

**Annexure 2: FICPI Paper – Utility Models – April 2015**



**EXCO MEETING  
CAPE TOWN  
13. AND 18. APRIL 2015**

<b>CET WORKING DOCUMENT</b>	
<i>[an executive summary is required if the document itself is longer than 2 pages maximum]</i>	
<b>TITLE:</b>	Utility models (UM) as a distinct right as part of an IP system
<b>DRAWN UP BY:</b>	Klaus Roitto, CET 7 Group; Uwe R. Borchert, Reporter CET 7 Group
<b>TABLED TO:</b>	All ExCo attendees
<b>PURPOSE:</b>	For consideration and approval
<b>SNIPPET:</b>	Utility models are supported by FICPI. Utility models should provide a balance for the owner and third parties; in the enforcement procedure there should be safeguards to prevent abuses



**FICPI position on:  
“Utility models (UM) as a distinct right as part of an IP system”**

FICPI is the International Federation of Intellectual Property Attorneys and is broadly representative of the profession in private practice throughout the world, having national and regional Patent Attorneys. FICPI represents, advises, and acts on behalf of all kinds of IP users including large companies, SMEs, universities and individual inventors from all around the world.

**Introduction**

FICPI is supportive of an effective IP system for the users to protect their inventions. However, the IP system should also be acknowledged by the general public as being fair, balanced and beneficial to society as a whole. An effective IP system should award the innovator for disclosing new inventions to the public and for bringing the inventions to the market. This award is in the form of an IP right and it must enable the proprietor thereof to efficiently prevent competitors from unjustly profiting from his invention without his approval. This IP right, providing the proprietor thereof an exclusive right to exploit the invention, must, however, also be balanced i) in view of the contribution the innovator has made to the technology, and ii) in view of the right of third parties (competitors) to efficiently combat unjustified threats based on this IP right. Usually, this IP right is mainly a patent right, however, in some countries (actually in about a hundred countries!) it can alternatively or additionally be a utility model right.

FICPI has generally supported the concept of a utility model right as a distinct right as part of an IP system. A study on utility model as a type of protection was presented to the ExCo (Executive Committee) in Melbourne 2012, focusing on the formal and substantive conditions for obtaining utility model protection in various jurisdictions. The CET (Work and Study Commission) decided to pursue the matter by updating the study and looking especially at the enforcement side of utility models. A questionnaire was sent to the FICPI ExCo delegates from 35 national sections and associations, and from 4 provisional sections. Thereupon, the issue was discussed at a number of FICPI meetings in 2014 and 2015, viz. at an ExCo (Executive Committee) meeting in Kyoto in April 2014, including a workshop with ExCo delegates, an ExCo meeting in Barcelona in November 2014, a CET meeting in Oxford in January 2015 and an ExCo meeting in Cape Town in April 2015.



## General Statement

**Based on studies and consultation within FICPI, FICPI believes that a utility model system in addition to a patent system is beneficial to an effective IP system by providing a tool by which a meaningful and enforceable right can be quickly achieved for inventions.**

The above statement to a utility model system is supported by the following considerations:

### Processing time to receive an enforceable right for an invention

Generally it takes several years to have a patent granted. Additionally, the patent offices suffer under a backlog of a huge number of unexamined patent applications which continues to grow due to the increasing number of patent applications and the limited resources of Examiners in the patent offices. This situation is counter-productive to legal certainty, and that has a negative effect on the innovation process. The increasing backlog slows down examination procedures further. The long processing time for receiving a registered patent stays the possibility to enforce the patent right putting the owner of a patent application in a troublesome situation.

Products with a short life time cycle need a fast intellectual property protection.

A utility model which is registered without examination provides for a quickly granted IP right.

### Costs

In many countries a patent is granted after examination. This increases the legal certainty of such an IP right. However, this results in relatively high examination costs as fees have to be paid to the patent offices for search and examination and time has to be spent on analyzing and replying to office actions. Furthermore, opposition procedures, annuity fees and further formal requirements increase the costs even more.

On the other hand there is a need, especially for the small and medium sized industry, for a meaningful and affordable IP right for protecting inventions. Furthermore, after all, a pre grant examination system never guarantees a valid IP right, because patent offices have only limited resources to conduct their examination and searches on the vast, worldwide and ever increasing prior art. Consequently, patents granted after examination are often revoked later on.

### Experiences

In many countries having a utility model or a similar intellectual property right the utility model has proved to be a successful instrument offering the user a further quickly available protective right for consideration. It is a secondary protection forming an alternative to the traditional long term patent protection. Practitioners have devised strategic approaches to balance timing and rights as well as flexibility based on inventions. Although the utility model is historically limited to only specific kinds of inventions, the development in different jurisdictions shows that the possibilities are broadened to provide for protection for different kinds of inventions (e.g. methods can be protected in some countries) and the utility model system has been transformed into a "small patent system".

