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WORKING DOCUMENT	
TITLE:	Utility model (UM) – a distinct right as part of an IP system
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TABLED TO:	All ExCo attendees
PURPOSE:	For approval
SNIPPET:	Utility models are supported by FICPI. Utility models should provide a balance for the owner and third parties; in the enforcement procedure there should be safeguards to prevent abuses



Utility model (UM) – a distinct right as part of an IP system

Based on studies and consultation within FICPI, FICPI believes that a utility model (UM) system in addition to a patent system is beneficial to an effective IP system by providing a tool by which a meaningful and enforceable right can be quickly achieved for inventions. It is sufficient to adapt the UM system or to introduce a UM system having similar minimum frame conditions providing a certain “minimum” level of harmonization, like

1. The utility model should, as a distinct part of the IP system, be an intellectual property right parallel to the patent, to gain an alternative protection of an invention and, thus, an additional tool for the user. Thereby, the inventor has an additional possibility of selecting a protection for his invention under different point of views, such as costs, legal certainty, and quick grant. In other words: in addition to the traditional patent system with special requirements with respect to granting, including e.g. an obligatory substantive examination procedure there should exist, in an effective IP system for inventions a parallel, additional registration system, which, on the one hand, enables quick registration and protection and, on the other hand, avoids abuses when it comes to enforcement.
2. The possibility of a fast registration of the utility model to gain a quickly granted and enforceable right for an invention is one important condition to make a utility model system successful.
3. The prerequisites for obtaining a utility model for an invention should be similar and balanced to the prerequisites for a patent.
 - 3.1 There should be no more possibilities in the utility model system with respect to types of inventions which could be protected over the parallel patent system.
 - 3.2 The utility model has to pass thresholds with respect to the prerequisites, such as novelty and inventiveness, to be valid. Moreover, the obtainable rights of a valid utility model such as enforcement possibilities, claim interpretation (scope of claim and protected equivalents), duration, etc. should be dependent on these thresholds so that the obtainable rights and the thresholds are balanced.
 - 3.3 The maximum duration for a utility model should be substantially shorter than for patents.



4. The examination should be limited to lower the costs and to speed up the registration time and to shorten the procedure to have utility models granted.
 - 4.1 Only a mandatory formal examination before registration should be necessary.
 - 4.2 There should be no obligation for substantial examination.
5. Especially small and medium sized companies and individual inventors are very dependent on user friendly official fees for their IP rights. Insofar, it is one further important condition that the utility model system has lower official fees over a parallel patent system to obtain an intellectual property right at lower costs.
6. In order to offer the user all possibilities in flexibly protecting the invention, the utility model system should offer the applicant all possibilities of a patent, such as claiming priority, entering a national phase from a PCT application directly or indirectly and should enable the derivation from a patent application to a utility model application.
7. The utility model system should include safeguards, to prevent abuses and unfair competition in connection with the enforcement of the utility model right. Thus, at least the following frame conditions are necessary in a balanced utility model system:
 - 7.1 A mandatory search on prior art, e.g. WIPO search report with a written opinion to judge the validity of the registration, before enforcing the utility model.
 - 7.2 A possibility to nullify a utility model and a limitation procedure for the utility model. The limitation procedure could be part of the procedure of nullifying the utility model.
 - 7.3 It should be possible that prior art can be filed with the patent office at any time, in the form of e.g. an observation which then will be part of the file of the utility model; this prior art has to be considered if it comes to an action of nullity or a limitation procedure.
 - 7.4 No interlocutory injunctions based on a utility model should be possible under certain circumstances, such as when the utility model has not materially been examined or the likelihood of the validity of the registration has been similarly proved.
 - 7.5 In the enforcement procedure based on a utility model and in invalidity procedure against a utility model there should be a fair balance of rights between the utility model owner, on the one hand, and the third party, on the other hand, and safeguards to prevent abuses, e.g. loser of the dispute pays the costs. Utility models and patents may be allowed to supplement each other.

Conclusions

A utility model system encourages inventors to protect technical developments with low costs and with quick registration. FICPI is of the view that utility models, as a distinct right as part of an IP system, with appropriate safeguards are beneficial and also strategically important by completing the possibilities for protection of inventions. Utility models are of particular interest and importance to small and medium-sized companies.

