

**Utility Model Protection in India**  
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**Does India require Utility model law?**

It would be advantageous for India to recognize and protect Utility models for the following reasons:

- The purpose of a Utility Model system is to establish a procedurally far simpler system than that of a grant of Patent for protection of intellectual property which has less than accepted norms of inventive step required for patent protection. Various jurisdictions which have well developed systems for protection of utility models (some countries have “petty patents”) recognize that the requirement of **“inventive step”** or **“non-obviousness”** and **“industrial application”** is much lower for utility models and petty patents. Thus, the Utility Model system is meant for a cost-cum-time effective means of granting protection for innovations which do represent technical advancements but do not possess required inventive step for patent grant.
- Of the total number of patents filed in 2010, only 17 per cent account for Indian applications. The number of applications from the Indian MSME sector is lesser, around 2 per cent, according to the Ministry of Micro, Small and Medium Enterprises (MSME). (Source: Hindu Business Line)
- Keeping in view the above-mentioned, the Utility Model system is considered particularly suited for SMEs that make “minor” improvements to, and adaptations of, existing products and aim at technical development. These are also termed as Incremental innovations that help in adding to the already existing innovations and will thus, help in encouraging Small and Medium Enterprises. At the same time, there could

also be a danger, at least in theory, of multinationals obtaining utility model protection for subject matter which are not patentable and enforcing them against the SMEs.

- The Utility Model system is envisaged to be an inclusive system encompassing various processes and methods. This further shall lead to more participation from the domestic industry as it would provide a greater scope for innovation and the protection of the same at lower costs would act as a lucrative incentive.
- Utility Model system may be described as a low-cost, frugal and time-saving entry point into the intellectual property system and thus an apposite platform for incremental innovations.
- The Utility Model system can be comprehended as a complementary or parallel system to the Patent Act, wherein the minor inventions will only be dealt by Utility models. It shall facilitate in enhancing the working of the patent system and saving its sanctity from being diminished by ensuring that the Patent system does not get clogged in prosecuting frivolous or non-patentable applications.
- Factors such as non-obviousness in the Patent system put a straitjacket on innovators and investors; inventors may refrain from and entrepreneurs may prefer not to invest in the development of useful innovations due to the threat that they may be regarded as obvious.

**Notes:**

- a) Despite the many advantages, a threat of frivolous filing of Utility models looms large which would in turn make the system a mockery. Therefore, appropriate safeguards need to be placed in order to prevent misuse. Grant of protection for utility models without examination could lead to misuse of the system. The purpose of any Intellectual Property legislation is to grant monopoly rights which are enforceable. Therefore, it would be advantageous to have an examination system with proper examination

guideline in place for grant and enforcement of Utility models along with remedies available in case of infringements.

- b) A clear line of distinction needs to be defined between Design, Utility model, Patent and Patent of addition.

**Q2. What should be the scope of protection of such a law? Should it be restricted to mechanical devices?**

- The Utility Model Law is a complementary system of protection for innovations or inventions and also covers within its ambit those ‘minor’ inventions, which due to the stringent qualifying criteria of a patent, does not merit a patent.
- Keeping in view the above mentioned reason, the scope of Utility Model should not be limited to mechanical devices.
- Software innovations should also be accorded protection under a Utility model as software is generally short-lived and thus would be best protected under a Utility model.
- However, in the light of the complexities involved in Pharmaceutical inventions, the lack of a substantive examination would not be appropriate to properly assess whether the requirements are met. A more thorough examination for pharmaceutical inventions would require longer periods for the grant of Utility model. Thus, the inclusion of the Pharmaceutical inventions within the ambit of Utility Models for protection might not be practical or may defeat the purpose of the grant of a utility model. Also, grant of utility models for pharmaceutical products may enable an applicant to by-pass Section 3(d) of the Patents Act, defeating the whole purpose for it was enacted in the first place.
- As regards processes, the improvement of the efficiency of production cycles until the optimal process is achieved is often the result of minor process inventions. In some cases,

these do result in certain practical or functional advantages over the earlier process. Thus, processes should also be included within the scope of Utility Models.

