

Comments on the “Issues for Consideration” identified by the Department of Industrial Policy and Promotion’s discussion paper on Utility Models, as submitted to DIPP.

1. Does India need a Utility Model Law?

India can benefit from a well drafted and implemented Utility Model Law. The underlying purpose to India’s entry into the global intellectual property arena has been to open avenues for innovation to one of the youngest workforces in the world – innovation spurred by a system of protection and enforcement. In that regard, a utility model system is, perhaps, the first rung of the ladder that can lead to big innovation. This is especially true so for a country like India where small innovation is in fact a large part of everyday life. One has to simply wander the streets of India to see how ordinary people have crafted innovation into everyday things to make their life easier and better.

However, often these small inventions/improvements die a premature death because the average innovator does not know how to take his creative product to the next level and transform it into the next big thing. There simply is no system for rewarding the small innovator with the either the right protection and enforcement or the appropriate financial benefit. Therefore, there is a need for a system that will allow, for example, the “Jugaad” type inventor to create the next “Nano” vehicle; a system that recognizes, encourages and rewards the creativity (albeit incremental) of an inventor and creates a fertile stomping ground for the entrepreneur.

A Utility Model Law may well fill this gap - it will create a platform that protects small/incremental innovation, so that as innovators gain confidence in being able to protect and enforce their innovation. Further, it will provide this protection at a cost that is affordable especially for the small and medium industries – the source of India’s innovative workforce. If implemented correctly, such a system will reward the inventor by providing revenue generation opportunities (licensing etc.) while infusing into the industry know-how that can-and-will become the basis of future inventions.

Another advantage of a Utility Model Law with respect to large industries will be to help protect the industry against patent trolls that are, for example, scouring the IPR landscape in the US. By securing limited protection for intermediate inventions, large industries can help protect their interests against patent trolls whose only aim is to bolster their IP portfolio by collecting patents (incremental or otherwise) so as to block inventions by corporations with deep pockets.

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

Historically, as seen with other jurisdictions, Utility Models have been made use of mostly by indigenous industries focused on technologies related to mechanical, electrical, precision instruments, optics and motor industries. Within India's context, these areas are only a subset of the technical fields that are accessible to the SME's who are dabbling in small-scale manufacturing. Other domestic industries too are prone to the incremental innovation that is worthy of protection under a Utility Model system.

Accordingly, the law should be non-preferential and should be drafted to provide wide protection without specifically excluding any particular device, technology or industry. The scope of protection should be more relaxed than that afforded by the Patents Act with the focus being on the actual technical solution being provided. However, (i) claims wider than the actual technical solution that an applicant has successfully demonstrated should not be permitted and (ii) the scope of India's Utility Model Law should not contradict the basic tents of the Patents Act and must create a balance between of rewarding/protecting innovation and public policy of making innovative products affordable to the common man.

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

India's ideal Utility Model Law must be the amalgamation of systems that are in place in other countries, taking into account environmental, cultural and socio-economic conditions unique to India along with our desire to create the appropriate balance between individual protection and the public good. In that regard, a workable solution should involve:

- A diminished inventive threshold where only novelty criteria with respect to the actual technical solution being provided by the subject matter is evaluated without any analysis of the inventive-step/obviousness requirement.
- A compulsory licensing provision effective from the date of grant of the utility model should be implemented under which, a third party who comes up with a commercial use for a utility model should have the legal right to obtain a license to practice the invention. The terms of the license should be governed by specific rules so as to create a system that calculates the monetary amounts under specific guidelines.

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- The registration procedure for utility models should be simple, fast, transparent and objective. Filing-to-grant should be completed in 6 months and the process should include substantive examinations before grant. Requiring substantive examinations will serve a two-fold purpose. First, having undergone substantive examination, the patentee will have information as to whether the utility model can/should be converted into a full patent. Second, at the time of enforcement, the patentee and the challenger both will have a good idea as to the enforceability of the utility model.
- Protection for utility models should be for a period of 7-10 years. This timeframe is reflective of the short lifecycle of an incremental invention and will provide the domestic inventor with adequate assurances of immediate protection while allowing him the opportunity to further fructify an invention that is worthy of a full patent.
- With low cost being a major aspect of utility models, there should be no annuity requirements. If at all, for a protection period spanning 10 years, annuity payments should begin only in year 8 because requiring payment of annuities before that will only make utility models less affordable.
- Utility model applicants should be allowed a 2 year grace period to file an application. This timeframe supports the approach that an SME inventor may need the additional time to garner resources to finalize his invention or obtain financial support.

4. What novelty criteria should be adopted? Should they be absolute or relative?

In the Indian context a utility model system with a diminished inventive step requirement will have a greater appeal. Accordingly, a Utility Model Law for India should be based primarily on a novelty criteria with respect to the actual technical solution being provided by the subject matter with no requirement for analyzing obviousness or industrial applicability. The idea is to create a system that rewards innovation that has the potential for becoming bigger and maturing into patentable inventions, without getting tied down by the rigours of a patenting process.

Further, the novelty criteria should be relative because every invention is different and the requirements should be adaptive so as to recognize the relative technical advancement based on the field of invention and the level of development of the Indian industry pertaining to the subject matter of the invention.

5. What should be the nature of linkages between this law and the existing Patents Act? How do we ensure that the existing Patents Act, which is a bulwark against the ever greening of patents, remains undiluted ?

Generally, the Utility Model Law must be drafted so that the scope of protectable subject matter is as wide as possible. However, the Patents Act as drafted and currently implemented specifically prevents ever greening of pharmaceutical patents. Because this exclusion under Section 3(d) is of utmost importance in the Indian context, the Utility Model Law must be drafted so as to avoid contradicting the basic tenet of Section 3 of the Patents Act. However, by the very nature of a utility model system, some dilution is inevitable because of the widened scope of protection. This dilution of the “ever greening” provision can be counterbalanced by including a compulsory licensing provision.