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POSITION PAPER – adopted on November 2, 2005, Lisbon EXCO

PATENT LAW HARMONIZATION VIS-À-VIS A DEVELOPMENT AGENDA

1. Proposal for a Development Agenda for WIPO

Our federation has not yet considered all of the elements of the existing proposals for a Development Agenda due to their complex nature. Nevertheless, while assessing new proposed IP rules from a development perspective has its merits, FICPI believes that WIPO should continue to focus on the protection of IP as its main activity.

FICPI has adopted Resolution 1 on “*Development of the International Patent System*” (Berlin 2003), recognising the basic right of all countries to pursue development of sectors of vital importance to their socio-economic, scientific and technological welfare, but believing that appropriate systems of protection for intellectual property contribute to such development. FICPI has therefore resolved that development of the international patent system should balance the rights and interests of both active and passive users of the system, and should operate to the benefit of the public in all nations.

FICPI recognizes that the issue of development is of utmost importance, and notes that IPRs are only one amongst various necessary elements in the promotion of innovation and in the process of building technological capacity and welfare.

FICPI acknowledges the existence of initiatives, programs, and committees in WIPO – and also in the WTO – already devoted to the transfer of technology and to finding ways to promote development through the IP system. Therefore it seems unnecessary to expand WIPO’s mandate to deal with development aspects of IPRs and transfer of technology.

FICPI supports the continuation and intensification of WIPO programs directed to cooperation with developing (DngCs) and least developed countries (LDCs) aimed at increasing the awareness about, and how to derive more benefits from, IP systems.

National IP offices operating in an effective manner and providing quality examination is a key element in any attempt to derive more

benefits from the IP system. FICPI also supports the continuation and improvement of technical cooperation between WIPO and DngCs and LDCs aimed at strengthening their national IP offices.

In view of the importance of the appropriate protection of IPRs as an element in the promotion of innovation and building technological capacity, FICPI supports harmonisation on a number of crucial issues. The main aim of this is to bring clarity and to make the IP system more accessible to all its users. At the same time FICPI advises against an excessive flexibility in order not to imply a lack of commitment and lack of harmonization which might lead to a general weakening of the IP system.

2. Patent law harmonization and proposal for a reduced package

FICPI believes that the current international framework for the protection of IPRs providing for minimum standards and for some degree of harmonization still leaves substantial flexibility for national governments to consider their local policies concerning IP.

FICPI also believes that harmonizing patentability requirements based on a “reduced package” can have positive effects for DngCs and LDCs, provided that – according to FICPI’s resolution EXCO/SG04/RES/2003 on “Harmonization not Centralization” – national and regional authorities retain the sole right to decide on the grant of IP rights that will be effective in their own countries and regions.

Concerning the proposal for a reduced package, FICPI has adopted resolution EXCO/SG04/RES/2002 on “SPLT Harmonization” favouring a reduced package including:

- the first-to-file system,
- a harmonized international grace period,
- a clear definition of the state of the art that is compatible with a first-to-file system including an international grace period, affording certainty for all users of the patent system, and solving *inter alia* the “double patenting” problem.

3. Development aspect of a reduced package

First, it should be appreciated that the current deadlock in the SPLT negotiations is already encouraging the trilaterals to engage in parallel efforts to harmonize patent laws, which may result in the loss of the current multilateral aspect of the harmonization process, in direct jeopardy to the participation of DngCs and LDCs.

Secondly, while issues such as patentable subject matter, rights conferred by a patent and compulsory licenses are often referred to as having a certain impact on the ability of governments freely to implement IP policies, FICPI believes that patentability requirements such as novelty and inventive step, and adoption of a novelty grace period and first-to-file do not have a substantial impact on such ability.

FICPI believes that a reduced package will allow the process to continue in WIPO and it will also bring advantages from a development perspective for the reasons explained below.

3.1. Promoting the public domain

Document IIM/1/4 of April 6, 2005 refers to the fact that “*WIPO should now actively seek ways to safeguard and promote the public domain*”.

FICPI understands that a concern should indeed exist to the effect that technologies which do *not* fulfil the patentability requirements shall be maintained in the public domain.

On the other hand, it is a peculiarity of the territorial effect of patents that countries having a lower development stage are also those in which fewer patent applications are filed, which naturally results in that more technology is in the public domain in those countries.

It is relatively clear that the adoption of uniform rules of patentability, such as novelty and inventive step, aside from a definition of prior art, allow offices in DngCs and LDCs more easily to apply prior art documents cited by other offices, in order to reduce the risk of granting patents of questionable validity.

