

To,
The Secretary, Government of India,
Ministry of Commerce and Industry
(Department of Industrial Policy and Promotions),
Udyog Bhavan,
Delhi – 110 011.

From
Sandeep K. Rathod,
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Dear Sir,

REF: Comments to the discussion paper on 'Utility Models' posted on the DIPP website

Greetings.

At the outset, we thank you for allowing the various stakeholders community to comment on the discussion paper on Utility Models.

I am Sandeep, part of Matrix Laboratories Limited', IP department. Matrix is a part of Mylan – the world's 3rd largest generic pharmaceutical company. We are committed to providing access to high quality, affordable drugs across the world. Matrix has 12 pharmaceutical manufacturing units In India.

Matrix is an intellectual property rights savvy Company. We are a big filer of patent applications at the Indian Patent Office - in fact - we are among the top filers of patents in India in the pharmaceuticals / drug space. Similarly, our patenting efforts have been recognized by industry bodies like Pharmexcil, in form of their annual awards.

The attached annexure is our response to the questions raised in the discussion paper. We have not started our comments with the name-sake back-ground on utility models generally, simply because the DIPP paper is fairly informative.

Please email me/ call me, should you find that a particular response is vague or not clear enough. Should you prefer a meeting to discuss these submissions, I and my team members would be happy to devote time to this important exercise.

We request you to acknowledge the receipt of this email and the attachment.

Thank you.

Sincere regards,
Sandeep K. Rathod,
Associate Vice President and IP Counsel
Matrix Laboratories Limited

Annexure: Comments on the DIPP paper.

1. *Does India need a Utility Model Law?*

- A. No; there is no over-whelming need/ empirical data to support the position that India today needs a utility model law.

A very large part of the developed and developing world does not have a utility model mechanism and is still thriving. Also, in the context of international obligations for e.g. the Trade Related Intellectual Property Rights (TRIPs) Agreement, there is no obligation for member states to necessarily bring in a utility model law.

TRIPs Agreement mandates that inventions satisfying novelty, inventive step and industrial applicability conditions¹ be granted patents for a twenty year term. There is no obligation for a utility model (called by any name - petty patent/ innovation patent etc.) law of any kind within the TRIPs Agreement and this is also supported by the fact that an overwhelming majority of TRIPs member states do not have a petty utility model law of any kind.

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

- A. While our primary response is a 'NO' for utility model law in the first instance, if such a mechanism is brought in place for broader policy reasons, we recommend that its scope be restricted to mechanical devices.

The TRIPs requirement of 'all fields of technology' is for Patents only, and a signatory Country is free to draft its utility patent law, its scope and applicability. Utility models need not be field agnostic (like patents) on the presumption that they are a subset of patents because at the time of signing TRIPs Agreement, though many member countries had their utility model legislations; even then utility models (by any name) were not included in the TRIPs Agreement text. Hence utility model legislation that is narrower than TRIPs would not run afoul of TRIPs obligations.

Utility models should not be allowed for pharmaceutical/ drugs or medical devices used such as inhalers/ catheters/ stents/ artificial heart valves/ artificial joints/ diagnostic kits etc. These must be retained within the Patents system.

¹ A. 27.1 of the TRIPs Agreement.

Additionally, if a utility model system is implemented in India, it must be framed keeping the following points in perspective.

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

A. The threshold for inventive merit in utility models has to be necessarily lower than patents. A direction could be taken from Australia, where the threshold is innovation vis-à-vis the higher inventive merit required for normal patents.

There need not be any substantive examination prior to grant. But a mandatory examination should be required prior to initiating any infringement action, including an option of a third party requesting an examination. A robust and efficient post grant opposition process should be brought in as grants (in absence of substantive examination) will be large and could lead to a large number of contentious proceedings. Finally, *ex-parte ad interim* injunctions should not be allowed in utility model cases.

As regards grace period, the Applicant should be allowed to convert his pending patent application to a utility model application at any time before the grant of the patent application with the term of protection starting from the priority of the original patent application.

Grace period of six months should also be allowed for inadvertent disclosure. Also a scheme / time frame must be built in for foreigners filing utility model applications, at a slightly delayed point, from their original filing.

The utility model, like other rights should be exhausted after the first sale.

A protection period between 08-10 years from the initial priority is appropriate.

The registration procedure should be simple and cost effective. Ideally, it should be less time consuming than the present designs' registration timelines.

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

A. Novelty criteria must be absolute.

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?*

- A. The Utility Models law should be built upon the lessons learnt from the Patents Act, 1970. The key principles from the Patents regime (viz. 3(d); 3(e) and early non-commercial working / experimental use provision – popularly known as Bolar provision) - must be enshrined in the utility model law mechanism.
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. A separate law would be an appropriate solution.
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?*
- A. An Applicant should have the option to enter the utility model regime, from a patent application. An applicant who seeks to move to the utility model path (from a standard patent application) should be allowed a one-time ‘pass’ to do so.
- An applicant should be not allowed to have two parallel protections, at the same time. It should be specifically mandated that only one form of protection would be available at a single point of time. For instance, in the Australian Innovation Patent regime, their Government sees ‘no reason for the same invention to be granted rights under both systems²’.
8. *Should applications for patents be transmutable to utility model applications and vice versa whenever the applicant so desires?*
- A. As noted in the earlier response, the path from standard patent application to a utility model should be a one-time, one-way street.
9. *Should any specific provisions be introduced in the proposed utility model law to promote domestic filings as well as applications from SMEs? Can we use this model to protect some part of our traditional knowledge?*

² Australian Government, *Introduction of the Innovation Patent: Government Response to the Recommendations of the ACIP Report ‘Review of the Petty Patent System’* (1997), Recommendation 11
<http://www.dcita.gov.au/Article/0,,0_1-2_12-3_143-4_15997,00.html>.

- A. Domestic filings/ SME filings could be encouraged by measures like reduced fee burden for individuals and small scale industries, benefits in Income tax regime (akin to the present system for enhanced deduction in income tax upon filing patents) for research expenditure etc.

We do not have a view on how the proposed utility model law can be used to protect traditional knowledge.

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

- A. An enforcement mechanism, akin to designs should be enacted. Disputes against validity etc. should at the Utility Model Office level should be heard by an appellate panel while legal disputes pertaining to infringement should be heard in the present Court system.

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?*

- A. This is a question that could be debated once a draft Act is in place. Arguing for or against a detailed adjudicating authority, at this juncture would be premature.