

Comments on the Discussion Paper on Utility Models

From Intel Technology India Pvt Ltd.

To: The Department of Industrial Policy & Promotion

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Introduction

Intel is grateful for this opportunity to comment on the *Discussion Paper on Utility Models* and congratulates DIPP for its thoughtful summary of the issues and for providing reasonable time for public comment.

Intel Response to Issues

1. Does India need a Utility Model Law ?

- Intel believes that utility models would be of limited value to large companies and generally inappropriate for the high tech sector, particularly given the complexity of these types of businesses. Smaller incremental inventions are of only limited value and given the capital outlay involved in high tech, this sector is more likely to direct R&D spending to more substantive inventions. Accordingly, providing for utility models in the high tech sector would fail to provide the advantages identified in the DIPP paper and could lead to unnecessary litigation. However, to the extent that utility models are considered necessary to assist the SME sector as argued in the DIPP paper, Intel offers the additional comments below.
- Indian inventors are gradually learning about the value of full patents and a utility model system could create a disincentive for breakthrough inventions. India is an IP consuming nation rather than an IP generating nation and accordingly there is a risk that a utility model system will act as a disincentive to developing substantial innovations by encouraging innovators to focus on and be satisfied with incremental innovation.
- India has had a patent system since 1970 and yet IP awareness is still very low. We question whether adding utility models to the patent system will really add anything meaningful given the slow uptake that has been evident in India to date. Placing more emphasis on improving education on IP should also be considered.
- There is also a risk that a utility model system will lead to excessive litigation and will become a burden on the judicial system. We are already seeing this arising in China where utility model litigation is becoming common place and producing frequent damages awards which in turn encourages more litigation.

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

- If a utility model system is adopted in India it should be restricted to mechanical devices. The advantages of the utility models system as identified in the DIPP paper are very much limited to the type of inventions commonly created by SME's and are largely mechanical in nature. The utility model scope should not be extended to high tech where development costs are already very high so the benefits cited (enabling SMEs etc.) could not be achieved.
- Creating utility models protection for high tech devices would also lead to excessive litigation. With so much value at stake the various parties would be much more inclined to litigate validity and infringement rather than consider a commercial settlement as an option. An excessively wide utility model system would be open to abuse which would be counterproductive and impact investment. SME's could find themselves exposed to excessive litigation as they argue the validity of incremental inventions of nominal value. It is also possible that if utility model protection was unnecessarily wide (i.e beyond mechanical inventions) companies focusing on substantive technological innovations in other industries could be forced to build their own utility models portfolios for defensive purposes or even proactively seeking to enforce their rights. The objective should be to enable the protection of genuine innovations in the field of mechanical devices and not to generate unnecessary litigation.

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

- Inventive Step and Novelty should be the same as in full patents. This would give credibility to the utility models system while preserving the advantages of cost and speed of issuance due to non-examination of utility model applications.
- No substantive examination. Legal certainty is best advanced if a PCT-type search report is filed with the application so that the applicant can have the benefit of the report and make a prima facie assessment of validity.
- No grace period. Given the low cost of obtaining a utility model the same principle of absolute novelty should apply to this form of protection.
- Patent Exhaustion. This should be dealt with in an identical manner as with invention patents and accordingly evolve with the common law.

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

- Absolute Novelty is essential to give the utility models credibility and ensure meaningful inventions are given protection. Accordingly, novelty criteria should be identical to that of invention patents. Failing to combine an absolute novelty requirement with inventive step would only cause to open the floodgates to meaningless inventions which while new, have little commercial value but could still be the cause of vexatious litigation.

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 ?

- Separate system of limited duration (say 5 years). We do not think it is appropriate for the Patent Office to be recommending a utility model in response to an invention patent application.
- A utility model or patent application should not be upgraded or downgraded by the applicant on merit. This would defeat the purpose of low cost protection for SMEs.

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 ?

- There should be a separate Act in recognition of the fundamental differences between invention patents and utility models. Utility models should not be encumbered with unnecessary obligations such as the requirement for working statements in the utility model system.

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?

- It is not entirely clear what is being asked here but we believe that the two systems should be kept entirely separate. In no circumstances should an injunction be granted prior to the issuance of a utility model.

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

- No; we believe the two systems should be kept separate for the reasons stated above.

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?

- To the extent that a differential fee structure exists in the current patent law to enable individual inventors to apply for patents, the same provisions could be applied to the utility model system. In any event, the fees can be kept low by excluding an examination requirement.

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

- Existing machinery should be used to the extent possible. When validity is challenged in litigation the case should be stayed pending a validity enquiry by the Patent Office with a right of appeal to the Patent Appeal Tribunal.

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 ?

- Given the target audience and purpose of the utility model system we do not believe that these considerations should be addressed in the new act.