN : 978-81-266-6266-1

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Further information on the Indira Gandhi National Open University courses may be obtained from the University's office at Maidan Garhi, New Delhi-110 068.

Printed and Published on behalf of the Indira Gandhi National Open University, New Delhi by Registrar, MPDD.

Printed at : Laxmi Printindia-556 G.T. Road Shahadra, Delhi-32

BLOCK 3 UTILITY MODELS

This block extraordinary deals with Utility models. This block is divided into three units.

The **Unit 8** of this block deals with the scope of utility model protection, the Unit elaborate on the need of utility model and their advantages, the unit also discusses on few case studies, on utility models.

The **Unit 9** more of the block deals with possible rights in utility models. In this Unit, the learners will study about the basic nature of rights, utility models protection and benefits derived of them, and a few case studies.

Unit 10 of the block deals with the International experience of utility model protection in countries like China, Korea, Japan, Germany, Malaysia and Australia.

UNIT 8 SCOPE OF UTILITY MODEL PROTECTION

Structure

- 8.1 Introduction
- 8.2 Objectives
- 8.3 Utility Model
- 8.4 International Conventions on Utility Model Protection
- 8.5 Global Perspective on the Inventive Step Requirement for Utility Model Protection
- 8.6 Analysing the Utility Model Protection System Across the World
- 8.7 Need for Utility Model Protection
- 8.8 Case Study and Examples of Utility Models
 - 8.8.1 Oil Filtering Tool : JP, 3157659
 - 8.8.2 Weeding out Implement : JP, 3145798, U
 - 8.8.3 Heating Element: JP, 3165912, U
 - 8.8.4 Toilet Paper Holder: JP, 3165901, U
 - 8.8.5 Pedal for Bicycle : JP, 3165902, U
 - 8.8.6 Incense Burner Box : JP, 3165903, U
- 8.9 Utility Model Protection in India
- 8.10 Terminal Questions
- 8.11 Answers and Hints
- 8.12 References and Suggested Readings

Annexure: Worldwide Utility Model Protection – A Synopsis

8.1 INTRODUCTION

In the earlier study on Patents, you must have well appreciated the need for patent law and its scope of protection. The rationale for evolving patent system was to encourage inventions, provide incentives to inventors, and accelerate the progress of science and Technology. You must have also noticed that criteria for patentability are also very stringent – any invention has to satisfy the criteria of novelty, utility and Inventiveness. Today, science and technology is advancing at a faster pace and therefore many new inventions are hitting the market. Patents have become increasingly important for business to maintain leadership in technology and acquire monopolistic rights for higher profitability. This drive for competitiveness through intellectual property rights is being increasingly adopted as a strategic tool for business excellence.

In the light of above developments let us view the situation of the small and medium enterprises who do not have enough resources to develop their own research units or capability to invest in large infrastructure which is essential for bringing in cutting edge technologies in the market. At the same time, they have the capability to develop their own innovative products and process. Though, they may not meet the stringent criteria of patentability but still they are important to small business and they need to be leveraged and protected for business growth and development. One must also appreciate the fact there are many incremental innovations which do not meet the stringent criteria of Patentability criteria, but are very important in our day to day to life.

For e.g.; observe the following petty innovations¹ :

Onion transplanter is a tractor drawn semi- automatic unit. It can perform three functions at a time viz. transplanting the onion, applying the fertilizer and making the irrigation channels. The unit assembly consists of a cultivator frame, fertilizer box, fertilizer conveying tubes, trays for keeping the seedlings, two ground wheels, furrow openers, chutes to deliver the seedlings and seating arrangement for up to four people.

Mitticool- the fridge: It is a small refrigerator made of clay for storing vegetables, fruits, milk and water. It does not need any external source of energy for the cooling effect. The first version of *Mitticool* had two water chambers, one at the top and the other at the bottom. Water filtered from the top chamber (20 litre capacity) and got collected in the bottom chamber, which also had a dispensing tap. Between the two water chambers was a space for storing vegetables, fruits (up to 3 kg) and milk. The principle of cooling in the *mitticool* is same as that of clay pots, or '*matkas*'..

Multipurpose twin chambered cooking vessel: The innovation is a stainless steel cylindrical cooking vessel with two compartments and a lid fitted with two pressure valves. It is also provided with a perforated aluminium plate to be used in one compartment. The two compartments are used to cook rice and *sambar* simultaneously. In the compartment where rice is boiled, the perforated aluminium plate is kept. On the same side of the vessel, a drain valve or tap is provided for the user to drain out the residual water after cooking. The nutritive value of the residual water or *kanji* can be then harnessed.

Automatic Pump Operator (APO): The APO is a hassle-free household water management device that integrates the ground reservoir, water pump and the overhead tank. Using a central control panel, the pump switches on automatically as soon as the overhead tank goes below the threshold level and switches off as soon it gets full. It also takes feedback from the source of water (reservoir- ground or overhead) to check if there is enough water. When there is little or no water, the APO does not switch on the pump. Thus it prevents damage to the motor.

These are the examples of simple innovations which make a lot of impact on day to day life. If viewed from the criteria of patentability, none of the above inventions will qualify for being patentable subject matter.

¹ National Innovation foundation (www.nif.org.in)

The questions therefore are as follows:

- 1) Should such Innovations be protected?
- 2) Should there be a separate legislation to protect these incremental Innovations?
- 3) What are Incremental Innovations?
- 4) What are its benefits to the society?

In the context of above let us examine the concept of Utility Model.

8.2 OBJECTIVES

By reading this unit on Utility model you will appreciate the following:

- basic definition of Utility Model;
- need for utility model and its advantages;
- international developments in utility models protection;
- indian context; and
- few case studies to appreciate the Importance of Utility model protection.

8.3 UTILITY MODEL

A utility model is an exclusive right granted for an invention, which allows the right holder to prevent others from commercially using the protected invention, without his authorisation, for a limited period of time. In its basic definition, which may vary from one country, where such protection is available to another, a utility model is similar to a patent. In fact, utility models are sometimes referred to as “petty patents” or “innovation patents.”

The main differences between utility models and patents are the following:

- The requirements for acquiring a utility model are less stringent than for patents. While the requirement of “novelty” is always to be met, that of “inventive step” or “non-obviousness” may be much lower or absent altogether. In practice, protection for utility models is often sought for innovations of a rather incremental character which may not meet the patentability criteria.

Non obviousness is one of the very essential technical requirements for the grant of patent rights. It is defined from the point of view of the personal skilled in the art. A personal skilled in the art is usually the examiner in the patent office. He has the access to the prior art from the world wide database of patents as well as from non-patented literature available in the public domain. The Inventive step in the disclosed invention must be relatively “substantial” and “not an obvious step” in relation to the prior art. This is very stringent and varies across from examiner to examiner and across various jurisdictions of the patent offices.

² Definition of Utility Model as defined by World Intellectual Property Organisation (www.wipo.int)

- The term of protection for utility models is shorter than for patents and varies from country to country (usually between 7 and 10 years without the possibility of extension or renewal).

In fact, this is important requirement for inventions which have a short life and duration in the market. Technological advancements make products and process obsolete in a very short time. Hence, to quickly capitalise on the merits and take commercial advantage of the Petty Innovations – The short life cycle is highly advantageous and handy to the Innovators.

- In most countries where utility model protection is available, patent offices do not examine applications as to substance prior to registration. This means that the registration process is often significantly simpler and faster, taking, on average, six months.

The time taken for registration process is sometimes discouraging especially in the context of commercial launch of the product in the market place. If the time taken to launch the product is longer, it encourages competition and at the same time discourages the small innovators from quickly realising the commercial advantage in the market.

- Utility models are much cheaper to obtain and to maintain. The cost of obtaining the Utility model protection in most countries have been keep relatively less and they are far cheaper and easier to maintain.
- In some countries, utility model protection can only be obtained for certain fields of technology and only for products but not for processes.
- Utility models are considered particularly suited for SMEs that make “minor” improvements to, and adaptations of, existing products. Utility models are primarily used for mechanical innovations.

Only a small but significant number of countries and regions provide the option of utility model protection. Currently, a small but significant number of countries and regions provide utility model protection. These include: Albania, Angola, Argentina, ARIPO, Armenia, Aruba, Australia, Austria, Azerbaijan, Belarus, Belize, Brazil, Bolivia, Bulgaria, Chile, China (including Hong Kong and Macau), Colombia, Costa Rica, Czech Republic, Denmark, Ecuador, Estonia, Ethiopia, Finland, France, Georgia, Germany, Greece, Guatemala, Honduras, Hungary, Indonesia, Ireland, Italy, Japan, Kazakhstan, Kuwait, Kyrgyzstan, Laos, Malaysia, Mexico, OAPI, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Moldova, Russian Federation, Slovakia, Spain, Taiwan, Tajikistan, Trinidad and Tobago, Turkey, Ukraine, Uruguay and Uzbekistan. The “Innovation patent,” launched in Australia, was introduced as a result of extensive research into the needs of small and medium-sized enterprises, with the aim of providing a “low-cost entry point into the intellectual property system.”

8.4 INTERNATIONAL CONVENTIONS ON UTILITY MODEL PROTECTION

Many of the industrial property protection treaties, starting with the Paris Convention for the Protection of Industrial Property, contain provisions that enable extension of intellectual property protection to utility models.

The Paris Convention for the protection of Industrial Property

This Convention was established in 1883. India has been a member since 1998. Apart from patents, industrial designs and trademarks, the Convention covers utility models, service marks, trade names, indications of source or appellations of origin and the repression of unfair competition. Although, it is silent as to the definition and scope of utility models, it provides for national treatment and a right of priority for the purpose of filing of applications in other member countries within a specified grace period. This period could be between six months to twelve months depending upon the industrial property. For instance, it allows a period of twelve months for patents and utility models from the date of filing of the first application. Furthermore, it is permissible to file a utility model application in country by virtue of a right of priority based on the filing of a patent application and vice versa. Under the provisions of the Convention, the applicant can also divide his patent application into a patent application or a utility model application either *suo-motu* or on the receipt of the examination report. The provisions of importation and compulsory licences, failure to work or insufficient working in respect of patents are also applicable, *mutatis mutandis*, to utility models.

India joined the Paris Convention in 1998.

Patent Cooperation Treaty

The Patent Cooperation Treaty entered into force in 1978. India has been a member since 1998. This treaty which mainly deals with patent filing procedures also provides for filing of utility model applications. The treaty enables applicants filing an international application for the grant of patent to claim priority based on their utility model application. The provisions of this treaty also construe the reference to patents, unless expressly stated otherwise, as patents for inventions, inventors' certificates, utility certificates, utility models, patents or certificates of addition, inventors' certificate of addition and utility certificates of addition. Thus the Treaty permits filing of Utility Model applications through the National phase utilising the priority dates and flexibilities applicable to patents.

The TRIPS Agreement

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) entered into force in 1995. India has been a member since 1995. This agreement provides for international minimum standards relating to the availability, scope and use of intellectual property in respect of Copyright and Related Rights, Trademarks, Geographical Indications, Industrial Designs, Patents, Layout Designs (Topographies) of Integrated Circuits, Protection of Undisclosed Information and Control of Anti-competitive Practices in Contractual Licences¹². It does not specifically mention utility models. However Part I of this Agreement (Article 2, 3 and 4) refer to the provisions of Paris Convention. Further, Article 1 mentions "Members may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement, provided that such protection does not contravene the provisions of this Agreement." Thus member countries are free to adopt the utility model system as an additional IP protection mechanism.

Self Assessment Questions**(Spend 2 minutes)**

- 1) Summarise your understanding on Utility Model protection.

.....

- 2) Give examples from your own experience on some of the inventions which need utility mode protection.

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8.5 GLOBAL PERSPECTIVE ON THE INVENTIVE STEP REQUIREMENT FOR UTILITY MODEL PROTECTION

Utility model protection exists in France, Belgium, Portugal, Italy, Spain Germany, Denmark, Ireland, Greece, Austria, Finland and the Netherlands. A careful analysis of these systems reveals a lot of interesting results. It is observed that the system prevalent in these countries facilitate protection of technical inventions. This implies that they act as a form of additional protection for technical inventions. Such dual protection mechanism for technical inventions is highly advantageous and it also permits greater scope of flexibility for the innovator to choose the right form of protection for the right type of invention. He can decide based on the cost, time limits and the ease by which he can obtain the Intellectual property Rights.

It is also inferred that all of them grant registration without the need for examination procedure to establish novelty and inventive step of the Invention. This process makes them quick and relatively inexpensive to obtain the intellectual property rights. However closer analysis of the system reveal that there are wide differences in their requirements, which allow them to be divided into three groups.

Category 1: Full Inventive step requirement

The first group comprises rights which do complement patent law but whose requirements are the same as those for patents. The inventive step required here would also qualify the invention for patent protection. It signifies the requirement of "*full inventive step requirement*". It also defines the requirement of *absolute novelty* meaning the novelty of the invention is determined by the state of art present globally or internationally. Embodiment in three-dimensional form is not a fundamental requirement. Systems of this kind are the French, the Belgian and the Dutch.

Category 2: Diminished Inventive step requirement with inventions to be embodied in three dimensional form

The second group comprises those rights whose requirements are different from those of patent law. The inventive step required is smaller, allowing protection to be extended to minor inventions. This can be better described as – diminished inventive step requirement. The number of inventions qualifying is reduced by a requirement that the invention be embodied in three-dimensional form. Systems in this group are the Greek utility model certificate, the Spanish the Portuguese, the Italian and the Finnish. These systems can be graded further on the basis of the degree of novelty called for: absolute novelty is required in Italy, Portugal, Finland and Greece, while relative novelty is sufficient in Spain.

Category 3 : Diminished Inventive step requirement but three dimensional forms plays only a secondary role

The third group likewise has a diminished inventive step requirement. But here the three-dimensional form requirement plays only a secondary role or is absent entirely, so that protection is available both for process inventions and for all those inventions where the inventive step is only small, This group includes the German which was subject to a three-dimensional form requirement in the past the legislation has recently been amended, and no longer makes any reference to such a requirement, so that the right is available for all minor inventions, including process inventions. The Danish, Austrian and the Irish “short-term patent” fall into the same category, unlike the other systems; the German system requires only relative novelty.

These are all systems which grant a registered right without prior examination; but the differences between them are such that as things stand it would not be practicable to allow them to apply on a cross-border basis.

Self Assessment Question

(Spend 2 minutes)

- 3) Summarise your understanding on the diminished requirements of inventive step.

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8.6 ANALYSING THE UTILITY MODEL PROTECTION SYSTEM ACROSS THE WORLD

Germany³

The utility model framework was first established in Germany in 1891. This introduction encouraged domestic innovators who file about 85% of these applications. While the law requires utility models to meet the same requirements as patents in terms of novelty and utility, there is a lower threshold for inventive step. Processes and biotechnological inventions are excluded from the purview of utility models. Grants are to be made promptly without examination. Article 2(i)

³ German patent office.

of the Patent Cooperation Treaty defines 'application' means an application for the protection of an invention; references to an application shall be construed as references to applications for patents for inventions, inventors' certificates, utility certificates, utility models, patents or certificates of addition, inventors' certificate of addition and utility certificate of addition.

