



COMMENTS / SUGGESTIONS
on
DISCUSSION PAPER: UTILITY MODELS

Submitted By:

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1. Does India need a Utility Model Law?

In our opinion, a utility model law in India will play a very important role in promoting inventive and innovative activity in many fields including information technology, manufacturing, mechanical engineering, telecommunications, biotechnology, pharmaceuticals, and so on. Thirty percent of our clients are independent inventors, start ups and small enterprises. Though they come up with inventive ideas, they do not file for patents for various reasons such as

- a. High cost of acquiring a quality patent;
- b. Amount of effort and time required for filing and acquiring a patent;
- c. Inability to satisfy patentability requirements;
- d. Broad list of exclusions and so on.

Furthermore, even those who manage to file for patents are not too happy with the process as it does not add much value for their business and revenues. The reasons for the same are:

- a. Delays in the patent grant and lack of interest in licensing applications;
- b. Short shelf life of their inventions;
- c. Narrow scope of patent claims and scope for circumvention; and
- d. Lack of experience in using patents for advantage.

Most of them are of the opinion that a simple system that grants protection quickly would incentivize them. Such a system, they believe can help them in gaining the advantage required to grow fast.

In addition to small enterprises, large companies also file for many patents, which relate to what are called as peripheral technologies. These patents have less or no value due to their short life and lack of proximity to core business and technology of a company. In such a scenario, expenses on such filings can be avoided if a simple system can be brought into place.

Based on the aforesaid, we believe that a utility model system will play an important role in filling the gap in law for promoting inventions and for encouraging players in all sectors. Such a system with broad scope will help in overcoming the lack of incentives for inventions excluded under the patent law.

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

In our opinion, the scope of protection should not be restricted to the field of mechanical devices. In order to promote the SME sector, it is necessary that protection is provided to other fields such as information technology, manufacturing, mechanical engineering, telecommunications, biotechnology, agricultural processes, pharmaceutical sciences and so on.

The need for protection of some technology domains by utility model is provided below:

The field of electronics and telecommunication is a fast moving space wherein the technology changes at such a fast pace that patents might in some instances may not be a worthwhile commercial decision. Hence, utility models with its faster processing time frame might provide much needed protection to this fast paced technology domain.

Indian software industry has majorly been involved in providing services at a cost effective price as opposed to coming up with innovative products / solutions. One reason could be that Computer software per se is excluded from patentable subject matter in India. Hence, providing protection for softwares by way of utility model will provide a much needed boost to the development of software industry in India and might help in the creation of innovative products / solutions in India.

Method of agriculture is also excluded from patentable subject matter in India. Providing protection for methods of agriculture under the utility model might help in disclosure and promotion of better agricultural methods which might otherwise not be disclosed.

A lot of times, SMEs come up with a brilliant method of carrying out its business to only find that other companies have just ripped off their business method without taking any pain. One reason for this is that no protection is provided to business methods under the Indian patent regime. Hence, providing protection to business methods might definitely help in more start ups and boost the Indian industry space.

Section 3(d) excludes discovery of a new form of a known substance or discovery of new property of a known substance or of the use of a known process, from patentable subject matter in India. E.g. for a new form of a known substance which doesn't result in increased efficacy, providing protection by utility models, if the new substance can show bioequivalence or better non-toxic results might result in the promotion of pharmaceutical sector in India.

Hence, the scope of protection of utility models should be extended to other domains and not restricted to mechanical devices. This may help in the promotion and development of the SME sector in India.

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

Inventive Threshold

The inventive threshold for granting utility models must be limited to analysis of newness / novelty. Newness / novelty, as described in the subsequent part of this response must be based on the all elements rule. An invention must be said to satisfy the novelty requirement if all elements are not present in a single prior art reference.

Grace period

In our opinion, a grace period of six (6) months must be provided for the following activities:

- a. Publication;
- b. Public use;
- c. Public knowledge; and
- d. Sale.

Providing grace periods for the said activities will provide the following advantages:

- a. Will enable applicants to make decisions based on commercial viability of an invention;
- b. Will ensure that rights are not lost due to certain innocent actions;
- c. Protect products even after research publications, which may sometimes take precedence;
- d. Carry out public experiments and so on.

