

Japanese companies' comments on "Discussion paper on Utility Models"

We are deeply grateful for your draft which reflects your strong interest in countermeasures against Intellectual Property issues. The utility model system has been already introduced in many countries, so we understand introducing the utility model system into India.

Japan External Trade Organization (JETRO) gathers opinions from Japanese companies who belong to International Intellectual Property Protection Forum (IIPPF). Based on the opinion of 3 companies, we would like to comment as follows. We describe each company's comment, to incorporate a wide broad spectrum of opinion.

Specific recommendations are as follows.

1. Does India need the Utility Model law ?

The utility model system has been already introduced and utilized all over the world. On the other hand, however, this system may cause some downsides, then we would like to set predetermined conditions to positively accept introduction of this system.

The matters not listed in "IX. Summary of Experience : The Downside" in this paper are "increase in legal actions" and "prevention of healthy innovation". In China which is introduced as a country in which the utility model system is extremely successful in the item "33" of "V. Utility Models versus Patents – A comparison" in this paper, legal actions involving utility models are increasing. Similarly, when this system is introduced in India, increase in legal actions accompanied by increase in burden on related authorities such as courts and increase in expenditure of such arrangement costs are expected.

If protecting small-scale inventions too strongly, a balance between publication of inventions and grant of fixed-term exclusive license is broken down, which will eventually prevent development of industry and enhancement of living standards in India.

In order to eliminate the above-described downsides, we hope that provisions for preventing an abuse of right and facilitating the healthy innovation are built into the legislation.

(company A, company B)

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

Similarly to Japan and China, we think it appropriate that the scope of protection shall be

“devices relating to shape or construction of articles or a combination of articles (hereinafter referred to as “articles, etc.”)”.

The first reason thereof is that the Utility Model Law will cover creation of technical ideas with a relatively low technical level compared to the Patents Act, and such small-sized inventions are easily realized on articles such as articles for daily use. The second reason is that contents of right of articles, etc. are determined relatively easily and disputes may be then resolved quickly.

In addition, we think that a method, program and materials should be excluded from the scope of protection. Additionally, we think it desirable that traditional knowledge listed in “9” is not included in the scope of protection. The reason thereof will be described in “9”.

(company A, company B)

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 threshold

We think that creation of technical ideas with lower technical standard that cannot be protected by the Patents Act can be protected, which complements the Patents Act by adopting a lower standard of inventiveness than that under the Patents Act.

We, however, think that criteria should be set so as not to protect an extremely easy device excessively.

Grace period and exhaustion

We think that they shall be interpreted according to those for patents.

Protection period

We think that a period of 10 years is appropriate, similarly to that established in many countries. Care should be taken not to provide double protection under patents and utility model.

(company A, company B)

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

The absolute criteria should be adopted.

If the relative criteria are adopted, there may be cases where the domestic third party files a utility model application for shape of said product before a foreign product is introduced in the

India's market or a third party in India translates foreign official gazettes of patents and utility models into Hindi or English to file a utility model application. Recently, the borderless open innovation is popular. Foreign companies hesitate to cooperate with companies in countries adopting the relative criteria or transfer technology to such companies, considering the above-described risk. This does not contribute to development of India's industry, especially development of small and medium-sized enterprises.

If the absolute criteria are adopted, burden of searching for foreign patent documents will be imposed on especially, domestic small and medium-sized enterprises. We, however, think that environment of easy search for foreign patent official gazettes is gradually arranged due to wide use of the Internet and efforts of foreign patent offices.

(company A, company B)

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?

If the scope of protection of utility models is limited to "devices relating to articles, etc.", we think that the problem of ever greening will not be caused.

(company A, company B)

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?

In order to make the difference from the Patents Act clear, we think it better that a new Utility Model Law is arranged. The Patents Act is applicable, mutatis mutandis to the same provision under the Utility Model Law as the provision under the Patents Act.

(company B)

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?

We think that temporary protection as a utility model right is necessary and may be built into the legislation. However, it should be mandated so as not to provide overlapping protection

with the patent right and only one form of protection should be available at any time.

(company A, company B)

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

Applications for patents should be transmutable to utility model applications and vice versa. However, in order to suppress an influence on a third party to the minimum, we think it necessary to place restrictions, for example limiting the transmutable term to the term until the laying-open date.

(company A, company B)

9. Should any specific provisions be introduced in the proposed the 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?

Preferential treatment to SME

It is desirable that fees for utility models are cheaper than those for patent procedure in order to promote filings. We think it necessary to introduce provisions for giving the SME an advantage such as exemption of fees on the assumption that the preferential treatment to the SME is mandated internationally and domestically.

Traditional knowledge

The patent system and utility model system grant the fixed-term exclusive license in return for publication of new creations to a society, and are not suitable for protecting traditional knowledge as intellectual property which has been already handed on to a part of the world. It is, therefore, difficult to use the utility model for protecting the traditional knowledge.

(company A, company B)

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

We would like you to adopt substantive examination system if you introduce utility model system into India. However, if it seems difficult to adopt it in reality, and instead you will adopt the Utility Model Technical Opinion system as Japan does, we would like to recommend you following

matters.

It should be indispensable that claims as the subject matter of utility model are determined as valid by the technical opinion report, which describes judgments on registration requirements such as novelty, inventive step, and improper descriptions of claims and so on, made by the Indian competent Patent Office, if a right holder exercises his right like filing complaints to civil courts. In additions to this, we think that it should be made possible for a person who have requested this report or for interested parties to dispute against the contents of this report, and be given the limited number of opportunities to correct claims within a legal period after servicing such a technical report or, when they have complaints of validity of a utility model registration at IPAB.

As a dispute resolution mechanism, resolution by the judicial institution should be standard, but we think it desirable that the patent office becomes the adjudicating authority in order to resolve the dispute easily.

(company B, company C))

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?

We think that limiting the scope of protection of rights to “devices relating to articles, etc.” does not influence public interest. The adjudicating authority should not be, therefore, empowered to award compensation/royalty in principle. We think that cares should be taken so that a right holder is not treated unfairly under the name of “the public”, for example “the public interest” should be clearly defined in advance if the adjudicating authority is empowered to act as such.

(company A, company B)

Other

Outside the field of Utility Models systems, shorten the period of waiting for examination of Patent, introducing the accelerated examination system and preferential treatment to SME would also be preferable to improve “Issues for consideration” .

(company C)

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