Utility model protection is available for inventions that are

- new
- involve an inventive step and are
- susceptible of industrial application

Utility model registration is not available for all types of innovations. The invention must have a technical character. Furthermore, certain inventions are not registrable. The following items, for example, do not qualify for utility model protection:

- discoveries, scientific theories, mathematical methods
- blueprints, patterns, teaching methods, rules for playing games, accounting systems, programs for computers
- process inventions (e.g. manufacturing and working processes)
- biotechnological inventions
- animal and plant varieties

Within the scope of the registration procedure, the utility model unit examines whether the application relates to a technical invention and whether the invention is not excluded from utility model registration, such as processes. The utility model unit does not examine whether the invention meets the requirements of novelty, inventive step and industrial applicability. Thus you will obtain fast and low-cost protection of your invention. However, competitors may subsequently challenge the utility model by a request for cancellation.

An invention is considered to be new if it is not part of the state of the art. The state of the art comprises all technical products or processes published before the date of filing of the utility model application. This includes the applicant's own scientific publications or presentation. Of a new product at a fair. If you apply for utility model registration within six months from the publication of your invention, utility model protection is still available. This is called the novelty grace period.

A utility model involves an inventive step if the invention is not obvious to a skilled person having regard to the state of the art.

The invention is applicable in industry if it can be produced or used in any area of industry. This includes, for example, agriculture. Methods of medical or surgical treatment and diagnosis are not susceptible of industrial application. This does not apply to products for use in such methods, such as surgical instruments or medicines.

When one files a utility model application, the German Patent and Trade Mark Office does not examine whether your application complies with all substantive requirements of utility model protection. This shortens the procedure and one has invention protected within a short time without having to wait for the outcome of the longer patent granting procedure. If the application does not have any defects, or if the defects have been remedied, the utility model is entered in the Register.

Splitting-off: Splitting off a utility model application : A utility model application can be split off from a patent application having the same contents. This can be useful if one has published his invention before filing a patent application. In that case, patent protection is no longer available since the invention is no longer new. However, one can apply for a utility model within six months from the publication. In this case, the novelty grace period applies: the publication is not considered to be part of the state of the art within this period.

One can use a split-off utility model to supplement a patent application. It provides flanking protection during the otherwise unprotected patent pendency period. Upon registration of the split-off utility model the inventor enjoys full protection irrespective of the outcome of the patent grant procedure. The split-off application is an independent utility model application. Splitting off is allowable within 10 years from the date of filing of the original patent application. The utility model application must be submitted within two months from the rejection or withdrawal of the patent application at the latest.

Cancellation proceedings : the utility model is put to the test. The utility model unit registers the utility model without previously examining if the substantive requirements are met. In case of a dispute, cancellation proceedings will clarify whether the registered invention is in fact new and involves an inventive step. Any person may file a request for cancellation. The request is subject to a fee and must be filed in writing together with a statement of reasons. Before filing a request for cancellation, one should consider the risk of costs. The losing party has to bear the costs including the costs incurred by the opponent.

Self Assessment Questions

(Spend 2 minutes)

- 4) Summarise your understanding on the German system of Utility Model Protection.

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Japan⁴

In Japan, the utility model protection system established in 1905 was originally based on the utility model law of Germany. It has been amended several times. It is now restricted to the protection of devices only. The law promotes the protection and utilisation of devices relating to shape or construction of articles or a combination of articles, so as to contribute to the development of industry. Applications are not examined substantively and protection is granted almost immediately through registration and publication.

Technological breakthroughs and increased pace of technical innovation in recent years have meant that a large number of utility models are worked from almost immediately after the filing of an application for registration. As the lifecycle of products decreases, the demand for earlier protection for rights relating to such innovations has become progressively more noticeable. In order to respond to

⁴ Japanese patent office.

this need for earlier protection, the Japanese law was revised on January 1, 1994 to dispense with substantive examination of whether the application has novelty and involves an inventive step, and grants a right on the basis of a judgment of whether the application satisfies a series of requirements (referred to as the basic requirements) judged to be necessary for registration. The flowchart below shows the process from application to publication.

Application

Patent applications do not necessarily require the attachment of drawings; but in the case of utility model applications, their attachment is compulsory. In addition to the application fee, registration fee for the first three years must be paid at the time of filing.

Examination

In contrast to patent applications, there is no system of request for examination for applications for utility model registration. Having no substantive examination of whether the application is novel and involves an inventive step, the examination will check simply the basic requirements shown below in addition to the conventional formality check.

- 1) The device relates to the shape or construction of articles or a combination of articles.
- 2) The claimed device is not liable to contravene public order and morality.
- 3) The application satisfies the requirements for the format of claim as well as the unity of application.
- 4) All the necessary items are described in the specifications and drawings, and these descriptions are not conspicuously unclear.

Additionally, where the application does not meet the formality requirements or the basic requirements, an invitation to amend will be issued. If there is no response to this invitation, the application will be dismissed.

Registration

For all applications which have passed the formality check as well as satisfying the basic requirements, the registration of the utility model right will be instituted without going through a substantive examination. However, as mentioned above, the registration fee for the first to third years must be paid at the time of filing.

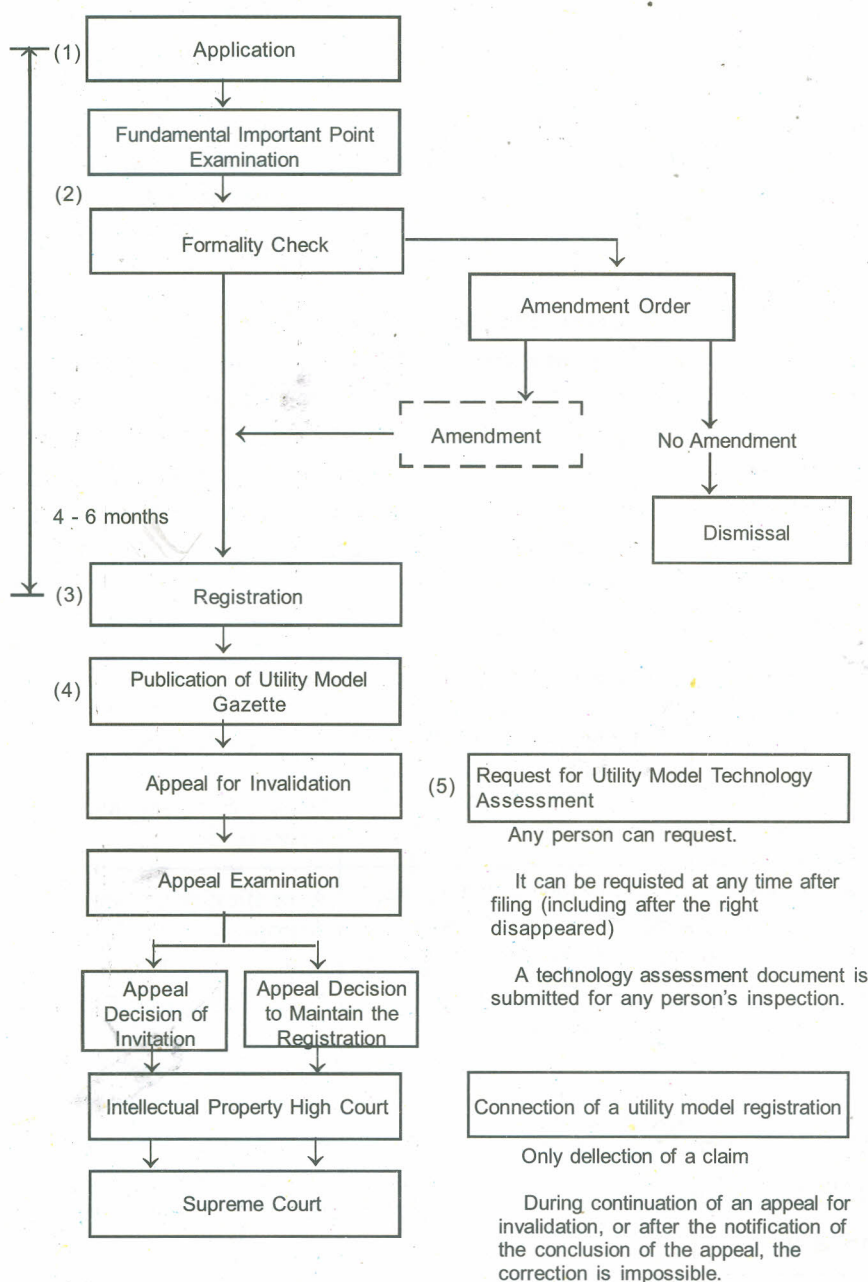
Publication of Utility Model Gazette

When the utility model right has been registered, the JPO publishes the details of the claimed device in the official gazette to lay it open to the public as the first publication.

Request for Registrability Report

A registrability report, prepared by an examiner on the basis of a search of prior art documents, enables an objective judgment to be made about the validity of registered utility model right. It can be requested by any person at any time after the filing of the application. Since utility model rights are registered without a substantive examination, it is essential for applicant to make a decision of whether or not to file an application on the basis of a thorough prior art search.

Procedures for Obtaining a Utility Model Right



Australia⁵

In Australia, a framework for petty patents was formalised in 1979. These patents were similar to the German utility models but no exclusion for processes was mandated. Further inventions relating to biological processes including the product thereof were excluded from protection. Other criteria as to the scope of protection were similar to the German system. This system, which did not differentiate substantially between a petty patent and a standard patent, did not receive much support. On the recommendation of Advisory Council on Intellectual Property (ACIP), a system of innovation patents was introduced in 2001. This "Innovation patent", is designed to meet the needs of small and medium-sized enterprises, by providing a "low-cost entry point into the intellectual property system." The threshold requirements of the innovation patent are lower than for standard patents. As in Japan and Germany, domestic applicants dominate.

⁵ IP Australia.

The innovation patent is a protection option specifically designed to protect inventions that do not meet the inventive threshold required for standard patents. Introduced in 2001 to stimulate innovation among small to medium business and local industry, the innovation patent is a relatively fast way to obtain protection for your new device, substance, method or process which produces a concrete, tangible, physical or observable effect. Innovation patents are intended to provide intellectual property rights for those incremental and lower level inventions that would not be sufficiently inventive to qualify for a standard patent. This is due to the inventive threshold being lowered compared to a standard patent, that is, the innovation patent requires an innovative step rather than an inventive step.

The innovation patent has been designed as a useful tool in supporting the first to market place advantage. If an Innovator is considering taking the advantages from being the first to the market place with a new product, an innovation patent re-enforces this advantage as it's usually granted within a month. Also the innovation patent allows the innovator to protect each stage of development long before the research project is finished, therefore reducing some of the financial and commercial risks. Certification is usually quicker to obtain than the longer process involved in obtaining the grant for a standard patent. So this strategy is suited to your needs where time is of the essence.

Comparison chart of innovation (utility model) patent vs. standard patent

	Innovation (Utility model) Patent	Standard Patent
To apply for a patent your invention must	Be new, useful and involve an <i>innovative step</i>	Be new, useful and involve an <i>inventive step</i>
Application should include	A specification including title, description, <i>up to 5 claims</i> , drawings (if applicable) and an abstract, and forms	A specification including title, description, <i>no limit to the number of claims</i> , drawings and an abstract, and forms
Examination	After grant but only if requested by the applicant, a third party or the Commissioner of Patents, and a fee is paid.	It is compulsory for an applicant to request examination, and pay a fee
Acceptance	After passing formalities check	After passing examination
Grant/Sealing	Granted after acceptance	After acceptance and opposition period
Certification	After passing examination	N/A
Enforcement	After Certification	After Sealing
Filing of Opposition	At grant and again at certification	18 months from priority date and again after acceptance
Time from filing to grant	Approx. 1 month (Note - this does not include examination)	Up to 4 years
Protection period	8 years max, if annual fees paid	20 years max, if annual fees paid (up to 25 for pharmaceuticals)

One of the Interesting cases from Australia on Innovation Patent is the case study of Stubby holder glove...

Case study of Stubby holder glove (Source : IP Australia): One cold evening in the Snowy Mountains in 2000, Glen, his brother Leon and friend Jim Kroezen had been waterskiing and were enjoying a quiet beer. To keep their hands warm in the freezing air, Glen and Leon alternated 'drinking' hands to allow one hand to remain warm while the other one held the stubby holder containing their beer. Jim didn't have that luxury given the fact that he has only one arm, and his hand was constantly out in the cold air. They joked that it would be great to have a stubby holder with a glove attached that would keep their hand warm and their beer cold.

About 18 months later the three of them took a ski holiday to New Zealand and Jim produced his 'invention' - a neoprene glove which had been glued to a stubby holder. He had decorated them and gave one each to Glen and Leon as a gift. The trio thought that the idea could become a commercial success so they decided it would be wise to try and protect.

The three mates decided to have their innovation patent examined and certified by IP Australia, because, without the innovation patent being certified, they would not be able to stop others from copying the Stubby glove. On one occasion the company successfully negotiated terms for royalties. Today the company distributes to a retail network of about 230 outlets. Glen said it was vital to be vigilant about protecting their innovation patent to ensure the growth of the company in years to come.

Self Assessment Question

(Spend 2 minutes)

- 5) Imagine if the stubby glove team did not have Utility model protection. What would have been the consequences?

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Europe

Realising the importance of utility models particularly for SMEs, the European Commission in 1997, and proposed legal arrangements for creating Community Utility Models. These proposals were based upon wide ranging discussions and consultations sparked by issue of a Green Paper in 1995. These proposals were withdrawn in 2005 on the ground that it was unlikely to advance further in the legislative process. While some countries in the EU do have a utility model system, others like United Kingdom, Sweden and Luxemburg do not.

China

In China, the patent law enacted in 1984 governs the grant of invention patents, utility models and industrial designs. Both the invention patent and utility model are

both referred to as patents. The number of applications filed for utility models have always been more than those filed for invention patents and industrial designs. The system has also been utilised more by the domestic innovators than foreigners.

South Korea

South Korea, introduced the utility model protection system in 1908. A separate legislation for utility models was enacted in 1961. This law has been amended in 1998 and in 2002 to encourage small and medium sized enterprises by providing quick protection to their inventions by adopting non-examination system. Here again, domestic innovators dominate filings.

Brazil

Brazil introduced the utility model system in 1923. The current law is in force since 1996. The Brazilian utility model system requires substantive examination and also mandatory filing of request for examination as in the case of patents. The system has been utilised more by the domestic innovators as compared to foreigners.

Other Countries

Apart from China and South Korea, some other developing countries from Asia such as Taiwan, China, Mongolia, Vietnam, Malaysia, Thailand, Indonesia and Philippines have also adopted the utility model system for promoting local innovators including SMEs. The requirements for registration of utility models are broadly similar in all these countries but each country has provided its own definition of utility models or innovation patents which are presumably suitable to the stage of their industrial development.

8.7 NEED FOR UTILITY MODEL PROTECTION

All of the above analysis brings us closer to a very interesting debate – the basis and need for utility model Protection. Does it actually benefit the inventor and the society if we have two alternate forms of protection?