Registration procedure

The process of registration must be very simple like the trade mark process. The following steps in the process with strict timelines would help in speedy grant of utility model protection:

- a. Filing
- b. Examination within three months;

- c. Registration; and
- d. Publication.

Opposition may be allowed after registration so that applications do not get stuck on satisfaction of requirements at the pre-registration stage.

Examination

The process of examination may be simplified and may be limited to two levels:

- a. Formal examination limited to verifying all filing requirements and related data; and
- b. Simple examination to assess if there is at least one difference between the invention and the prior art.

Term of protection

A term of five years would be recommended as such inventions generally do not have a shelf life longer than that.

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

One of the important objectives of introduction of utility models is to promote application filings from SMEs. In most business situations, SMEs do not have a bargaining position and they have to disclose their innovation in order to attract any attention. Even in cases of securing funding from VCs or angel funding agencies these SMEs have to disclose their innovation without signing any confidentiality or Non Disclosure instruments. Further, a lot of times innovators try to publish their work in order to create interest and reach out to a larger audience. Given this scenario it is important to have relative novelty and not absolute novelty. Adopting relative novelty will ensure that the innovators and more particularly SMEs get a grace period to file the utility model application even after they disclose the innovation to a third party.

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?

Linkages with Patent law

The linkage between patent law and the utility model may be established under two important heads:

a. Priority

Right to claim priority must be provided from a patent application to a utility model application and vice-versa within a time period of twelve months.

b. Prior art

Any patent application or utility model application must act as prior art for applications filed subsequently. In other words, if a patent application is filed by a person and a utility model application is filed by another person after that date and before publication of the patent application, the patent application must be considered to be prior art for the utility model application and vice-versa.

Evergreening

The evergreening problem can be solved by following the model outlined hereunder:

Subsequent application having common inventors should be granted protection over utility models based on a higher standard of novelty. If a expiring patent an a utility model has a common inventor and the utility model application is an improvement of the patent application, utility model protection must be granted only if the invention satisfies the inherent anticipation requirement in addition to the aforesaid all elements rule. As per the principle of inherent anticipation, an invention is said to be not novel if a person skilled in the art can anticipate the invention through some application of knowledge to the existing prior art.

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?

At the outset, the response to this question is based on the assumption that utility models will be granted faster than patents. It is advisable to have a separate law on Utility Models. Some of the leading IP jurisdictions such as Japan have approached the utility model regime in a similar fashion. The entire patent act refers to a process of obtaining a patent in India and modifying all these provisions to suit utility model applications will become rather confusing.

Amending the Designs Act will not serve the purpose as the very basis of designs act is appearance of the article and not functionality. On the other hand, utility models will provide protection to incremental innovation (innovation that may not be able to satisfy inventive step).

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?

In our opinion, utility model protection must subsist during pendency of a patent application. Patent process generally takes up to five years and it would not be justified to keep utility model application pending until that point of time. On the other hand, if a patent is finally granted, the term of utility model can be set off from the patent term.

A person must not be allowed to get both utility model and patent protection at the same time. Patent protection must ride over utility model protection. In other words, if a patent is granted, the utility model protection must automatically lapse and may not be allowed to be restored.

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 but the vice versa should not be allowed. In case a patent application does not satisfy the inventive step requirement the applicant should be given an option to convert it to a 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 SMEs? Can we use this model to protect some part of our traditional knowledge?

In order to encourage domestic filings and applications from SMEs one of the best ways is to allow relative novelty. Further, a filing fee discount should be given to SMEs and other individual innovators. Utility models emerging out of traditional knowledge should be granted to the community and not an individual (on similar lines as GI).

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

The enforcement mechanism may be same as that of the Patents Act with appropriate defences such as research exemptions, government use and education. The adjudicating authority under the Patents act may be used for utility models as well.

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?

The power to award compensation/royalty should definitely be given to the adjudicating authority. However, compensation/royalty should not be awarded in lieu of restraining infringement and should be awarded in addition to restraining infringement.