**Q3). What parameters should be adopted in the law with respect to inventive threshold, substantive examination, grace period, exhaustion, protection period and registration period?**

### **INVENTIVE THRESHOLD**

- While the requirement of "novelty" would have to be met, that of "inventive step" or "non-obviousness" may be much lower. Thus, some level of inventive step would be desirable however the threshold of the same should be lower than that required for a Patent.
- Unlike Patents wherein "technical advancement" is an important criterion, it may be advisable to not insist on the same in the case of Utility Models.
- Further on, unlike the stringent criteria that the assessment of an inventive step under Patents is to be conducted by a 'person skilled in the art', the level of assessment of an inventive step under the Utility Model may be conducted by an "ordinary" person in the art or at least a person in the trade.
- The threshold of inventiveness may be defined in terms of the innovation having some 'practical or functional advantage'. Defining the level by such means would lay a safeguard against frivolous filings.

## **SUBSTANTIVE EXAMINATION**

- Since a Utility model is expected to be a cost-cum-time effective means of granting short-term protection, the examination of the same should be kept optional. This option could be exercised by the applicant either at the time of filing or for the purpose of enforcement.
- The exclusion of a mandatory examination from the Utility Model makes the same more appealing due to procedural simplicity.
- However, it should be made imperative that an examination is conducted prior to any enforcement of the Utility Model. It is further important that such examination certifies the Utility Model to have presumption of validity unlike the Patent system. Furthermore stipulations as regards such examination being conducted within a period of 6 months from the date of filing of the request of examination should also be positioned with a vision to expedite enforcement proceedings.

## **GRACE PERIOD**

- The concept of grace period should be introduced to create a safeguard against the lack of awareness among the SMEs and local innovators with regards their IP rights and/or the exploitation thereof.
- Such a grace period should not be limited to a period of less than one year in the least, which however could be extended up to 18 months, from the date of first disclosure.
- Such disclosure may be voluntary or involuntary (inclusive of theft), in order to ensure the widest protection possible to such innovators.

## **EXHAUSTION**

- The principle of exhaustion should be included in the provisions for Utility Models.

- The same may be the concept of international exhaustion to keep it aligned with the provisions of section 107 of the Patent Act, 1970.

### **PROTECTION PERIOD**

- A shorter term of protection would be advisable, in view of the following factors:
  - ✓ The term utility model refers to a second tier patent system, offering a cheap, no-examination protection regime for technical inventions which would not usually fulfill the strict patentability criteria.
  - ✓ New technology always silently but rapidly supersedes the old one so that the product embodying the old technology can easily be phased out in 5, 3 years or even 1 year.
- Therefore, a protection period of 6 -7 years from the date of filing could be proposed for the protection of Utility models.
- A further period of 2-3 years may be provided for renewing the said grant on the payment of a substantive renewal fee.
- It would be judicious to allow such a renewal to be conditional on the basis of either one of the below mentioned criteria (so as to enable the lapse or phasing out of the redundant or frivolous filings):
  - ✓ Demonstration of the working of the invention
  - ✓ Examination of the invention.

### **REGISTRATION PROCEDURE**

- The procedure of registration adopted should be such that the same may be completed within a period of 6-9 months of filing the application.

- A Utility model application must relate to only one invention i.e. only one independent claim. However, a limited number of dependant claims could be allotted.
- It would be further prudent to include a provision of a time bound period within which the applicant will be given an opportunity to bring his application in order and overcome any objections whatsoever.
- The submission of relevant background art or information known to the applicant along with the Utility Model application may be made an imperative requirement. This could be in line with the Information Disclosure Statement that is required under US practice. The provision of bringing such art to the notice of the examiner shall be valuable both as a matter of fair and open dealing and to obtain the benefit of the presumption of validity over the most material prior art.
- The amendment of claims should be permissible at the stage of examination in order to combat the objections which surface in light of prior art. However, such amended claims should not exceed the scope of the original application.

**Q4. What Novelty criteria should be adopted? Should they be absolute or relative?**

- The novelty criteria should be absolute

**Q5. Nature of linkages and prevention of “ever-greening”?**

It may be practically difficult to evergreen a patent by seeking Utility model protection for an improvement on the subject matter of the patent. This is because, an application for the improvement will have to be made closer to the expiry of the term of the patent (20 years).

**Q6. What legislative route should be adopted?**

A separate law to protect utility models should be enacted.

**Q7. Should the facility for temporary protection of an invention as a Utility model pending a grant of a Patent be built into the legislation? Should it be specifically mandated that only one form of protection would be available at any time?**

- Patent and Utility Models may be allowed to supplement each other though ensuring that only one form of protection is accorded at any point in time.
- Inventors could be allowed to simultaneously apply for a patent and a Utility Model for the same invention.
- However, there should not be a system of an ad-hoc grant of protection under the Utility Model system.
- The said facility would help secure quick but limited protection while the patent application is pending.
- However, in order to eliminate the grant of a dual protection to an invention by two different exclusive rights, such filing may be made conditional that only upon abandoning of the Utility Model upon the grant of the patented invention, will the protection be awarded.

**Q8). Should applications for patents be transmutable to Utility model applications and vice-versa whenever the applicant so desires?**

- A patent application may be converted into a utility model application and vice versa at any time, unless the same has proceeded to grant, upon payment of the prescribed fee, in the following manner:
  - ✓ A Patent and/or Patent of Addition may be converted to a Utility Model
  - ✓ A Utility model may be converted to a Patent application.
  - ✓ A Utility model may be converted into a Patent of Addition.
  - ✓ A Utility model may be divided out of a Patent/patent application.
  - ✓ A Utility model may be divided out of a Patent of Addition.
  
- The introduction of this mechanism of conversion may be worth considering in order to safeguard innovations from being deprived of protection when the inventor does not have a clear idea of the invention's level of inventiveness. However, the above changes would necessitate amendments to the Patents Act as well.
  
- Though the conversion of a utility model application into a patent application may be permissible, however, in order to prevent any inconsistency with the Patent Act or provide a loophole it is very important to not allow the conversion of utility models that have been granted protection vide the grace period.
  
- A time-bound period may be allowed for conversion of a patent application to a Utility Model where the patent application is:
  - ✓ Deemed abandoned
  - ✓ Deemed withdrawn
  - ✓ Rejected/ held not patentable
  
- In cases where the conversion of a Patent application into a Utility Model may be permitted, any examination report available for the Patent application may also be used for the Utility Model.

- The priority date should not be affected by any change between the status of the Utility Model and/or Patent Application.

**Q10. What enforcement procedure should be put into place? What should be the dispute resolution mechanism?**

- Question of infringement should be decided by the courts only.
- The ability to challenge the validity of a Utility model should be available as a defence in any suit for the enforcement of a Utility Model.
- It would be desirable to create a system where a presumption of validity exists for the grant of a Utility Model.
- Apart from a counterclaim in a suit for infringement, there should be no parallel mechanism for challenging the validity of a Utility Model.
- Alternate Dispute Resolution (ADR) systems such as Arbitration and Mediation should be encouraged and attempts should be made to setup specialized panels to achieve this purpose.
- An idea worth considering is whether there should be an upper limit to the amount that can be claimed as damages in infringement proceedings.

**Q11. To obviate monopolistic dominance, should the adjudicating authority be empowered wherever public interest is involved, to award compensation/royalty in lieu of restraining the infringement?**

- The adjudicating authority should be empowered, independent of whether or not there is a public interest, to award royalty as well as damages and costs in lieu of restraining infringement.