Let us analyse both the positive and negative side of the Utility model of Protection. The proponents of the Utility model of Protection would suggest that the following are the underlying points and one must have utility model protection. The reasons are as follows:

- There are many Innovations which cannot meet the threshold limits of Patent Protection. The lack of protection will discourage the Innovators and would not bring new and advantageous innovations into the market.
- At the same time, it encourages the small time innovators to remain in business, reap economic advantage of the innovations and also facilitate new advancements and technology. This can benefit the society and the nation as a whole.
- There must not be any obstacles for innovation especially if you believe that the small incremental innovations have to be encouraged and these small Petty Innovations will actually pave way for higher level of Inventions in the society.

- It is also a cost effective and less time consuming alternative for innovative products to reap commercial advantage.
- It can catalyse the Innovation levels and scientific advancement of the society.
- A repository of such small inventions can create a huge data bank for technological, social and scientific advancements.

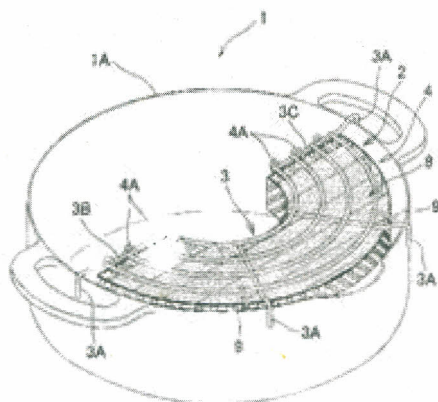
A two tier system for protection of technical inventions is necessary because

- It will incentivise and facilitate faster disclosure of Inventions.
- It will catalyse the growth rate of innovations by availability of disclosed information to Innovators and improvisers of derivative products.
- It will generate a pool of incremental innovations which may trigger new innovations.
- It will hasten market entry for new products by enabling migration from the utility model system to the patent system.

8.8 CASE STUDY AND EXAMPLES OF UTILITY MODELS

8.8.1 Oil Filtering Tool: JP, 3157659

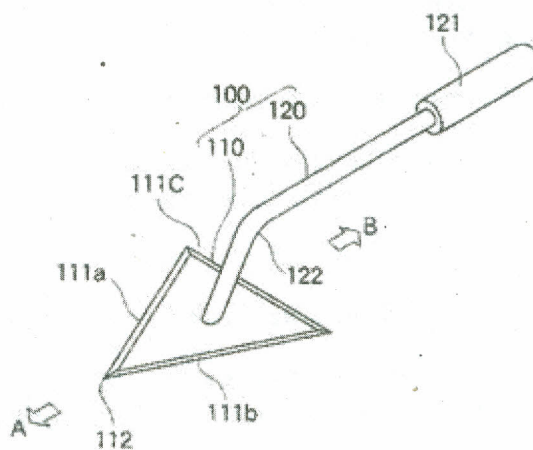
This is a simple invention. A tempura pan is provided with the oil filtering tool and this oil filtering tool which can do unnecessary the work which moves oil for deep-frying from a tempura pan to an oil pot or another tempura pan. It is easy to scoop up oil for deep-frying, the dregs in it, etc. Further, improvement like providing the dipper for oil skippers can improve the workability which filters oil for deep-frying with oil filtering tool.



8.8.2 Weeding out Implement : JP, 3145798, U

Weeding work in the lawns and fields is a very laborious work. For this reason, the conventional weeding-out implement, if it is necessary to move a weeding-out implement in all directions, it is very unsuitable for prolonged weeding work.

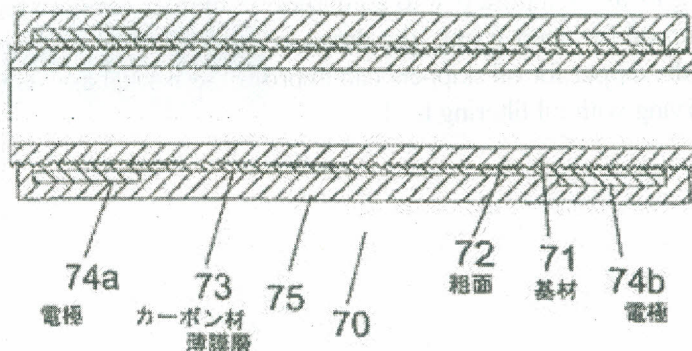
This design is made in view of the problem in the above conventional weeding-out implements, and it aims at providing the weeding-out implement which makes it possible to perform comparatively prolonged weeding work with comparatively small labour quantity.



8.8.3 Heating Element: JP, 3165912, U

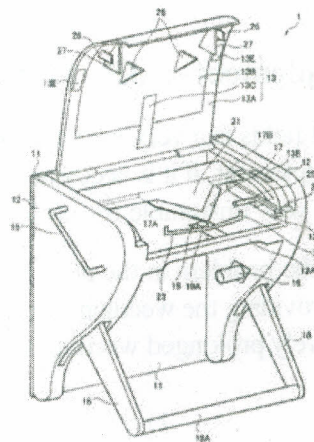
As for the electric heat products marketed now, it is common to heat goods using the thermal energy which a resistance filament or an electric heat pipe generates. However, since such electric heat products cannot produce generation of heat in the uniform field where a resistance filament and an electric heat pipe are comparatively large, there is a fault that heat conductivity efficiency is low and causes consumption of energy.

In order to solve an above-mentioned fault, the heating element which vapour-deposited metal by vacuum sputtering and formed the conductive thin film on the glass tube, the glass plate, or the quartz tube like the tubular metal thin film heating element shown has been developed.



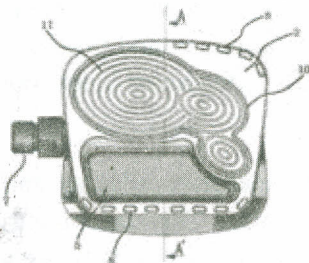
8.8.4 Toilet Paper Holder: JP, 3165901, U

This design is related with the toilet paper holder which can bend the end of toilet paper to triangular shape.



8.8.5 Pedal for Bicycle : JP, 3165902, U

A pedal for bicycles, wherein a cork chip or saw dust whose particle diameter is 0.1-1.5 mm is mixed in a rubber member or a synthetic resin component made to allocate in a part to which a thumb ball portion of the sole contacts in a pedal for bicycles.

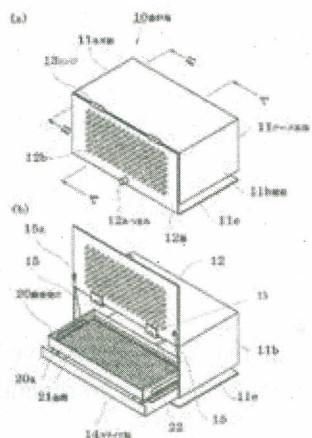


A pedal for bicycles, wherein minerals granular material whose particle diameter is 0.1-1.5 mm is mixed in a rubber member or a synthetic resin component made to allocate in a part to which a thumb ball portion of the sole contacts in a pedal for bicycles.

The pedal for bicycles according to claim 1 or 2, wherein ripple-like is formed in the surface of said rubber member or a synthetic resin component in which a thumb ball portion of the sole was made to allocate. The pedal for bicycles according to claim 3 presenting form where an outer contour of said rubber member or a synthetic resin component piled up selectively an ellipsoid of two pieces or three.

8.8.6 Incense Burner Box : JP, 3165903, U

A sliding plate which carries out a protrusion slide along with a bottom plate, it has a door by which rotation connection was carried out towards the bottom from a front end part of a top plate. An incense burner box, wherein rotation opening and closing of a sliding direction of a door are interlocked with and said sliding plate protrudes in a cross direction. One end of a wire is connected with a position which separated a predetermined distance from a rotation centre of said door to the open end side of the door concerned, and the other end of the wire concerned is connected with the rear side of a sliding plate, The incense burner box according to claim 1, wherein a rotation difference to the upper part of a door is interlocked with and said wire makes said sliding plate project ahead. The incense burner box according to claim 1 or 2, wherein elastic energisation of said sliding plate is carried out in the devotion direction. The incense burner box according to any one of claims 1 to 3, wherein, as for said sliding plate, an incense stick receptacle has become laid free attachment and detachment.



8.9 UTILITY MODEL PROTECTION IN INDIA

In India, we do not have utility model protection. However, the Department of Industrial Policy and Promotion (DIPP), Govt. of India as a part of their policy initiatives has opened up this debate by calling for expert opinions and feedback from all over India. One of the foremost and important reasons for taking up this initiative is to devise appropriate policy and programs which encourage local innovators to seek protection for incremental innovations and thus promote their commercial exploitations.

The micro small and medium enterprises play an important role in social and economic development of our country. This sector contributes 8% of the Country' GDP, 45% of the manufactured output and 40% of the nation' exports. The Prime minister' task force on small and medium enterprises in India has recommended several improvements to promote innovative activities in the MSME with a need to ease the path from the genesis of an idea to its successful translation into commercial operations. The task force has also suggested setting up a Technology Acquisition and development fund to support the MSME.

SME' capability to introduce new products and process is vital for their survival. No longer can they rely on technologies which are produced outside the country because the threat of Infringement and litigation is looming large on the horizon. Hence, it is important to encourage the SME to innovate and help them to protect their products and process quickly and enable them to launch their products for commercial exploitation. Utility model protection can be very useful and very attractive option for them. It can be a viable solution in terms of cost of protecting the innovations, time required to protect and at the same time quick and less time to enforce their products in the commercial market.

8.10 TERMINAL QUESTIONS

- 1) What do you understand by Utility model of protection?
- 2) Enumerate the advantages of utility model of protection.
- 3) Explain the three categories of Inventive step requirement followed for Utility model protection

8.11 ANSWERS AND HINTS

Self Assessment Questions

- 1) Read Section 8.1
- 2) Use your own imagination and think of products/ process which fall in this category.
- 3) Read Section 8.5
- 4) Read Section 8.6
- 5) Lack of protection would mean that they would have lost a huge commercial advantage. Presently they are earning a lot of revenue through royalties.

Terminal Questions

- 1) Read Section 8.3
- 2) Read Section 8.7
- 3) Read Section 8.5

8.12 REFERENCES AND SUGGESTED READINGS

- 1) Paris Convention for the Protection of Industrial Property.
- 2) Patent Cooperation Treaty.
- 3) TRIPS Agreement.
- 4) Japanese Patent Law (as amended in 2005).
- 5) Japanese Utility Model law (as amended in 2004).
- 6) Examination Guidelines for Patent and Utility Model” released on December.
- 7) German Utility Model Law.
- 8) Australian Patents Act, 1990.
- 9) Patents Amendment (Innovation Patents) Act, 2000.
- 10) Patent law of the People’s Republic of China.
- 11) The Implementing Regulations of Chinese patent law.
- 12) Korean Utility Model Act in 1998 as amended in 2002.
- 13) Brazilian industrial property law (LPI 9279/96) effective from 14/05/1997.
- 14) Indian Patents Act, 1970.
- 15) Indian Design Act, 2000.
- 16) Understanding Industrial Property, WIPO publication No 859(E).
- 17) The Protection of Technical innovations and Designs in Germany, VCH Law Books Publication, 1993.

Worldwide Utility Model Protection – A Synopsis

Country	Type of Protection	Maximum Term	PCT Route Available	Conversion from Patent Application
Albania	utility model	10 years	Yes	Yes
Angola	utility model	no set term	No	No
Argentina	utility model	10 years	No	Yes
ARIPO	utility model	8 years	Yes	Yes
Armenia	utility model	10 years	Yes	Yes
Aruba	small patent	6 years	Yes via Netherlands	Yes
Australia	innovation patent	8 years	Not unless by division	Yes
Austria	utility model	10 years	Yes	Yes by division
Azerbaijan	utility model	unknown	Yes	Yes
Belarus	utility model	8 years	Yes	unknown
Belgium	short patent	6 years	No	No
Belize	utility model	7 years	Yes	Yes
Bolivia	utility model	10 years	No	unknown
Botswana	utility model	7 years	Yes	unknown
Brazil	utility model	15 years	Yes	probably
Bulgaria	utility model	10 years	Yes	probably
Chile	utility model	10 years	No	unknown
China	utility model patent	10 years	Yes	unknown
Colombia	utility model	10 years	Yes	probably by division
Costa Rica	utility model	12 years	Yes	Yes
Czech Republic	utility model	10 years	Yes	Yes by division
Denmark	utility model	10 years	Yes	Yes by division
Ecuador	utility model	10 years	Yes	Yes by division
Estonia	utility model	8 years	Yes	Yes
Ethiopia	utility model	10 years	No	Yes
Finland	utility model	10 years	Yes	Yes

France	utility model	6 years	No	Yes
Georgia	utility model	8 years	Yes	Yes
Germany	utility model	10 years	Yes	Yes
Ghana	utility model	7 years	Yes	Yes
Greece	utility model	7 years	No	Yes
Guatemala	utility model	10 years	No	Yes
Honduras	utility model	15 years	Yes	unknown
Hungary	utility model	10 years	Yes	Yes
Indonesia	Petty Patent/ Simple Patent	10 years	Yes	Yes
Ireland	short term patent	10 years	No	Yes
Italy	utility model	10 years	No	Yes
Japan	utility model	10 - 15 years	Yes	Yes
Kazakhstan	utility model	8 years	Yes	Yes
Kenya	utility model	10 years (From date of registration)	Yes	Yes
Korea (south)	utility patent	15 years	Yes	Yes
Kuwait	utility model	7 years	No	unknown
Kyrgyzstan	utility model	unknown	Yes	unknown
Laos	petty patent	7 years	No	unknown
Lesotho	utility model	7 years	Yes	Yes
Macau	utility model	unknown	No	unknown
Malaysia	utility innovation	15 years	Yes	No
Mexico	utility model	10 years	Yes	Yes
Moldova	utility model	unknown	Yes	probably
Mozambique	utility model	unknown	Yes	probably
Netherlands patent	short term	6 years	No	unknown
Nicaragua	utility model	unknown	Yes	probably
OAPI	utility model	8 years	Yes	probably not
Panama	utility model	10 years	No	unknown
Peru	utility model patent	5 years	No	Yes

Utility Models

Philippines	utility model	7 years	Yes	Yes
Poland	utility model	10 years	Yes	Yes
Portugal	utility model	no set term	Yes	unknown
Russia	utility model	8 years	Yes	Yes
Sierra Leone	utility model	unknown	Yes	probably
Slovakia	utility model	10 years	Yes	Yes
Slovenia	short term patent	10 years	Yes	probably
South Africa	functional design	10 years	No	No
Spain	utility model	10 years	Yes	Yes
Taiwan	utility model	10-12 years	No	Yes
Tajikistan	utility model	9 years	Yes	probably
Tangier Zone	utility model	10 years	No	unknown
Tonga	utility model	7 years	No	No
Trinidad and Tobago	utility certificate	10 years	Yes	unknown
Turkey	utility model	10 years	Yes	Yes
Uganda	utility certificate	7 years	No	Yes
Ukraine	utility model	8 years	Yes	Yes
United Arab Emirates	utility model	10 years	Yes	unknown
Uruguay	utility model patent	10 years	No	Yes
Uzbekistan	utility model	8 years	Yes	probably
Venezuela	utility model	10 years	No	Yes
Vietnam	utility model	6 years	Yes	Yes

UNIT 9 POSSIBLE RIGHTS ON UTILITY MODELS

Structure

- 9.1 Introduction
- 9.2 Objectives
- 9.3 The Significance of Utility Model Protection
- 9.4 Nature of Rights Conferred by Utility Model Protection
- 9.5 The Benefits of Rights Acquired by Utility Model Protection
- 9.6 Case Study of Stubby Holder Glove (Source: IP Australia)
- 9.7 Global Best Practices of Protection of Rights Through Utility Model
 - 9.7.1 Some of the Comparative Provisions Across the World
 - 9.7.2 Korean System (Subject Matter of and Rights Conferred by Utility Model Protection)
 - 9.7.3 Japanese System - Substantive Provisions in the Law and Regulations
- 9.8 Summary
- 9.9 Terminal Questions
- 9.10 Answers and Hints
- 9.11 References and Suggested Readings

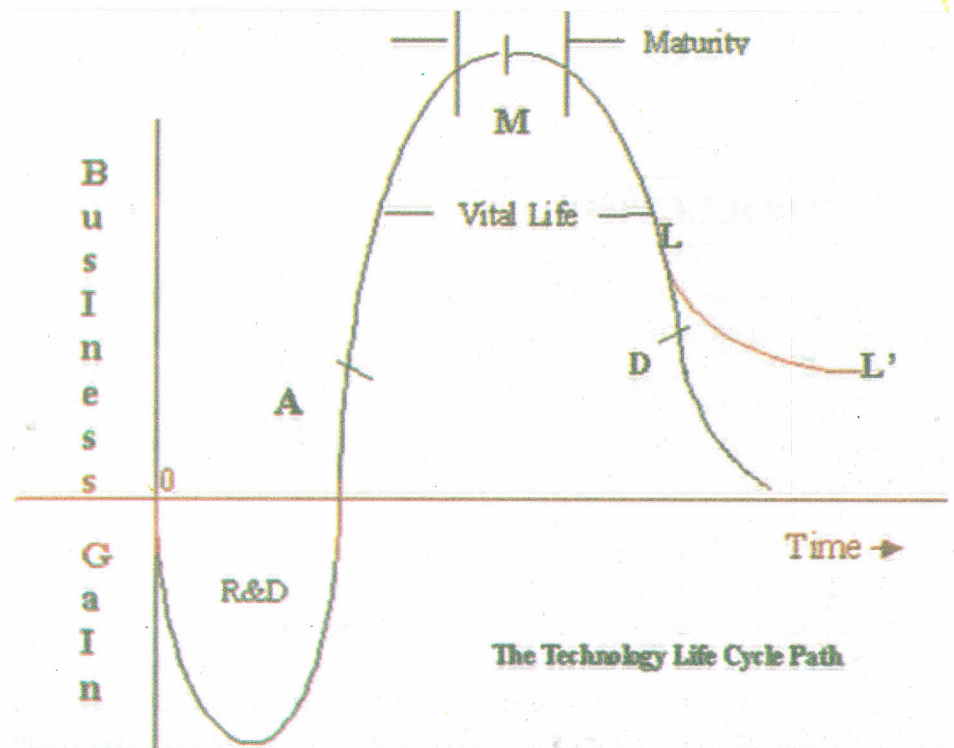
9.1 INTRODUCTION

As we understand that Utility Models is one form of Intellectual property rights. Therefore, like all forms of Intellectual Property Rights they have wide range of business implications, e.g. legal, technical, administrative, financial etc. Technology life cycle is a critical issue to be examined before we assimilate the nature of the rights and the duration of the rights. Any technology will go through four important phases: Embryonic Phase, Growth Phase, Maturity Phase and a lag Phase.

Embryonic Phase is the phase in which the technology development is at a nascent stage and lot of research and development work is in progress. It is “wait and watch” period for potential investors. The customer and market feedback is awaited therefore the investment is rate is slower and technology is not fully equipped for large scale commercialisation. It is the growth phase during which one finds a plethora of investments in technology because the market has already reacted to the technology. The Investor is assured on his return of investment and therefore there is a surge in investment patterns. The technology development and the commercialisation potential are at its peak. The life cycle period depends on the nature of technology, its sectoral growth rate, competition, manpower, and infrastructure, macroeconomic, business and social issues. This is well explained

in the form of the diagram shown below. During the maturity period technology needs to change and adapt itself to the growing customer requirements before it is finally phased out from the market. For example: Let us analyse the colour television technology in India. In 1982, for the first time, colour television replaced the black and white television technology in India. It was an embryonic phase for colour television technology in India. The technology was new to the sub-continent and most of manufactures of colour television were observing it very cautiously. Between 1989 and 1999 was the growth phase of the colour television technology in India. Many of television manufactures started investing in colour television technology in a big way. The black and white colour television was slowly replaced. It was during the period 1999–2000, the colour television technology was no longer considered “Competitive”- Almost every television was a colour television. This was the phase of “Stagnant Growth”. But in the last decade you would have noticed that LCD Technology, Plasma screens, LED have become the order of the day. Therefore the same technology which was in a growth phase has now started to decline. The same trend is reflected in any other technology which we may choose and analyse, there is no exception. In light of above, let us analyse the term period for which patent is granted i.e. 90 Years. In 90 Years’ time period, it is quite possible the technology itself can become obsolete. So what is the advantage of having a term period of protection for 90 Years?

This gives rise to very Interesting models. Is the 90 Year period actually justified for all types of technology? Do we have to have different time periods for different types of technology?



In the context of small and medium enterprise, the resources to handle intellectual Property issues vests with the Owner /managing director / Head of the Organisation. The resources and time to focus exclusively on IPR issues is very limited. Considering this limitation, the typical question posed by an SME in relation to

utility model protection issues is as follows – How important is the Utility model protection to my business? What is the impact of the Utility model protection to the bottom lines of the business like profitability, price, and market leadership and most importantly “Technology Leadership”. What will be the benefits for my business on short, medium and long term perspective? What will it cost to the company on short, medium and long term?

The answers to these two questions will emphasise the strategic importance of Intellectual property in business of small and medium enterprises especially the linkage of IP protection with the profitability of the venture and also on the business growth in a competitive environment. It will also indicate the importance of linking IP Protection and enforcement for sustaining the business in a competitive environment.

The Patent Protection system exposes few limitations to protect the Interests of small and medium enterprises. One of the bottlenecks is the threshold level of inventiveness which is difficult for some of the petty innovations to qualify. At the same time the investment in high quality manpower and financial resources required for effective protection and enforcement of patent rights is relatively higher.

Comparatively, the Utility Model protection provides alternatives to some of the problems faced by inventors especially the small and medium enterprises in protecting their Inventions.

9.2 OBJECTIVES

This Unit will focus on possible rights conferred by Utility Model Protection. The Utility Model legislation is still not introduced in India. The Department of Industrial Policy and Promotion, Govt. of India has embarked on national level consultation process to devise a framework for Utility Model Protection. Therefore in this section to understand the possible rights of Utility Model Protection the following methodology has been adopted.

After reading the unit, you should be able to:

- appreciate the basic nature of rights;
- benefits acquired on account of Utility Model Protection which will further appreciate the rights of Utility Model Protection;
- case Studies on Utility Model Protection; and
- synopsis of statutes in Japan, Korean, China, France and Germany to assess the possible rights acquired by Utility Model Protection.

Self Assessment Question

(Spend 2 minutes)

- 1) Understand the importance of technology life cycle and summarise how it is important from the point of view of Intellectual property protection?

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9.3 THE SIGNIFICANCE OF UTILITY MODEL PROTECTION

The significance of utility model protection is enhanced further from the point of view of the nature of rights and most importantly the characteristic features which is outlined below:

Ease of Protection : The lowering of threshold level of inventiveness facilitates inventors to seek protection for inventions which cannot meet the higher standards and levels of Patentability.

“Short Life” facilitates “Petty Innovation” : As observed, the life of product or process in a market is governed by several factors other than the basic inventive features of the product. Factors such as competition, emergence of new technologies, cost, consumer acceptability and demand encourages new innovations to suit the market demands. These innovations need protection to encash on the market demands and capitalise on the monopolistic rights acquired through intellectual property rights for a relatively short period of time.

Cost of Protection

The higher cost of protection and the maintenance of applications is sometime a discouraging factor for inventors seeking protection not only in home country but also in multiple countries outside their home country. In comparison to patents, the cost of protecting the utility models and maintaining them is relatively lower and at the same time, the drafting of specifications and filing it at the individual intellectual property offices is relatively simpler. This reduces the financial implications on two important aspects: 1) Professional fees required for a hiring a Patent attorney for drafting and prosecuting the application 2. The Govt. fee for maintaining the invention at the relevant IP Offices.

Therefore, it is encouraging for inventors to seek protection through Utility model protection because of ease of protection, the cost factors and above all the quick and practical easier to maintain and enforce the rights.

In order to appreciate further the significance of protection inventions through Utility Model protection mechanism, let us first examine briefly the nature of the rights conferred by Utility Model Protection. The Possible rights conferred on account of Utility Model Protection are similar to that of the rights conferred by Patents. The nature of invention is technical in nature and therefore the basic nature of rights remains the same. Some of the important aspects on the nature of rights are discussed in the next section.

9.4 NATURE OF RIGHTS CONFERRED BY UTILITY MODEL PROTECTION

Ownership

The ownership on the Technical Invention will begin from the date of filing of the application. The ownership bestows right for the inventor to own Intellectual Property Rights on the process or product he has invented. The rights are governed by the statute or the laws or act prevalent in the Country. This is restricted to the

geography or the jurisdiction governed by the laws or statute underlying the Utility Model Protection in the Country.

The criteria for a product or process to be conferred a Utility model protection will depend on the Novelty, Industrial application and Inventiveness. However the criteria for Inventiveness will not be as stringent as in the case of Patent Law. This is to encourage “Petty Patents” or the second tier of Patents.

The Point to be noted is that the ownership of the rights will be territorial in nature because of the jurisdiction of the applicability of Utility Model Protection. But the yardstick adopted for criteria adopted for prior art evaluation has to be “Universal Criteria”. This means that the process or product thus claimed for Utility model protection should not have been disclosed anywhere in the world, prior to the date of filing of the Utility Model Application.



Exclusive Rights

Exclusivity is one of the important features of the Intellectual Property Rights. There is no exception for the Utility Model Protection Laws too. Exclusivity is granted to the Inventor for his invention. This means that other than the Inventor no one else is entitled for the rights. In case of joint applicants or co applicants or assignee, the rights are jointly held or assigned as decided mutually by the Inventors or group of Inventors as the case may be.

Monopolistic Rights

“Monopoly in the market place” is the characteristic nature of Intellectual Property Rights. The Monopolistic nature of rights conferred by Utility Model Protection facilitates the inventor to attain monopoly in the market for his rights on the Invention. This implies whosoever is interested to use the process or product has to seek permission from the inventor. This implies that the inventor has an exclusive monopoly on the product or process he has protected. This monopolistic right is restricted to the geographical area which is covered by the laws prevalent in the country which confers Intellectual property Protection. If the inventor decides to protect his invention in multiple geographical jurisdictions, he can do so. This is based on the convention applications or multi-lateral treaties which govern the protection of Utility models in multiple countries.

Right to Commercialise

The Inventor has the exclusive right to sell, manufacture, export or license the rights which he acquires on account of Utility Model Protection. No one else other than the legitimate right holder has the rights to commercialise or undertake

any commercial transaction. In case of Instances where the commercialisation takes place without the formal written consent of the right holders, then it amounts to Infringement rights.

Right to take action against Infringement

The right holder can institute an Infringement action in the courts if he observes that his rights are being violated or any of the above action mentioned above takes place without the legitimate permission of the right holder. The infringement proceedings are decided in the courts and the remedies are fixed by relevant provisions of the act.

Self Assessment Question	(Spend 3 minutes)
2) List out the nature of rights conferred by Utility model protection.	
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9.5 THE BENEFITS OF RIGHTS ACQUIRED BY UTILITY MODEL PROTECTION

Utility Model Protection confers the right to stop others from producing and selling a product covered by the Utility Model. This is one of the direct commercial advantages a right holder can obtain but there are other intangible benefits which can be acquired by successfully leveraging the Intellectual Property Rights in the market place. Some of them are outlined below:

Market position improvement on a local market

In many cases SMEs develop novel technologies – either in their stepwise improvement of an existing product – or as an outcome of the development of a new product to meet the changing demands of the market. In most cases these new products will address a regional or National market – not a world market. In this case it may be in the interest of the company to improve its position on the market by excluding competitors from simply copying the technology. That will be possible by taking advantage out a national utility model protection system. National Utility Model is not very expensive. In most cases the applicant can write the application himself with some assistance from the patent office – or in more complicated cases from a patent agent. And should a competitor start infringing the patent, the patent holder can take him to court in his own country.

Market position improvement on the global market

In some cases SMEs develop break-through technologies that potentially address the world Market. In such cases international patenting is vital. But unfortunately international patenting is expensive. It both takes a lot of time – sleepless nights of speculations in order to make the right decisions – and a lot of money. Therefore

it is important for the SME to enter alliances with organisations, companies or individuals who can provide financial resources and professional advice in international protection matters.

Improving the competence of the enterprise

For many SMEs the Utility system is a new and unknown tool. If you buy a new tool, then it takes time and often money to learn how to use it. So you have to invest in it before you can really benefit from it. This is also the case for the Utility Model. Every SME has to make investments such as equipment, staff training, product development and in developing a competence in its field of business. If the enterprise is active in developing technologies, then it may be worthwhile to invest in gaining competence in IPR matters. The best way is learning by doing. A company that suddenly develops a valuable invention for an international market is in a much better position if it has some experience in how to use the utility system than if it has to enter a totally new world. The previous experience may well be gained through national Utility Model protection of minor product improvements for local markets.

Opening the door for licensing and internationalisation

Today technology travels internationally. Know-how and product/process licenses have become a common way of accessing global markets, and many of today's advanced companies are looking for partners in those parts of the world where they do not have the strength or the competence to access the market themselves. In many cases such companies are looking for partners who have a proven competence in IPR matters. They may therefore prefer an active and IPR competent SME to a larger company without that competence.

A contact between two companies which has been established on the basis of a patent or a Utility model may lead to very important strategic decisions, e.g. licensing, cross licensing, production sharing and a common marketing effort on selected markets.

Utility models as marketing tools

One of the important points which have been underestimated is the potential for Intellectual Property Rights as a marketing tool. It is important to understand and exercise this potential benefit acquired out of Intellectual property protection. The rights acquired can be effectively used to improve the market position improvement in a local market as well as on the global market.

To understand and appreciate these rights let us analyse the Case Study on the rights conferred by Utility Model Protection.

9.6 CASE STUDY OF STUBBY HOLDER GLOVE (SOURCE: IP AUSTRALIA)

Issue 1: Low threshold level of Inventiveness – Promoting scope of Petty Patents.

One cold evening in the Snowy Mountains in 9000, Glen, his brother Leon and friend Jim Kroezen had been waterskiing and were enjoying a quiet beer. To keep their hands warm in the freezing air, Glen and Leon alternated 'drinking' hands to allow one hand to remain warm while the other one held the stubby holder

containing their beer. Jim didn't have that luxury given the fact that he has only one arm, and his hand was constantly out in the cold air. They joked that it would be great to have a stubby holder with a glove attached that would keep their hand warm and their beer cold.

About 18 months later the three of them took a ski holiday to New Zealand and Jim produced his 'invention' - a neoprene glove which had been glued to a stubby holder. He had decorated them and gave one each to Glen and Leon as a gift.

This is a simple invention. If you analyse it from the stringent forms of Patentability criteria. Several Important questions can be posed: Is the Inventiveness step of Jim substantially higher to qualify for a Patent application?

If the answer is no, then probably Jim would not have gone ahead and protected his Invention. He would not have been encouraged to take it further for IP Protection.

Incremental Steps of Invention are very crucial from the point of view of an Inventor. If it goes un noticed or there is no system for protecting these type of incremental innovation, it may often lead to discouragement and the inventor will be most likely to underestimate his inventive capabilities.

Issue 2: Protection enabling scope for commercialisation

The trio Glen, Leon and friend Jim thought that the idea could become a commercial success so they decided it would be wise to try and protect it. The fact that there was a system like Innovation Patent in Australia facilitated Jim to protect the invention and seek a commercial opportunity.

Therefore, it is their own belief that there is a commercial advantage in the invention which has motivated the three friends to look for opportunities for protection of the Invention. At the same time, you will observe that it will also provide him an opportunity to seek commercialisation opportunities. So one of the important advantages of protecting this Invention is the fact it gives you an Opportunity to commercialise in the manner which the right holder may found suitable.

There are multiple opportunities for commercialisation. He could either manufacture his product or license his invention to companies who are interested to manufacture his invention.

Issue 3 : Preventing others from Copying the similar Invention.

The three mates decided to have their innovation patent examined and certified by IP Australia, because, without the innovation patent being certified, they would not be able to stop others from copying the Stubby glove.

One of the effective strategies adopted after intellectual Property Protection is to prevent others from duplicating or copying the invention. In case of any un authorised commercial activity without the legitimate permission of the right holder, the inventor can file an infringement suit and take legal action.

Issue 4: Wealth generation Opportunities.

On one occasion the company successfully negotiated terms for royalties. Today the company distributes to a retail network of about 930 outlets. Glen said it was vital to be vigilant about protecting their innovation patent to ensure the growth of the company in years to come.

Glen and his friends have successfully leveraged the idea which is an Intangible asset to an intellectual property rights i.e. innovation patent which is a tangible asset. This tangible asset has been further exploited for commercial advantage. By Licensing this technology to retail network they have acquired opportunities for wealth creation through royalties. At the same time, the ownership still vests with the original Inventor or the right holder. This is a very unique opportunity – You do not retain the ownership and also enjoy the commercial value of the Invention.

Self Assessment Question	(Spend 3 minutes)
3) List out the key learning from the above case study.	
.....	
.....	
.....	
.....	
.....	

9.7 GLOBAL BEST PRACTICES OF PROTECTION OF RIGHTS THROUGH UTILITY MODEL

As discussed in the earlier Unit – Currently, a small but significant number of countries and regions provide utility model protection. These include: Albania, Angola, Argentina, ARIPO, Armenia, Aruba, Australia, Austria, Azerbaijan, Belarus, Belize, Brazil, Bolivia, Bulgaria, Chile, China (including Hong Kong and Macau), Colombia, Costa Rica, Czech Republic, Denmark, Ecuador, Estonia, Ethiopia, Finland, France, Georgia, Germany, Greece, Guatemala, Honduras, Hungary, Indonesia, Ireland, Italy, Japan, Kazakhstan, Kuwait, Kyrgyzstan, Laos, Malaysia, Mexico, OAPI, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Moldova, Russian Federation, Slovakia, Spain, Taiwan, Tajikistan, Trinidad and Tobago, Turkey, Ukraine, Uruguay and Uzbekistan.

The “Innovation patent”, model launched in Australia, is an outcome of extensive research into the needs of small and medium-sized enterprises. The objective was to provide a “low-cost entry point into the intellectual property system.”

In order to appreciate the nature of rights conferred by Utility model protection, it is important to understand the best practices in the models of protection across the world. As a learning model let us examine some of them.

9.7.1 Some of the Comparative Provisions Across the World

	Japan	Germany	France	Korea	China
	Utility Model Law	Utility Model Law	Intellectual Property Law	Utility Model Law	Exclusive right Law
Substantive examination	Non-substantive examination principle (basic requirement examination only) (Section 6-9 and Section 14)	Non-substantive examination principle (basic requirement examination only) (Section 8)	Non-substantive examination principle (basic requirement examination only) (Section 611-9)	Non-substantive examination principle (basic requirement examination only) (Section 19 and 35)	Non-substantive examination principle (basic requirement examination only) (Section 40 and detailed rules Section 44)

The Interesting Point to note that the examination requirements are not stringent as in the case of patent law prevalent in the respective countries.

	Japan	Germany	France	Korea	China
	Utility Model Law	Utility Model Law	Intellectual Property Law	Utility Model Law	Exclusive right Law
Subject for granting a right	Devices concerning a shape, structure or combination of these in an article (Section 1)	All patentable inventions except methods and processes (Section 9)	All patentable inventions (Section 611-10)	Devices concerning a shape, structure or combination of these in an article (Section 5)	New technical devices concerning a shape, structure or combination of these in an article that are suitable for practical applications (Detailed rules Section 9)

Most often the Protection system have evolved around protection of devices, shapes and structures which would have otherwise not been protected under the Patent Law.

	Japan	Germany	France	Korea	China
	Utility Model Law	Utility Model Law	Intellectual Property Law	Utility Model Law	Exclusive right Law
Time period	Six years from the filing date	Ten years from next day after the filing date (Section 93)	Six years from the filing date (Section 611-9)	Ten years from the filing date (Section 36 (1))	Ten years from the filing date

The time period of protection is relatively shorter than the life of the patent protection. In most cases it is ranging from a period of six years to ten years.

Registrability Report System

Japan: An obligatory presentation of technical registrability report is required before enforcement of the right.

Germany: An arbitrary request may be made for issuing a search report consisting of a list of Cited documents to be considered when judging registrability for protection of subjects.

France: A search report must be submitted at filing infringement suits.

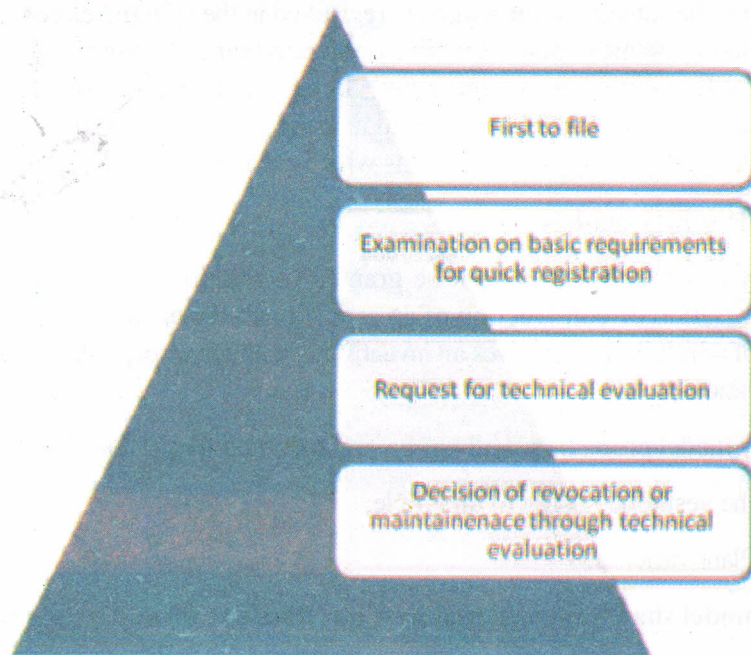
Korea: Presentation of the technical registrability report before enforcement of the right is obligatory.

China: Utility model right-holders only may make the request. At appeal of a trial against infringement, according to a judge's demand, the right holders must request making of the search report to the Patent Office and submit it to the judge.

To provide further insight into the protection system of some of the countries, we will discuss some of them.

9.7.2 Korean System (Subject Matter of and Rights Conferred by Utility Model Protection)

The Korean utility model system is characterised by four important features:



- First-to-File Rule

The date of filing of the utility model protection at the patent office holds a priority for the protection of the invention. If a similar invention is filed at the later date, the application of the inventor with an earlier date of filing will be given the priority.

- Examination on Basic Requirements for Quick Registration

When utility model application is submitted to Korean Intellectual Property Office, it is checked that all requirements necessary to accord the application a filing date have been satisfied. Because there is no substantive examination concerning novelty, inventive step and industrial applicability under the non-examination system, there will be examination of the basic requirements to avoid and eliminate minimum irrational elements in the application before registration.

- Request for Technical Evaluation

Technical evaluation can be requested by the applicant, owner, exclusive licensee, non-exclusive licensee, interested party and examiner of the KIPO. It can be requested at filing or at any time after the filing date. Even if the term of utility model right has expired, technical evaluation can be requested when an interest of request exists.

- Decision of Revocation or Maintenance through Technical Evaluation

If technical evaluation is requested not for all claims and there are reasons of revocation for a part of claims, only those claims are revoked. And for those claims where there is no reason of revocation, registration maintenance decision is made by the examiner. Each claim which is requested must technically evaluate, in case of registration revocation decision the reasons shall be written as for the case of ruling of refusal.

Technical evaluation is different from the substantive examination in patent. Because the subject matter is already registered in the system before technical evaluation, technical evaluation can be requested for each claim while request of the substantive examination should be requested for all claims. Therefore the examiner shall only make registration maintenance decision or registration revocation decision for those claims which are requested.

Protectable utility models

- Utility model protection shall be granted to any solution relating to the configuration or construction of an article or to the arrangement of parts thereof which is new, involves an inventive step and is susceptible of industrial application.
- Utility model protection shall not be granted in particular for:
 - the aesthetic design of an article;
 - Plant varieties.

A utility model shall be considered new if it does not form part of the state of the art.

- The state of the art shall be held to comprise everything made available to the public by means of a written description or by public use in the country before the date of priority.
- The content of any patent application or utility model application having an earlier date of priority shall also be considered as comprised in the state of the art, provided that it was published or announced in the course of the granting procedure at a date following the date of priority. The utility model

shall be considered to involve an inventive step if it is not obvious to a skilled craftsman as compared with the state of the art.

- The utility model shall be considered susceptible of industrial application if it can be made or used in any kind of industry, including agriculture.
- The utility model may not be granted protection if its use would be contrary to law or public morality, unless merely the trade in such products is restricted by law.

Inventor of the utility model and right to utility model protection

- The inventor of the utility model is the person who has created the utility model.
- The right to utility model protection shall belong to the inventor or his successor in title.
- If two or more persons have created a utility model jointly, the right to utility model protection shall belong jointly to them or to their successors in title. If two or more persons have created the utility model independently of each other, the right to utility model protection shall belong to the inventor or his successor in title who filed the application with the earliest date of priority with the Patent Office.

The provisions on service and employee inventions shall apply mutatis mutandis to utility models created by persons working in employment or in public service, by persons in service relationship or by members of a cooperative working within the framework of a legal relationship of an employment nature.

Establishment and term of utility model protection

- Utility model protection shall begin on the date when protection is granted to the applicant, and it shall be effective retroactively from the filing date of application.
- Utility model protection shall have a term of ten years from the filing date of the application.
- Annual renewal fees shall be paid for the term of utility model protection.

Rights conferred by utility model protection, scope and limitations thereof

Utility model protection shall afford the right holder the exclusive right to exploit the utility model or to license another person to exploit it, as provided for by legislation. The exclusive right of exploitation shall include the manufacture, use, importation of the subject matter of the utility model or putting it on the market within the framework of economic activity.

The scope of utility model protection shall be determined by the claims. The claims may be interpreted only on the basis of the description and drawings.

Utility model protection shall cover a product which embodies all the elements of the claim or in which one or more elements of the claim are replaced by an equivalent.

Entitlement to remuneration deriving from utility model protection shall not be affected if one or more elements of the claim are replaced in the product by

improved elements made available to the exploiter by the owner of the utility model protection or by the inventor of the utility model.

Rights deriving from a utility model and from utility model protection, with the exception of the personal rights of the inventor, may be transferred, assigned and pledged.

Under an exploitation contract (utility model license contract), the right holder of the utility model licenses the exploitation of the utility model to an exploiter who in exchange is obliged to pay royalties.

If a protected utility model cannot be exploited without infringing the protection of another utility model, a compulsory license shall be granted for the said other utility model to the extent necessary for exploitation.

If a patented invention or a variety under plant variety protection cannot be exploited without infringing a protected utility model, a compulsory license shall be granted for the said utility model to the extent necessary for exploitation.

Provisions of the Patent Act

- With respect to succession in title, to the pledging of rights deriving from utility model and from utility model protection, as well as to exploitation contracts, the provisions of the Patent Act may be considered and applied.
- With respect to compulsory licenses of protected utility models and the limitations and exhaustion of utility model protection, the common provisions of the Patent Act on compulsory licenses, and the provisions on limitations and exhaustion of patent protection thereof may apply.
- With respect to joint right to a utility model protection and joint utility model protection, the provisions of the Patent Act on joint right to a patent and joint patent may apply.

Infringement of Utility Model Protection

- Where the subject matter of a utility model application or of a utility model has been unlawfully taken from another person, the injured party or his successor in title may claim partial or total assignment of the utility model application or of the utility model protection.
- Any person who unlawfully exploits a protected utility model commits an infringement of utility model protection.
- The right holder of the utility model protection may have recourse to the same civil remedies against the infringer as a patentee, by virtue of the Patent Act, may have recourse to against the infringer of his patent.
- In case of infringement of utility model protection, the rights of the exploiter authorised by the right holder shall be determined by the provisions of the Patent Act.

Ruling on lack of infringement

- Any person believing that proceedings for infringement of utility model protection may be instituted against him may, prior to the institution of such proceedings, request a decision ruling that the product manufactured or to

be manufactured by him does not infringe a particular utility model protection specified by him.

- Where a final ruling declaring the lack of infringement has been given, infringement proceedings may not be instituted on the basis of the specified utility model protection in respect of the same product.

Lapse of Utility Model Protection

Cases of lapse of utility model protection. Utility model protection shall lapse:

- when the period of protection expires, on the day following the date of expiration;
- if the annual fees have not been paid, on the day following the due date;
- if the right holder of the utility model protection surrenders the protection, on the day following receipt of the surrender, or at an earlier date specified by the person surrendering the protection;
- if the utility model protection is revoked, with retroactive effect to the filing date of the application.

Utility model protection shall be considered lapsed *ex tunc*, when a patent is granted by a final ruling for a patent application:

- derived from the utility model application;
- from which the utility model application has been derived.

Restoration of utility model protection

If utility model protection has lapsed by reason of failing to pay annual fees, the Patent Office shall, on request, restore the protection if the failure occurred for a justifiable reason.

Surrender of utility model protection

- The right holder entered in the Utility Model Register may surrender utility model protection by a written declaration addressed to the Patent Office. If the surrender affects the rights of third parties deriving from legislation, from rulings of an authority or from a license contract recorded in the Utility Model Register, or if a lawsuit is recorded in the Utility Model Register, it shall take effect only with the consent of the parties concerned.
- It shall also be possible to surrender certain claims of the utility model protection.