For instance, a harmonized prior art definition would clearly include traditional knowledge which falls within the public domain, in order to avoid the granting of patents for inventions which in fact lack novelty.

Harmonization of these requirements seems thus to be supportive to development in the sense of ensuring that technologies not fulfilling the patentability requirements remain in the public domain.

3.2. Grace period

Presumably as a result of a proposal contained in the draft harmonization treaty of 1991, several DngCs¹ have adopted a 12-month novelty grace period in their domestic legislation. Specially if *no declaration of previous disclosure is required*, this benefits inventors who have disclosed their inventions before the filing date, since it preserves the possibility of obtaining valid patents in their territories despite the otherwise novelty-destructive effect of such prior disclosure.

Such benefit however is limited, since many developed nations do not provide for comprehensive novelty grace periods in their legislation. Therefore inventors in DngCs who made prior disclosures of their inventions are able to obtain patents in their own countries, but not in such other countries lacking similar grace period provisions.

It would therefore be of benefit for inventors of countries providing for a grace period if internationally uniform rules would be adopted in this respect. Since inventions have an economic value for each territory where exclusive rights are granted, this would have benefits for inventors of DngCs which is favourable from a development perspective.

3.3. First-to-file

On the same grounds as the adoption of uniform rules for a grace period, the adoption of a harmonized first-to-file system would also be positive from a development perspective, since inventors in DngCs, where a first-to-file system prevails, would not risk losing their rights as a result of the differences existing in a jurisdiction applying a first-to-invent system.

In view of the new US Bill aiming at amending the patent law to provide for a “first-inventor-to-file”, it may be appropriate to include first-to-file among the issues of a reduced package for the first stage of the SPLT.

3.4. Preserving governments’ autonomy to grant patents

Document IIM/1/4 also suggests that “*the different levels of development of Member*

¹ E.g., Argentina, Bolivia, Brazil, México, Paraguay, and Uruguay.

States should be an inherent consideration in WIPO norm-setting”.

An obvious element to consider in this context is that although DngCs and LDCs should be given the resources to apply prior art cited in other countries in their local examination, this should not go so far as to create for those countries any kind of binding effect with respect to the examination performed in other countries, as it has already been suggested in the context of the PCT reform.

Any such binding examination would be against the objective of allowing DngCs and LDCs to rely on existing flexibilities in order to consider their different levels of development. Again, FICPI’s resolution EXCO/SG04/RES/2003 encourages preservation of governments’ autonomy to grant patents valid for the respective territories.

4. Possible additional elements of a reduced package

In an attempt to find a compromise solution to advance on the substantive patent harmonization process and also considering the proposal for a Development Agenda, the following additional elements could be considered:

4.1. Public interest exceptions

One among the several elements that caused the current deadlock in the substantive patent harmonization process is a proposal to the effect that *“Nothing in this Treaty and the Regulations shall limit the freedom of a Contracting Party to protect public health, nutrition and the environment or to take any action it deems necessary to promote the public interest in sectors of vital importance to its socio-economic, scientific and technological development”.*

Since this proposal basically emulates the objectives and principles established in TRIPS, the above proposal might perhaps be replaced by a provision to the effect that “nothing in this treaty derogates from the objectives of TRIPS’ articles 7 and 8²”, since

² Article 7 Objectives

The protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations.

Article 8 Principles

this would simply reflect a compromise already agreed upon by all WTO member states.

4.2. Transitional provisions for DngCs and LDCs

Similarly to TRIP’s articles 65 and 66, the SPLT might include transitional clauses providing for an expanded period of time for harmonization provisions to be applicable to developing and least developed countries.

5. Summary

A proposed expanded reduced package includes:

- the first-to-file system;
- a harmonized international grace period;
- a clear definition of the state of the art;
- simplified social interest exceptions;
- special transitional clauses for developing countries.

Such a reduced package with additional elements:

- represents a compromise solution;
- is favourable from a development perspective; and
- will allow the harmonization process to continue in WIPO with the participation of developing and least developed countries.

1. Members may, in formulating or amending their laws and regulations, adopt measures necessary to protect public health and nutrition, and to promote the public interest in sectors of vital importance to their socio-economic and technological development, provided that such measures are consistent with the provisions of this Agreement.

2. Appropriate measures, provided that they are consistent with the provisions of this Agreement, may be needed to prevent the abuse of intellectual property rights by right holders or the resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology.