



ISSUES FOR CONSIDERATION ON UTILITY MODELS

1. Does India need a Utility Model Law?

Utility Models are granted in a considerable number of countries worldwide to provide a low-cost and economical entry point to the Small and Medium Enterprises (SME) into the intellectual property system. In India Micro, Small and Medium Enterprises (MSME) employs an estimated 59.7 million persons spread over 26.1 million enterprises. It is estimated that in terms of value, MSME sector accounts for about 45% of the manufacturing output and around 40% of the total export of the country. [source msme.gov.in].

The MSME sector though economically constrained has a rich pool of grassroots innovation that needs to be protected under legal framework. The stringent patentability criteria of novelty, non-obviousness and industrial utility may not be able to benefit innovation or “incremental invention” like “Auto Stopper for LPG Gas Stove”, “Bullet Driven Santi” or “Power Saving Technical Pump” [See Annexure A]. Further getting patent is not only time consuming but a very expensive affair as well, maintaining a patent in India costs from upto Rs 48, 000 to upto Rs. 1,92,000. It is not only expensive but involves a lot of technicality which is difficult for a simple and sometimes naïve innovator to comprehend.

In a country like India we need to promote and encourage our innovators and artisan to participate in the economic development of the nation. We need to assure them that a cheaper and a feasible way exist to protect their invention. A less technical system than patent is required to enable the SME to take advantage of intellectual property (IP) assets and before any SME can take advantage of IP, it is important for it to acquire IP rights.

In view of the above, India needs an effective legal protection system to cover the area between the invention and innovation, to bridge the gap between patentable and non patentable inventions and to give impetus to our local and domestic market. Also taking into consideration the utility model system utilized by the domestic innovators in countries like China, South Korea and Brazil the Utility Model Law would by and large benefit our economy and also encourage foreign innovators to invest and protect their minor or incremental invention in India.

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

The ambit of Utility Model Law should be so designed so as to cover the grassroots innovation as well as some of the non patentable inventions covered under Section 3 of the Patent Act. For example as per Section 3(d) “The mere discovery of a new form of known substance which does not result in the enhancement of the known **efficacy** of that substance or the mere discovery of any new property or mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant.



The term “efficacy” is not being defined in the Patent Act and thus its interpretation depends on the discretion of the Controller. The Section is also debatable in the sense that if a person makes some modification in the chemical structure of known drug and a new chemical entity thus formed shows a different use than that processed by the former drug; obviously the new drug is not patentable as it would be quite difficult to show the “increased efficacy”. Also if a person comes up with a new form of cancer drug or AIDS drug, which though not more efficacious than the former one but lot more safer, and could be used in Phase I clinical trial on healthy patients would not be patentable as it would have “enhanced safety” and not “enhanced efficacy”. The stringent patent law was devised with the view of preventing the ever greening of patents. However, other legal system is needed to cover the grey areas and promote technological innovation of the local industry.

The Utility Models should not be restricted to mechanical devices only. Like other countries that grant “petty patents” or “utility patent” our model should cover the innovations that does not meet the requirements of “Patent Act” but have the potential of being commercially exploited. Devices, tools, objects used for practical work, utensils, non inventive new form, working instruments etc. should be covered under the Utility Model.

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 patent like parameter should be adopted with less stringent requirement of “inventiveness” and with an easier registration system. The system should be technically less complex so that it may be exploited by the SMEs. If the proposed invention is not obvious to a person skilled in art i.e. the skilled in the subject matter of the patent application, only then the invention qualifies to be “non-obvious”. However the whole idea behind proposing a Utility Model is to protect the incremental inventions and encourage innovation. The inventions cited in Annexure A, do not involve any inventive step and are quite obvious, but have utility and are definitely innovative. Thus the requirement of inventive step can be done away with in Utility Models.

A substantive examination of the application for Utility Model would not be essential as the requirement for inventive step would not be as stringent as in patent. Countries like Japan, Germany, Taiwan and China, where Utility Patents are granted, adopt only a Formal Examination procedure and not substantive examination and therefore the registration process is speedier and time efficient. An examination, would however lead to stronger legal protection.

A procedure similar to the registration of Design should be adopted where the entire procedure of design application is usually completed within six months of filing the application. We therefore suggest that either there should be no substantive examination at all and the application for Utility Model may proceed to registration after a formal and less stringent examination or if an examination is conducted, the entire procedure should be made time bound, like in case of registration of Design.