Revocation of utility model protection

- utility model protection shall be revoked if: the subject matter of the utility model protection does not satisfy the requirements laid down;
- the description does not satisfy the legal requirements;
- the subject matter of the utility model protection extends beyond the content of the application as filed at the accorded filing date or – in the case of division – beyond the content of the divisional application;

- Where grounds for revocation exist only in part, the utility model protection shall be limited accordingly.

Reclaiming of royalties

If utility model protection lapses *ex tunc*, only the portion of the royalties collected in good faith by the right holder of the utility model protection or the inventor of the utility model that was not covered by the benefits derived from exploitation of the utility model may be reclaimed.

9.7.3 Japanese System - Substantive Provisions in the Law and Regulations

The utility model law came into existence in Japan from the year 1905. Since then, this law has been amended several times. However the major amendments were made in 1994. The main objective of the law is to encourage devices by promoting the protection and utilisation of devices relating to the shape or construction of articles or a combination of articles so as to contribute to the development of industry.

The main provisions of the current law are as follows:

Registerable subject matter

Under Japanese utility law, any device which is industrially applicable and relates to the shape or construction of articles or combination of articles may be protected by utility model registration provided such devices (a) are not publicly known or publicly worked in Japan or elsewhere prior to the filing of the utility model application, (b) such devices are not described in a distributed publication or made available to the public through electric telecommunication lines in Japan or elsewhere prior to the filing of the utility model application. However, where a device could easily have been made, prior to the filing of the utility model application, by a person with ordinary skill in the art to which the device pertains, on the basis of a device or devices referred to above, utility model registration shall not be made or effected.

Therefore under the law, only devices but not the processes or substances are protectable. The device has been defined as creation of technical ideas by which law of nature is utilised.

Accordingly, the device in order to be registerable as utility model should be novel and involve inventive step to the extent that in view of prior art by way of prior publication, prior public knowledge or prior public working, the device could not have been made easily by a person having ordinary skill in art.

The provisions of act also provides that, if the utility model device claimed in a utility model application is identical to the device or invention disclosed in the description or claimed in another utility model application or patent application in a foreign language which was filed prior to the utility model application and published in utility model gazette or the patent gazette after the filing of the utility model application, utility model registration shall not be effected notwithstanding the fact that such utility model meets the requirement of the provisions of the law. However if the applicant for the utility model application and other application for utility model registration or application for patent are same, this provision is not applicable. The act prohibits from the protection the devices which are liable to

contravene public order, morality or public health as subject matter of utility model registration.

Grace period : There are provisions under the utility model law which provides a grace period of six months to file the application for utility model even after publication of the invention after its publication under certain circumstances.

Examination-The substantive examination of utility model application was dispensed with by the amendment made in the year 1993. Therefore utility model law now does not provide a system of request for substantive examination for applications for utility model registration as to whether the device is novel and involves an inventive step. However the examination will be conducted for the basic requirements as mentioned below in addition to the conventional formality checks.

- As to whether the device relates to the shape or construction of articles or a combination of articles.
- As to whether the claimed device is not liable to contravene public order and morality.
- As to whether the application satisfies the requirements for the format of claim as well as the unity of application.
- As to whether all the necessary items are described in the specifications and drawings, and these descriptions are not conspicuously unclear.

Term of protection : The utility models are protected for a term of ten years from the date of filing of the utility model application. However, prior to the amendment in 2004, the term of utility model rights was only six years.

First to file rule

Like patent, utility model law also follows the first to file principle. Accordingly, if two or more utility model applications are filed for same device on different dates, the applicant who has filed first has a right to obtain utility model registration. However, in case the applications for same device are filed on same date, none of the applicants is entitled to obtain utility model right registration. Where a device claimed in utility model is same as an invention claimed in the patent application and applications are filed on different dates, utility model rights may be granted only when the application for utility model is filed before the patent application.

Priority rights : Provisions of the act provides for the priority rights within one year from the earlier utility model application or patent application filed abroad. Similarly certain provisions provides for the priority right based on the international application under PCT.

Rights of the owner of utility model : The owner of the utility model right after registration is entitled to have an exclusive right to commercially work the registered utility model. However in case the right holder has granted an exclusive license to the licensee, only exclusive licensee possesses the right to work the registered utility model.

Technical Opinion

In case of infringement, the owner of the utility model right or exclusive licensee may not exercise his right or exclusive rights against an infringer until he has given

warning in the form of a report of a technical opinion as to register ability of utility model.

Accordingly, any person can make a request to the commissioner of Patent Office for a technical opinion as to the registerability of a claimed device in registered utility model or utility model application and even for extinguished utility model rights. There has to be separate request for each claim. However, no request for technical opinion can be made in case the utility model rights are invalidated in a utility model invalidation trial and also in case patent application has been filed on the basis of registered Utility model. If the utility model right owner or exclusive licensee takes action against infringer in order to exercise his rights with respect to a utility model registration invalidated by a final and conclusive trial court decision without any technical opinion as to register ability, he shall be liable for any damage caused to the other party.

No Dual protection : Under the provisions of the act no dual application is permitted for utility model as well as for patent.

Conversion of the application : Under the provisions of the act, the applicant for patent may convert his application into a utility model application within five years and half months from the filing date of patent application or within 30 days from the date of transmittal of examiners first decision that application for patent is to be refused. An applicant for design registration can also convert his application into utility model application within five years and half months from the filing date of design application or within 30 days from the date of transmittal of examiners first decision that application for design is to be refused. When a patent or design application has been converted in to utility model application, such patent or design application shall be deemed to have been withdrawn.

Similarly a utility model application can also be converted into a patent application within three years from the date of filing of the application for utility model registration within 30 days from the date of transmittal of examiners first decision that application for utility model registration is to be refused and on conversion of such utility model application shall be deemed to have been withdrawn. This conversion also includes the conversion of the registered utility models. However said conversion of application for utility model registration or registered utility model into patent application is subject to the condition prescribed under the patent law.

Invalidation proceedings : The act provides a trial procedure for invalidation of registered utility model or even for the extinguished utility models. The request for trial can be made by any person on the grounds mentioned below. However in case, where utility model registration has been effected contrary to the provisions of the patent law, only interested person can make a request for invalidation trial. The request for invalidation trial has to be made separately for each claim if the registered utility model has two or more claims. The following are the grounds for the invalidation trial:

- Where registration of utility model has been affected with amendments which do not comply with the amendment requirements.
- Where registration has been affected contrary to register ability conditions, violation of public policy, violation of first to file rule, etc.
- Where registration of utility model has been affected contrary to the provisions of a treaty.

- Where registration of utility model has been affected in respect of the specification, which does not provide sufficient description to enable a person skilled in the art to carry out the device.
- Where utility model has been registered in respect of application filed by a person who is not a creator and has not succeeded to the right to obtain utility model registration for the device concerned.
- Where, after registration, the owner of the utility model right has become a person who can no longer comply with a treaty
- Where the correction to the description, claims or drawings in respect of a request for the registration of utility model has been effected against the provisions related to invitation to amendments.

Amendments and Corrections: The act permits the applicant to amend the description or the claims for the utility model registration or drawings or abstract while the application for utility model registration is pending before Japan Patent Office but not after the time limit set by Cabinet Order which permits the amendment within two months from the filing date of the application. However such amendments shall be within the scope of the originally disclosed features disclosed in the description, claims, drawings or abstract. The correction in the description or the claims for the utility model registration or drawings is also permitted after registration of utility model but only once within a period of two months from the date when the first report of a technical opinion as to register ability of the utility model was transmitted or within a period prescribed to submit the written reply in the trial proceedings.

The correction under trial proceeding is limited only to restrict the claim for utility model registration, correction of clerical errors in the expression or a clarification of an ambiguous expression.

Infringement: In case of infringement, the utility model right holder or exclusive licensee may demand an injunction to discontinue or refrain from such infringement, destruction of articles or removal of facilities used for such infringement. The provisions of the also provides for compensations for damaged caused.

Penal Provisions: The utility model law prescribed some penal provisions for the offences such as infringement, fraud, false marking, perjury, divulging secrets, secrecy order, etc. The provisions provide for dual penal liability for the person committed an offence under the provisions of utility model law and the legal entity represented by such person.

Publication of Utility Model Gazette: When the utility model rights have been registered, the details as prescribed in respect of the registered utility model shall be published in the official gazette to lay it open to the public as the first publication.

Summary of the best practices

The Utility Model has been evolved as an alternate model for protection of technical inventions. In most cases the examination procedures are simpler and the registration process is faster. One of the important points that emerges out from the analysis is the fact that importance of Utility model is to encourage "Petty Inventions" and "incremental innovations" for intellectual property protection. This will provide the foundation for enforcement of the intellectual property rights in national and international markets.

9.8 SUMMARY

- Utility model is one form of Intellectual Property Rights. These have wide range of business implications e.g. legal, technical, administrative, financial etc.
- The nature of rights conferred by utility model protection include ownership, exclusive rights, monopolistic rights, right to commercialise, right to take action against infringement.
- Benefits of rights acquired by utility model protection includes improving the competence of the enterprise, opening the door for licensing and international, utility models as marketing tools.
- It is worth noting that a small number of countries and regions provide utility model protection.
- A utility model is considered new if it does not form part of the state art.

9.9 TERMINAL QUESTIONS

- 1) Describe the nature of rights conferred by Utility model protection.
- 2) Enumerate the significance of Utility Model Protection and explain the benefits acquired by utility model protection.
- 3) Describe briefly your learning from Case Study on Utility Model protection of Stubby Holder Glove.

9.10 ANSWERS AND HINTS

Self Assessment Questions

- 1) Read Section 9.1
- 2) Read Section 9.4
- 3) Read Section 9.6

Terminal Questions

- 1) Read Section 9.4
- 2) Read Section 9.3 and 9.5
- 3) Read Section 9.6

9.11 REFERENCES AND SUGGESTED READINGS

- 1) Understanding Industrial Property, WIPO publication No 859(E).
- 2) Uma Suthersanen-Utility Models and Innovation in developing Countries, February 9006-UNCTAD-ICTSD Project on IPRs and Sustainable Development, Issue paper No.13, 9006.

Laws, Regulations, Treaties and Conventions

- Paris Convention for the Protection of Industrial Property
- Patent Cooperation Treaty
- TRIPS Agreement
- Japanese Patent Law
- Japanese Utility Model law
- German Utility Model Law
- Korean Utility Model Act in 1998 as amended in 2002

UNIT 10 INTERNATIONAL EXPERIENCE IN UTILITY MODEL PROTECTION

Structure

- 10.1 Introduction
- 10.2 Objectives
- 10.3 Case Study 1 : China
- 10.4 Case Study 2 : Japan
- 10.5 Case Study 10 : South Korea
- 10.6 Case Study 4 : Malaysia
- 10.7 Case Study 5 : Germany
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- 10.9 Concluding Remarks and Recommendations on India
- 10.10 Summary
- 10.11 Terminal Questions
- 10.12 Answers and Hints
- 10.13 References and Suggested Readings

10.0 INTRODUCTION

The utility model, or the petty patent system (as it is referred to in some jurisdictions), is designed to encourage innovation, particularly by small and medium enterprises (SMEs), local industries, and/or individual entrepreneurs. In principle, protection for utility models is often sought for “innovations” of a rather incremental character which may not meet the patentability criteria as mentioned above. An innovation is a bridge between an idea and an invention. They are usually small advances or increments made to devices, methods, standards or processes. An innovative step is one that differentiates the product in question from current technology and makes a substantial contribution to the working of the invention. In practice, protection for utility models is often sought for innovations of an incremental nature which may not meet traditional patentability criteria. Utility models are considered particularly suited for “minor” improvements to, and adaptations of, existing products.

Different countries have different standards and requisites for granting utility model. Utility model applications may be prepared and filed at local patent offices in countries where utility model protection is available. Alternatively, an international patent application may be filed in a country belonging to the Patent Cooperation Treaty (PCT). Most countries belonging to the treaty and having utility model laws permit utility model applications to proceed as national phase applications of the international patent application.

The “Innovation Patent”, launched in Australia in the year 2002, was introduced as a result of extensive research into the needs of small and medium-sized

enterprises, with the aim of providing a “low-cost entry point into the intellectual property system”. Only a small but significant number of countries and regions provide the option of utility model protection.

While countries like Australia, Indonesia, Ireland and the Netherlands, mandate the examination of “novelty” after the grant of the utility patent, before any infringement action is initiated, some other nations (for example, Belgium) maintain that utility patents are to be assessed on the same criteria as standard patents. The only difference lies in the duration of protection, where utility patents are for a shorter term. Others (like France) additionally stipulate that there cannot be any co-existence with a standard patent.

The present sub-section provides a detailed discussion on the international experience and the functioning of the Utility Model in some of the important economies of the world.

Key Learning Points

While the requirement of “novelty” is always to be met, that of “inventive step” or “non-obviousness” may be much lower or absent altogether. In practice, protection for utility models is often sought for innovations of a rather incremental character which may not meet the patentability criteria.

The term of protection for utility models is shorter than for patents and varies from country to country (usually between 7 and 10 years without the possibility of extension or renewal). The term of protection is 20 years as per The Patents Act, 1970.

In most countries where utility model protection is available, patent offices do not examine applications as to substance prior to registration. This means that the registration process is often significantly simpler and faster, taking, on average, six months.

Utility models are cheaper to obtain as well as maintain.

In certain jurisdictions, utility model protection can be obtained only for certain fields of technology and particular products but not for processes.

10.1 OBJECTIVES

After reading the unit, you should be able to:

- appreciate the intended experience of utility model protection in various countries of the world like China, Korea, Japan, Germany, Malaysia and Australia.

10.2 CASE STUDY 1: CHINA

China’s patent system provides three types of patent rights: invention, utility model and design. The utility model is used extensively by Chinese applicants but foreign applicants have filed only a small number of applications.

According to statistics from State Intellectual Property Office (SIPO), in 2008, Chinese applicants filed 2210,945 (99.10%) utility model applications while foreign

applicants only filed 1,641 (0.7%). The accumulative numbers from April 1985 to January 2009 are 1,704,871 (99.7%) and 12,1089 (0.10%). A possible explanation is that foreign applicants, particularly those from countries where no utility model system exists, may not be familiar with it. Another reason is that the utility model system seems to have been undervalued or even discredited. However, questions surrounding the value of utility model patents and how to strategically use China's utility model system are still of great interest to many foreign applicants. But before detailed discussion of this, a review of China's utility model system is necessary.