### Different rules in different countries

There are no common rules in different countries having a utility model system. In some countries, which have a utility model system, the prerequisites for an invention to obtain a utility model are similar to the prerequisites for a patent, in some countries even identical. The prerequisites refer to the conditions for obtaining a valid utility model such as novelty, inventive step, etc., as well as the type of inventions that can be protected such as devices, methods etc. In some countries a grace period is part of the utility model system, however, not of the patent system, thus, different kind of novelty definitions could be part of the two systems in one country. In most countries the required



level of inventive step is set lower than for patents. Practitioners may also have difficulties to determine different kind of levels of an inventive step. In most countries methods cannot be protected by utility model. Mostly, in a utility model system the maximum duration of such a right is shorter and the scope of protection may be sometimes narrower compared to patent rights. Although, harmonization is not necessary in detail, it is FICPI's common understanding that these prerequisites for a utility model should be close to those for a patent. It is thus sufficient to adapt the utility model system or to introduce a utility model system having similar minimum frame conditions providing a certain "minimum" level of harmonization. Important frame conditions are discussed below and views thereon are also put forward.

### Major issues

1. The utility model should, as a distinct part of the IP system, be an intellectual property right parallel to the patent, to gain an alternative protection of an invention and, thus, an additional tool for the user. Thereby, the inventor has an additional possibility of selecting a protection for his invention under different point of views, such as costs, legal certainty, and quick grant. In other words: in addition to the traditional patent system with special requirements with respect to granting, including e.g. an obligatory substantive examination procedure there should exist, in an effective IP system for inventions a parallel, additional registration system, which, on the one hand, enables quick registration and protection and, on the other hand, avoids abuses when it comes to enforcement.
2. The possibility of a fast registration of the utility model to gain a quickly granted and enforceable right for an invention is one important condition to make a utility model system successful.
3. The prerequisites for obtaining a utility model for an invention should be similar and balanced to the prerequisites for a patent.
  - 3.1 There should be no more possibilities in the utility model system with respect to types of inventions which could be protected over the parallel patent system.
  - 3.2 The utility model has to pass thresholds with respect to the prerequisites, such as novelty and inventiveness, to be valid. Moreover, the obtainable rights of a valid utility model such as enforcement possibilities, claim interpretation (scope of claim and protected equivalents), duration, etc. should be dependent on these thresholds so that the obtainable rights and the thresholds are balanced.
  - 3.3 The maximum duration for a utility model should be substantially shorter than for patents.
4. The examination should be limited to lower the costs and to speed up the registration time and to shorten the procedure to have utility models granted.
  - 4.1 Only a mandatory formal examination before registration should be necessary.
  - 4.2 There should be no obligation for substantial examination.
5. Especially small and medium sized companies and individual inventors are very dependent on user friendly official fees for their IP rights. Insofar, it is one further important condition that the utility model system has lower official fees over a parallel patent system to obtain an intellectual



property right at lower costs.

6. In order to offer the user all possibilities in flexibly protecting the invention, the utility model system should offer the applicant all possibilities of a patent, such as claiming priority, entering a national phase from a PCT application directly or indirectly and should enable the derivation from a patent application to a utility model application.
7. The utility model system should include safeguards, to prevent abuses and unfair competition in connection with the enforcement of the utility model right. Thus, at least the following frame conditions are necessary in a balanced utility model system:
  - 7.1 A mandatory search on prior art, e.g. WIPO search report with a written opinion to judge the validity of the registration, before enforcing the utility model.
  - 7.2 A possibility to nullify a utility model and a limitation procedure for the utility model. The limitation procedure could be part of the procedure of nullifying the utility model.
  - 7.3 It should be possible that prior art can be filed with the patent office at any time, in the form of e.g. an observation which then will be part of the file of the utility model; this prior art has to be considered if it comes to an action of nullity or a limitation procedure.
  - 7.4 No interlocutory injunctions based on a utility model should be possible under certain circumstances, such as when the utility model has not materially been examined or the likelihood of the validity of the registration has been similarly proved.
  - 7.5 In the enforcement procedure based on a utility model and in invalidity procedure against a utility model there should be a fair balance of rights between the utility model owner, on the one hand, and the third party, on the other hand, and safeguards to prevent abuses, e.g. loser of the dispute pays the costs. Utility models and patents may be allowed to supplement each other.

### **Conclusions**

A utility model system encourages inventors to protect technical developments with low costs and with quick registration. FICPI is of the view that utility models, as a distinct right as part of an IP system, with appropriate safeguards are beneficial and also strategically important by completing the possibilities for protection of inventions. Utility models are of particular interest and importance to small and medium-sized companies.

*[End of document]*