The linkage between the Patents Act and a Utility Model Law should be in the area of transmutable applications allowing, under certain circumstance, an applicant to convert a patent application into a utility model and vice versa. (See answer to Q. 8 for additional details).

6. What legislative route should be adopted? Should a separate law to protect utility models be enacted? Or should the Patents Act be suitably amended? Or should the Designs Act be amended?

A separate law to protect utility models should be enacted. Piggybacking on the Designs or Patents Act to incorporate the requirements of utility models will create a minefield of ambiguity and unnecessary complications in understanding and applying the provisions of the legislation and the rules.

7. Should the facility for temporary protection of an invention as a utility model pending 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?

There is no need to build into the legislation a specific facility for temporary protection of an invention as a utility model pending grant of a patent. The inventor should be the master of his invention and should be allowed to: (i) file contemporaneous patent and utility model applications claiming priority to the same invention, (ii) file a utility model first and subsequently file a patent application claiming priority from the utility model (the utility model is then effectively treated as a provisional application), or (iii) first file a patent application and

subsequently (before grant or within 3 months from the notification of final rejection by the patent office) file a utility model application claiming priority from the patent application.

There should be no specific mandate to restrict protection to either a utility model or a patent. Because utility models and patents will have different scope (lower inventive threshold and narrower claim scope for utility models) and different duration of protection, it is unnecessary to restrict protection to one (utility model) or the other (patent). An inventor should retain the option to eventually pick between continuing with either a utility model or an issued patent or both. To the extent the above raises monopolistic concerns, these can be counterbalanced by varying the enforcement outcomes of utility models. (see answers to Q. 10, 11).

8. Should applications for patents be transmutable to utility model applications and vice versa whenever the applicant so desires?

Transmutable applications between the utility model system and the Patents Act should be allowed, but constrained to be acted upon within a particular timeframe and as follows:

- For cases where the utility model is filed first, a subsequent patent application claiming priority from the utility application should be permitted, provided that the patent application is filed (a) anytime before the utility model is granted, or (b) within 3 months after the utility model is granted. If a patent application is filed 3 months after the grant of a utility model, it cannot claim priority from the utility model and the utility model can be used as relevant prior art (provided it meets the general criteria set forth in the Patents Act for prior art).
- For cases where the patent application is filed first, a subsequent utility model application claiming priority to the patent application should be permitted provided that the utility model application is filed (a) anytime before the patent is granted, or (b) within 3 months of a final decision by the patent office rejecting the patent application provided it meets the novelty criteria.
- For cases where the filings are contemporaneous, the utility model application and the patent application claim priority to the same invention and it is up to the inventor to decide if he wants to pursue one or the other or both.

To ensure that the co-relation between a utility model and a patent is known to the general public, the legislation should require an inventor to identify a co-pending patent application and,

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correspondingly, incorporate a similar requirement into Section 8 of the Patents Act under which it is the duty of a patent applicant to inform the patent office about a corresponding utility model application including reporting the status of the utility model application.

9. Should any specific provisions be introduced in the proposed utility model law to promote domestic filings as well as applications from SME's? Can we use this model to protect some part of our traditional knowledge?

There should be a specific provision for a reduced filing fee for small entities and individual inventors so as to make the process cost effective for SME's.

Incremental inventions to our traditional knowledge should be protectable under the utility model system but, *per se*, there should be no specific provision to protect our already existing traditional knowledge that is in the prior art domain.

10. What enforcement procedure should be put in place? What should be the dispute resolution or mechanism? Who should be the adjudicating authority?

The Discussion Paper in Paragraph 41 notes that SME's "hesitate to commit significant time and money to protect their inventions by filing patents. The availability of protection quickly and cheaply against imitation will strengthen their first mover advantage and consolidate their competitive edge." Extending this postulate and in order to ensure that a SME's reliance on a utility model system is not short lived the bigger challenge in implementing a Utility Model Law in India will be in creating an efficient and effective framework for enforcement. Protection is only half the battle in spurring domestic innovation because after the initial honeymoon period, the domestic inventor will find a utility model system beneficial only if he/she can be assured that the enforcement procedures are not cumbersome and time consuming.

Accordingly, *inter alia*, utility model inventors should be allowed to go for summary proceedings against potential infringers. If the inventor successfully establishes infringement, then for past infringement the infringer must pay the inventor compensation calculated as a compulsory license fee. As to future use of the invention, the infringer should have to option to continue using the invention based on a compulsory licensing fee calculated by the adjudicating authority or must cease using the invention.

The judicial body handling such cases must fast-track them to a resolution between 12-18 months. The judicial body must have access to special masters (technical specialists) that have

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the requisite technical background to assist them. The judicial body should also encourage arbitration/mediation as a non-binding resolution process because such mechanisms are quick, efficient, cost effective and less resource consuming.

11. 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?

There is no specific need to create a public policy exception for adjudicating utility model disputes. Enforcement of utility models should be in a manner that the infringer pays a compulsory license fee to the inventor for prior usage of the invention. As to future use of the invention, the infringer should have the choice between obtaining a compulsory license at a fee determined by the judicial body, or ceasing use of the invention. This compulsory license provision with respect to utility models will take care of potential monopolistic dominance. Additionally, in principle, it will allow one or more SME's/domestic inventors use of an invention that may lead to a bigger and better (and patentable) innovation – an outcome that resonates with the premise behind a utility model system.