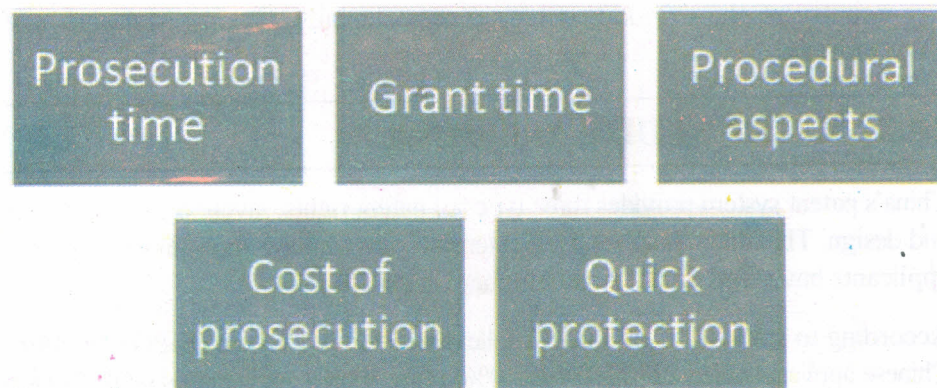
“Utility model” protection available in China:

- 1) Definition: According to Chinese patent law, ‘utility model’ means any new technical solution relating to the shape, the structure, or their combination, of a product, which is fit for practical use.
- 2) Utility model patents protect products, but not methods.
- 3) A Chinese utility model is valid for a term of 10 years from the filing date.
- 4) Procedure: The application has to go through what is referred to as a “preliminary examination” which is somewhere in between a formality and a substantive examination. In addition to this, examiners check whether the utility model application is 1) unethical and 2) if the claims are consistent with the definition of utility model – if the claims are technical solutions, if they claim a product and not a method, and if the technical solutions are fit for practical use.

Provisions in China:

- If a same applicant files a utility model application and an invention application for the same subject matter on the same day, the utility model is usually granted first and the new Chinese patent law, which will come into effect on October 1 2009, prescribes that, in case that the invention application is ready to be allowed and the utility model is still valid at that time, the applicant is allowed to abandon the utility model and choose the invention patent.
- It is not possible to branch out a utility model application from an invention application, as in Germany. However, for priority purpose, a patent for invention can claim priority from a utility model and vice versa.
- A utility model must have novelty, inventiveness and industrial applicability like any other patent Application. The difference is that the requirement for inventiveness is lower than that of invention.

Benefits of Utility model patent:



Experience From Chinese Model

- 1) Prosecution time: The overall prosecution time for a utility model application is usually much shorter than for an invention application.
- 2) Grant time: A utility model patent can be granted between 6 and 12 months from the filing date whereas an invention may need two to three years on average.
- 3) Procedural aspect: No substantive examination is needed for utility model.
- 4) Cost of prosecuting and maintaining a utility model is typically far less expensive than that for patent.
- 5) The utility model is also suitable for “quick protection”. Where a product is to be launched in China or abroad quickly and where there is no time for sophisticated drafting, a utility model application can be filed with possibly narrow scope of claims which in extreme cases may only cover the actual product.

Patentability Standard: Although substantive examination is not conducted during examination, there is a patentability standard for the utility model which is applied during invalidation proceedings explained below.

Invalidation Proceedings: According to Chinese patent law, after a patent is granted an invalidation request may be filed by any party. During invalidation proceedings, substantive examination is conducted to examine the validity of that patent. However, since the requirement for inventiveness is low, in practice, it is difficult to invalidate a utility model on the ground of lack of inventiveness. With a few exceptions, usually only one or two pieces of prior art shall be used to assess the inventiveness of a utility model application and examiners usually only consider the references in the same technical field rather than similar or related technical fields, as they do for an application of invention. In the past approximately 100% of patents for invention were declared completely invalid compared with 105% of patents for utility model – a small difference. In fact, many utility models filed by Chinese applicants are not drafted by sophisticated professionals and often leave little room for the patentee to make amendments during invalidation proceedings. The statistics for the utility model could have been even better otherwise.

Enforcement: Since utility models are not substantively examined, according to the new Chinese patent law, when a patentee wants to enforce a utility model against an alleged infringer, the infringement courts or administrative authorities usually request the patentee provide what is referred to as a “patent right evaluation report”. The evaluation report, which must be done by SIPO, includes the search result and comments on the patentability and will be used as evidence.

According to Chinese practice, the alleged infringer could attack the validity of the utility model at the Patent Re-examination Board. The infringement court does not decide on validity. Depending on the actual situation and possibly partially on the evaluation report, the infringement court may or may not stay the infringement proceeding until the validity of the utility model is determined.

The new Chinese patent law also prescribes how damages should be calculated, which applies to all three types of patents. In other words, the way this is done for a valid utility model is no different to a valid invention patent. In the *Chint v*

Schneider case, Schneider Electric was ordered to pay \$ 48m for infringing on a utility model, the highest award in Chinese patent history. The only possible difference prescribed in the new patent law is that the court shall consider the type of patents infringed when determining statutory damages. However, this does not necessarily mean a patentee of a utility model cannot get high amount of damages. In addition, statutory damages are used only if the damages cannot be determined using any of other methods including patentee's loss, infringer's gain or royalties.

Strategic considerations: Chinese applicants have filed a great number of utility models applications. This is partly because they are cheap and fast but also because more than half of the utility model applications from Chinese applicants are filed by individual inventors, as opposed to companies. That often means the level of invention is not as high. The lack of substantive examination and thus uncertainty of validity have not seemed to impede Chinese applicants from filing. What is more, some applicants have taken products available overseas and filed utility model patents in China with the intention of later using the utility model right against other parties in China. It is not intended to judge the ethics of this but simply and pragmatically discuss how foreign applicants could benefit from Chinese utility model system.

- Foreign applicants, especially individual inventors, could also enjoy the fast and cheap prosecution available in China which offers an enforceable right in a quick and cost-efficient way.
- More sophisticated foreign applicants may also want to consider filing utility model applications for patentability reasons. Foreign applicants usually file Chinese applications claiming priority from foreign application, either through the Paris Convention or as national phase of a Patent Cooperation Treaty application. Upon national phase entry in China, foreign applicants could choose to enter as invention application or utility model application, though they cannot use both since national phase can only be entered once. By then, in almost all cases, the applicants have an idea of the patentability of their inventions. This could also be true even if the applicant uses the Paris Convention since in some countries office actions could be available within one year. Hence, for those applications that may have difficulty in terms of inventiveness, the applicant could strategically choose to file utility model applications in China. More than likely, for the "less inventive" inventions, applicants could get a utility model patent, which is difficult to be invalidated for lack of inventiveness.
- Applicants could strategically choose to file both invention applications and utility model applications. As mentioned above, the applicant could enjoy an extended period of time during which an enforceable right is available. Furthermore, applicants are likely to obtain different sets of claims in utility model patents and invention patents, with the scope of claims in the utility model patents being broader than that of the invention. Assuming there is no problem with respect to novelty, even if the invention application encounters objections regarding inventiveness during prosecution thereof, the utility model may still stand attack of validity thereof in invalidation proceedings since the standard of evaluating inventiveness is different from that for invention patents. Also, if the utility model patent and the invention patent have different scope of protection, they are not regarded as double patenting. Hence, applicants may take an even further step by filing both invention applications and utility model applications with broader claims in the utility model application.

- The utility model is also suitable for “urgent protection”. Where a product is to be launched in China or abroad quickly and where there is no time for sophisticated drafting, a utility model application can be filed with possibly narrow scope of claims which in extreme cases may only cover the actual product.

For multinational companies with operation in China and inventions made in China, the utility model could be particularly of use. The merits of the Chinese utility model system come to the forefront if it is used strategically. The Chinese utility model system should be understood and exploited by either foreign individual inventors or sophisticated enterprises.

Self Assessment Question	(Spend 2 minutes)
1) List out the key learning point from the Chinese Model.	
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10.4 CASE STUDY 2: JAPAN

The Japan Utility Model Law (JUML) does not support the concepts of dual application or branching off.

- 1) Subject matter: “Idea” happens to be the subject matter of JUML, i.e. ‘small inventions’ relating to shape or construction of articles or combinations thereof. Methods, computer programs or materials are not protected by the JUML.
- 2) Term of a Utility Model Right: The term of protection is for a period of 10 years starting from the date of filing the application for the utility patent as opposed to the protection for a term of 6 years.
- 3) Automatic Registration: No substantive examination is performed as a pre-requisite for registration. If a utility model meets the formal as well as the basic requirements such as unity and clarity, the ‘idea’ will be registered regardless of novelty and inventive step.
- 4) Technical Opinion: The registrant (owner) or the applicant of utility model can request the Japan Patent Office (JPO) for a technical opinion regarding the durability (novelty, inventive step, and non-identicalness) with respect to previous applications. This opinion is a pre-requisite for enforcing the utility model right. Thus, before sending a warning letter or entering into an infringement action, the utility model right holder should obtain the opinion.
- 5) Amendment: It is possible to file a voluntary amendment within two months from the filing date of the utility model application. It is not permitted to add new matter through amendment.
- 6) Correction: It is permitted to make the corrections for limiting the scope of the claims or correction of a clerical error or clarification of unclear description,

although the correction is permissible only once. Also, the correction should be made within the scope of the matters described in the original specification or drawings or claims as registered.

- 7) Conversion into a patent application from a utility model application/registration: A converted patent application can be filed within 10 years from the filing date of the utility model application: a) before the applicant of the utility model application or the owner of the utility model right requests a technical opinion, b) within 100 days after the applicant has received a notice of a technical opinion requested by a third party, c) within a period of time that a first written reply can be filed in a utility model invalidation trial.
- 8) If a patent application based on a utility model registration is filed, the basic utility model registration should be abandoned, and also, it will no longer be possible to request a technical opinion regarding the utility model and thus will not be able to enforce the utility model right to a third party. It is to be noted that the utility model application is deemed to be withdrawn when the utility model application is converted to a patent application.
- 9) It is not possible to convert a utility model registration to a patent application without the consent of the licensee.
- 10) Annual fees:

Term	Amount to be Paid
1 st to 10 rd years	2,100 Yens, added with 100 Yens multiplied by the number of claims.
4 th to 6 th years	6,100 Yens, added with 1000 Yens multiplied by the number of claims.
7 th to 10 th years	18,100 Yens, added with 900 Yens multiplied by the number of claims.

10.5 CASE STUDY 2: SOUTH KOREA

While comparing the South Korean model with the Japanese utility model structure, it is interesting to note that the former country has had a utility scheme since 1961 and the present law pertaining to this is the Utility Model Act 1 July 1999. The law offers protection to any technical creation which utilises the laws of nature, similar in ethos to the Japanese Utility model law. The model must be novel, capable of industrial applicability, and possess an inventive step.

Substantive examination was withdrawn from utility model in 1999. Anyone can file a request for the technical evaluation of a utility model application/registration, i.e. a detailed examination report. The domestic sector of South Korea is active both in utility model and patent application, while foreign patenting activity takes place at a much higher rate.

The utility model statistics for South Korea from 1992-2002 is as follows:

Year	Application	Grants
1992	28665	7870
19910	102205	7592
1994	109790	7817
1995	59856	8148
1996	68822	9191
1997	45809	1107110
1998	28890	25715
1999	100650	102868
2000	1071610	41745
2001	40804	410842
2002	109187	109955

The central government's innovation policies have been focused on SMEs and it has resulted in a "regional innovation support system". The country's industrial, technology and regional policies have changed such that her economy has been re-structured from low-technology, labour intensive, 'mass production' types of industry to high technology, capital- and skill-intensive flexible and 'specialisation type' of an industry.

10.6 CASE STUDY 4: MALAYSIA

The following is the summary of the Utility Model system of Malaysia:

- 1) No requirement for inventive step.
- 2) The application can contain only one claim.
- 3) The duration of protection is for 20 years.
- 4) Need to show that the invention is of commercial or industrial use in Malaysia.
- 5) Not subject to compulsory licensing.
- 6) Lower registration and maintenance cost.

Under the Malaysian Patents Act, 19810, protection through the issue of a certificate for a utility innovation is available, in order to protect 'minor inventions', called 'utility innovations' in the statute, where a lower level of patentability criteria needs to be satisfied. A utility innovation as defined in the Act, "any innovation which creates a new product or process, or any new improvement of a known product or process, which is capable of industrial application and includes an invention". It is not possible to grant both a patent and a certificate for utility innovation for the same invention. But it is possible to convert an application for a patent into an application for a certificate for utility innovation and vice-versa.

A certificate for utility innovation expires 10 years from the filing date. Before the expiration of this period, an application for this extension for two additional 5

years period of protection can be made. Thus the total period of protection would be 20 years, same as that for the period of protection by patents. It has been seen through several studies that the number of innovators who make use of the utility innovation system is high compared to the use of the patent system.

10.7 CASE STUDY 5: GERMANY

While the European patent is the most important instrument of protection in the European market, a utility model in Germany alone or perhaps in combination with similar rights in a few other member states such as France, Italy, and Spain can provide powerful protection in a large part of the European market. It can therefore make sense to seek speedy protection of an invention by the German utility model, called "Gebrauchsmuster", while the application for a European patent is under way. This option has to be given particularly serious consideration in the light of German courts' readiness to counter infringement upon utility models of sound validity with an injunction.

The application for a utility model in Germany is particularly easy if the applicant entrusts a patent attorney who is admitted to the German patent office with filing the application at the EPO. If German is the language of the application at the EPO the utility model application comes at little extra cost because the claims and description of both applications can be identical. Moreover, the EPO will search the prior art and, on request, conduct substantive examination prerequisite to the grant of a patent. In the case of infringement of the corresponding utility model, the search report by the EPO can be readily exploited to back the utility model at hardly any extra cost. Regarding protective scope, a German court does not usually discriminate between a European patent and a German utility model.

In Germany, one mode of utility model application is the so-called branched-off utility model application. In this case, a patent application is used as a "parent". The branched-off utility model application can be filed unless the grant (or rejection) of the parent patent is final. For an application at the EPO (or a PCT-application) to be suitable parent to the utility model, Germany must be designated. The documents required for filing a branched-off utility model application at the German patent office are few: a formal request for registration of the invention as utility model, a copy of the text of the patent application in German, and a copy of the original application in case the parent was actually filed in another language than German.

The branched-off utility model application is important because it:

- may be carried out long after the period of twelve months during which priority can be claimed according to Article 4C(1) Paris Convention;
- is cheap as there is no substantive examination
- is quick
- is flexible, for in case of infringement upon a pre-nascent patent, information about the infringing object can be used to tailor the branched-off utility model application (within the disclosure of the parent application) such that the defence of the invention is optimised; and
- may save time as in some cases a parallel utility model application was already filed, perhaps in order to obtain long term backup protection for a

patent (application) which is frail. For the purpose of defence, this utility model may need narrowing of its claim scope. Such narrowing incurs loss of backup strength to the patent. However, if additionally the applicant files a branched-off utility model application, this application can be worded acutely to match the infringement situation while leaving the parallel utility model as originally filed.

In the case of litigation, since a utility model is registered without substantive examination, an ordinary court is obliged to ensure substantive validity of the right in so far as it is supposedly infringed upon. A court may refuse to accept an action on the grounds that the plaintiff's utility model is invalid.

Protection by a German utility model can be obtained for inventions that are novel, involve inventive step, and that are industrially applicable. Plants, animals, and methods will not receive utility model protection at all, while software has to be closely linked to some material device or needs to have some clear technical effect in order to be protectable.

The drafting of claims and specification in order to obtain protective rights in Europe commands particular as in Europe a claim is rather regarded as a conveyer of the general idea central to the invention underlying the claim language. Despite the adoption of the protocol of the European Patent Convention (EPC), claim interpretation can still differ between courts of the various member states in accordance with national traditions.

The claimed subject-matter must be seen against the background of prior art. The prior art determines novelty and inventive step of the claimed subject-matter. As for the definition of prior art in the German utility model law, it comprises knowledge made available to the public in written form, or by its use in Germany, before the priority date of the application.