Like in other forms of intellectual property a grace period should be available to the innovators for protecting their innovation from the authorized or unauthorized disclosure of the invention.

The principle of exhaustion should be included in the provisions for utility models.

The protection period for such innovations should be around 4-6 years keeping in view that prolonged monopoly over such models would demean the concept of this provision for small industries.

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

The novelty criteria should be similar to that adopted in Patent System. The invention/innovation should not form the state of the art or “prior art”. It should not be anticipated or disclosed through prior publication or use in India or elsewhere before filing of application for Utility Model. The subject matter of the model should not form the state of the art. There should be absolute novelty; however like Sections 29 to 34 of the Patent Act 1970, deals with the instances of anticipation, the legal framework of the Utility Model should also be so designed to cover anticipation issues.

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

The principle behind the introduction of the new law is to promote the technological activities and innovation in the MSMEs, so that the entire process, from the conception of idea to its commercial utilization could be streamlined for the mutual benefit of the innovator and the society at large. Further, given that the less stringent requirement for registration of “Utility Model” the corresponding set of rights associated with such registrations are likely to be weaker than the patent system.

While all new invention or substantial improvement invention can be protected under patent, it would be possible to protect marginal improvement invention in a Utility Model.

The cost incurred in securing a patent and the duration of protection enjoyed by a patented article would definitely be more than that of a utility model.

The laws should be so formulated that conversion of patent in to utility model should be made possible, so that even if the invention does not meet the stringent requirements of a patent, it could still be protected under Utility Models.

The Utility Model may serve to remedy the shortcomings of the patent system, provided that they are enforced within a legal structure conducive to our domestic economy and industry.



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 Design Act be amended?

A separate legislative route covering the areas between patentable and non patentable subject matter and the non patentable subject matter that could be covered under the Utility Model should be devised. At the same time administrative costs incurred in the formulation and implementation of new laws should also be kept in mind. Keeping in view the potential of the utility models and the economic benefits to the innovators and MSMEs, a comprehensive separate law should be devised.

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?

As per Section (11) of the Patent Act, after publication of the application for Patent, the applicant has the equal rights and enjoys the like privileges as that enjoyed by the Patentee. Technically a pending patent application can still reap the benefits of a patent. The applicant should be able to enjoy the protection given by the Utility Model only if his application could not be patented due to lack of inventive step or due to other reasons that does not makes his application patentable.

Like in Copyright and Design protection, only one form of protection should be made available to the applicant at one time.

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

Most of the Countries where Utility Model regime is in force including Australia, France and Germany, conversion from Patent to Utility Model is allowed [Annexure B]. In India several factors including the pharmaceutical ever-greening, keeping drug costs down and the benefits to the innovator needs to be considered before transmutation of Patents to Utility models be allowed. However the applicant must be allowed to convert his patent application to the Utility model if the same gets rejected on the grounds of obviousness.

9. Should any specific provision be introduced in the proposed Utility Model law to promote domestic filing as well as applications from SMEs? *Can we use this model to protect some part of our traditional model?*

The principle purpose of the introduction of the Utility Model is to promote innovation and to enable the SMEs to reap benefits of the IP regime. Instead of including any specific provision in the proposed law, the public at large need to be aware of the regime. Efforts should be taken to make the innovators and the SMEs aware of the existing and proposed law. Since the ambit of the Utility Model law may also cover chemicals, the medicines and herbs made by utilizing the traditional knowledge may also be protected under the utility models, since the same cannot be protected under patents.



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

Since the Utility Model has an equivalent dimensions to that of a patent, the Controller General of Patents Designs and Trademarks, in accordance with Section 73 of the Patent Act, should also be the Controller of Utility Model. He should delegate the functions to other officers and authorize them to discharge the duties under his superintendence and directions. In accordance with section 117 A of the Patents Act, an aggrieved party can appeal to the Appellate Board against the decisions of the Controller.

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 proposed Utility Model law basically aims to promote innovation and initiatives of SMEs, in absence of any substantive examination, the legal protection given to a Utility Model would not be as strong as that of a Patent. Thus infringement proceedings would be bit difficult. Also monetary compensation may act as an incentive for innovators. This adjudicating authority may be empowered to award compensation/ royalty if public interest in involved.

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