Registration of the German utility model does not involve any substantive examination, thus saving time and money. The protective right comes into force upon registration of the utility model's establishment. Afterwards, there is still some room for adjustments initiated by the owner who, perhaps in accordance with similar modifications of the corresponding patent application, might want to narrow the protective scope. Such adjustments do not come as an amendment of the registered utility model but they take the shape of a new set of claims filed with the patent office. In subsequent procedures before the patent office or the courts this set is considered to replace the registered claims.

The German utility model is effective unless a request of cancellation is successfully raised. Such request can be filed with the German patent office by any third person. The patent office will conduct a substantive examination of the utility model. If the corresponding patent application with the EPO is firmly on track then not much needs to be feared when such a cancellation request is mounted. In the worst case of a cancellation of the utility model, an appeal can take the matter up to the German patent court. It should be noted that before the patent office as well as before the patent court the owner of the utility model can be represented by a patent attorney thus saving the presence of an attorney-at-law who would be formally required before an ordinary court.

A cancellation request is commonly filed as a reaction to the reproach of infringement on a utility model. An ordinary court charged with an infringement case is entitled

to postpone the infringement proceedings in case cancellation proceedings are pending which concern the utility model supposed to be infringed upon.

Self Assessment Question	(Spend 2 minutes)
2) From the case studies enumerated above, list out the key benefits of Utility Model Protection.	
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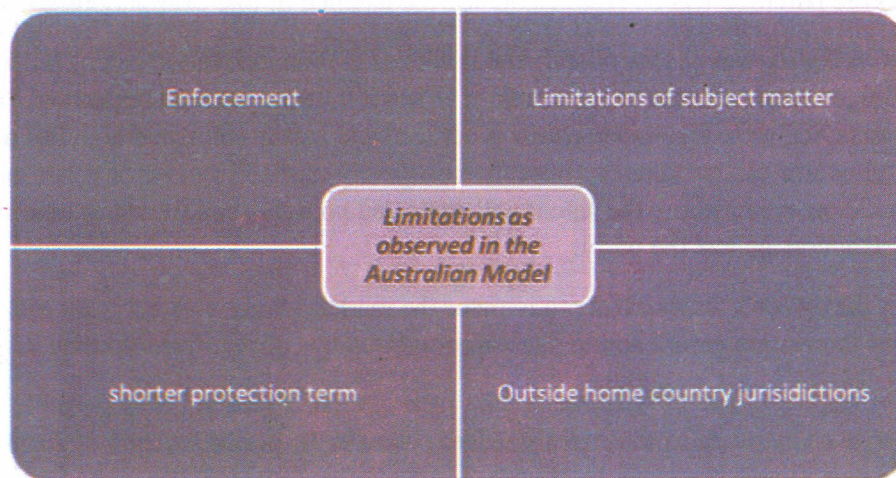
10.8 CASE STUDY 6: AUSTRALIA

Innovation Patents (as Utility Models are referred to in Australia) were introduced in 2001 to stimulate innovation among small to medium business and local industry as a relatively fast way to obtain protection for new devices, substances, methods or processes.

On applying for an Innovation Patent, the application will be subjected to a formalities check, which involves checking basic details such as legibility, applicant details etc. as well as making sure that it is not for a plant or animal, a biological process for their generation, or a human being. If the application passes this check, a notification of grant is usually received within a month. If the application does not pass the formalities check, the applicant will be contacted for discussing what changes need to be made for the application to be considered for grant.

The benefits:

- 1) An innovation patent is useful for gaining quick protection and, unlike a standard patent; the applicant only needs to pay to have it examined when one needs to stop others from copying one's invention.
- 2) It allows one to gain protection for an invention which has a lower inventive threshold than required for a standard patent. However, if examined and certified, the innovation patent offers the same level of protection in preventing others from copying the invention as a standard patent.
- 3) Protection of intellectual property is the first step to commercialise idea.
- 4) The innovation patent reduces some of the financial and commercial risks involved in the research and development of a new invention. Also it allows the innovator to protect each stage of development.
- 5) It is a fast, cost effective and an easy way to obtain protection option as it is generally granted within one month unlike a standard patent that can take up to four years.



- 1) The innovation patent has a shorter protection term than a standard patent: 8 years as opposed to 20.
- 2) As the innovation patent is granted without examination, no check is made whether the patent is valid or not. This may make the patent more difficult to sell or license until the patent has been examined and certified. Also the innovation patentee is unable to go to court to enforce the innovation patent until it has been examined and certified.
- 3) An application for an innovation patent should not relate to plants or animals, biological processes for their generation, or humans.
- 4) An innovation patent can only be applied for in Australia whereas a standard patent can be applied separately in other countries. Thus an innovation patent is not suitable to protect innovations in export markets.

Examination and Certification: Innovation patents are not automatically examined. To fully enforce rights and take infringers to court it must be certified following an examination.

To request an examination, an appropriate form needs to be filled along with the payment of a requisite fee. An examiner will then check if the innovation patent meets all relevant requirements.

There can be two possible replies to such a request: A notice that the innovation patent has been successfully certified, in which case rights are then fully enforceable, and the innovation is published as Certified in the Australian Official Journal of Patents. If an adverse report is received, it will give reasons as to why the application, in its present form, does not meet the requirements of the Patents Act. There will be an opportunity to resolve the identified problems by amending the specification or claims. It is important to note that if you are unable to overcome the objections raised by the examiner during the examination period of 6 months the innovation patent will cease.

Third parties may also request examination of an innovation patent if they believe the patent is not valid. They pay half of the examination fee, and the innovation patentee must pay the balance of this fee, because if the patent is certified, the latter stands to benefit from this action. If a third party requests examination but the patentee does not pay the balance, the patent will cease. If multiple requests

for examination are made by third parties, there will still only be one examination and the patentee will be responsible for the balance of one examination fee.

Enforcing the innovation patent: If it is alleged that an innovation patent is being infringed upon, it needs to be examined to see if it meets the requirements of The Patents Act, if the innovation patent is certified and legally enforceable, so that any legal action can be taken against the competing party. However if it is found invalid on examination, the patent will cease and no right shall subsist to take any legal action against the party.

It is the owner's responsibility to monitor the market for possible infringements of their innovation patent and to seek appropriate legal advice for enforcing it.

Conversion of an innovation patent to a standard patent: It is possible to change an innovation patent to a standard patent in the period before it is granted. The period will, however, be short as innovation patents will be granted after a brief formalities check, which is usually within one month.

Self Assessment Question	(Spend 3 minutes)
3) Studying the Australian Model - List out the limitations of Utility Model Protection.	
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10.9 CONCLUDING REMARKS AND RECOMMENDATIONS ON INDIA

Innovation is the buzzword in today's global economy and Utility Patents play a significant role in protecting innovations, as has been observed in the above discussion. If India is to participate as a strong contender in the global scenario, today, by leaving its indelible impact, the concept of Utility Patents ought to be recognised, statutorily.

The country's economy derives an acknowledgeable support from the Small and Medium Enterprises (SMEs). The contributions by the entrepreneurs are unquestionable. Thus the innovator in the entrepreneur needs to be encouraged and motivated to innovate. The conditions prevailing in the market should be made such as they are conducive to the entrepreneur, who is the innovator, so as to protect his works and further enable him to carry ahead. In industries, where SMEs play a significant factor, cumulative innovation is the norm while copying is rife. Hence a rapid and cheap second tier patent regime would improve the legal environment of the SMEs, especially the ones engaged in on-going processes of innovation and adaptation. Also, more innovations, both of the breakthrough and incremental varieties emanate from SMEs rather than large multi-national corporations. Keeping this in mind, it must be noted that the present patent regime of the country is not properly attuned to the needs of the SMEs and the type of innovations they come up with. Again with the introduction of utility model, the

cost factor would no longer inhibit the SMEs in registering their innovations under this scheme as it does under the present patent regime.

It has been seen that the utility model is a quick and cost-efficient way to protect products with a short life cycle. New generations of products are launched more frequently these days which means that many products have a shorter life cycle. Invention patents may not be suitable for protecting these products since they take a couple of years to be granted and they are costly to obtain and maintain. On the other hand, utility model can offer protection of these products at much earlier stage and are cheaper to obtain. Also, the utility model is suitable for "urgent protection". Where a product is to be launched quickly and where the time does not permit sophisticated drafting, a utility model application can be filed with possibly narrow scope of claims which in extreme cases may only cover the actual product.

Further, a Utility Patent allows an innovator to protect each stage of development in a particular research project long before the project has reached its finality, thereby reducing some of the financial and commercial risks. This type of protection prevents free-riding of inventions by other predatory firms which expend no Research and Development costs or investment. It can also provide revenue to the government in the form of registration, search, publication, fees, etc. Registered utility model rights can act as a source of valuable information via published specifications.

Given the entire scenario, it is to be brought to the forefront that the key to the utility patent system is to make it attractive to indigenous industry, particularly the domestic innovators. Suggestion is also made that perhaps by placing a restriction on the definition maximum benefit is to be obtained by Indian players, with some leeway for multi-national corporations having R&D and manufacturing services in India.

The present picture of patent law in India is extremely stringent which eventually prevents almost 50,000 innovations from seeing the light of the day. Section 10(d)¹ of Chapter 2 of The Patents Act, 1970 is thought to be at the centre of the problem in recognising incremental innovations as patentable subject matter.² It is strongly advocated that intellectual property protection ought to be given to incremental improvements, which once protected would prove to be a buoyant area for Research and Development in India. One of the leading national dailies reports of how a number of innovations, in the likes of an improvised tractor that costs one-third of a brand new, ATM that doesn't require pin numbers and works on fingerprint recognition and a 'Pukapura' – a smoke house used to dry rubber sheets – requiring 60% less fuel, fail to get patented merely because they are improvements.¹⁰

An exception is to be made with respect to the pharmaceutical industry, pertaining to the applicability of the Utility Patent System. This emerges from the concern that pharmaceuticals patents are already subject to relatively more stringent criteria

¹ Section 3(d): What are not inventions- the mere discovery of any new property or new use for a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant.

² <http://spicyipindia.blogspot.com/2008/10/section-3d-and-utility-model.html>

³ http://economictimes.indiatimes.com/News/Economy/Policy/Stringent_patent_laws_block_almost_50000_innovations/rssarticleshow/3613924.cms

for patentability and concern public health. Hence, any attempt that dilutes these criteria, which also includes the introduction of utility patents in this sector, will defeat the purposes of these industry specific amendments, which were laid down in the year 2005 to the Indian Patents Act, 1970.

It is clear that conceptually, utility models speak of providing intellectual property protection to incremental improvements, which surely requires the dilution of the criterion of obviousness that needs to be met in order to get a shorter-term patent. As a result, the provision of "incremental improvements" needs to be brought within the ambit of patentable matter and thus, Section 10(d) of Chapter 2 of the Patents Act, 1970, needs to be amended so as that the labour of various innovators can be recognised and protected.

Given the possibility that regular patents may be converted to utility applications (and vice versa) for reasons of convenience or otherwise, it is necessary to ensure that applications for both patents and utility patents are filed with the same authority and no separate body is created for this purpose. At the same time, there is the suggestion that the system should provide an opportunity to convert awarded utility patents to traditional patent applications subject to full review.

The period of protection for utility patents should be for a minimum period of five years, but should not exceed the period of patent protection of twenty years. This is suggested keeping in mind the fact that research works leading to any particular invention, which can be finally patented, usually takes a long period of time, in the likes of ten to twelve years, if not more. Therefore, with the help of utility patents running for at least five years, the various developments which eventually lead to the final product can also be protected, thus relieving the innovator-to-be-an-inventor of the constant fear that his "smaller developments" might be infringed upon and utilised by some other to-be-inventor.

Damages in patent infringement cases are calculated as per:

- The actual economic loss incurred by the patentee due to the infringement is considered as the amount of compensation against such a loss.
- The total profit obtained by the infringer through the infringement is considered as the compensation against such a loss. The arithmetic formula to calculate such a loss can be regarded as: profit obtained from each piece of infringed product X total number of infringed product sold = infringement profit; and
- A reasonable amount not less than the royalty of patent licensing is treated as the amount of compensation against such a loss.

Damages in infringement of utility model protection should also follow the pattern same as that in patent infringement.

Thus, it is recommended that these following essential features be considered:

- 1) A renewal based term of protection, with renewal fees: This is one suggested means to weed out the underutilised utility model system.
- 2) A non-examination system for the first term of protection, followed by a compulsory examination/report for the second stage of protection
- 3) A compulsory examination/report to be made during invalidation/infringement proceedings: This burden should be placed on the utility model rights holder

to produce (and pay for) a detailed examination report as to the novelty and inventiveness of his invention prior to litigation.

- 4) Adoption of universal novelty standards: By shunning domestic/regional novelty standards, a number of problems which would otherwise creep up can be avoided.
- 5) Government action, to promote awareness about utility model, is to be increased: Introducing a completely new intellectual property system requires some effort on the part of all the relevant stakeholders (such as relevant government agencies and patent attorneys/agents) to engender a “utility model culture” such as an awareness education training program, helpdesk services, web and print literature, innovation fairs, etc. to inform potential users how the new system works and how it differs from existing standard patent and design systems.
- 6) Cross licensing/compulsory licensing: Both the concepts should be introduced with respect to utility patent system, for its better functioning.

10.10 SUMMARY

- The utility model or the petty system is designed to encourage innovation, particularly by small and medium enterprises, local industries and or industrial entrepreneur.
- China’s patent system provides three types of patent rights: invention, utility model and design.
- The Japan utility model law does not support the concept of dual application or branching off.
- The South Korea model has had a utility scheme since 1961 and the present law in this country pertains to the utility model Act 1 July, 1999.
- Under the Malaysian Patent Act, 1983, a protective through the issue of a certificate for a utility innovation is available, in order to protect ‘minor innovations’ called ‘utility innovations’, in the statute, where a lower level of patentability criteria needs to be satisfied.
- The application for a utility model in Germany is particularly easy if the applicant entrusts a patent attorney who is admitted to the German patent office with filing the application at the EPO.
- Utility models are referred as Innovation Patents in Australia.

10.11 TERMINAL QUESTIONS

- 1) Citing the International experiences enumerate the limitations of the Utility Model Protection.
- 2) What are the benefits perceived through Utility Model Protection? Please cite relevant examples?
- 3) Keeping in view the debate on Utility model protection in India – What are the possible recommendations?

10.12 ANSWERS AND HINTS

Self Assessment Questions

- 1) Read Section 10.3
- 2) Read Section 10.6
- 3) Read Section 10.8

Terminal Questions

- 1) Some of the limitations are highlighted in the Australian Model (Section 10.8).
- 2) You need to highlight key points from each of the case study discussed above.
- 3) Section 10.9 has summarised some of the recommendations.

10.13 REFERENCES AND SUGGESTED READINGS

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Laws, Regulations, Treaties and Conventions

- Paris Convention for the Protection of Industrial Property
- Patent Cooperation Treaty
- TRIPS Agreement
- Japanese Patent Law
- Japanese Utility Model law
- German Utility Model Law
- Korean Utility Model Act in 1998 as amended in 2002

MPDD-IGNOU/P.O. 1T March, 2017 (Reprint)

ISBN: 978-81-266-6266-1