

Utility Model And Patent Law In India: A Critical Analysis

Prithivi Raj

Assistant Professor, School Of Law, Nmims

Narsee Monjee Institute Of Management Studies (Nmims), Mumbai

Abstract

Due To The Rise Of Liberalisation And Globalisation In The 1990s, The Notion Of Intellectual Property Underwent A Transformation. The Indian Economy Has Substantially Opened Up And Flourished In Recent Years. As A Result, India's Importance In The Global Economy Has Grown Dramatically, Attracting Significant International Investment. In India, Obtaining A Patent Takes A Lot Of Time Than Usual. On The Other Side, Utility Models Are Granted Easily And Without Any Cumbersome Procedure As Such. The Purpose Of This Paper Is To Critically Analyze The Patent Law In India By Comparing Utility Model Of Other Parts Of The World. In This Research Paper The Researcher Has Put Emphasis On The Need And Implementation Of Utility Models In India For The Benefit Of A Particular Section Of Researchers And Innovators.

I. Introduction

A Utility Model Is An Intellectual Property Right To Protect Invention For A Shorter Term. Basically, It Means A Short Term Patent. It's Also Known As A Legislative Monopoly Provided For A Short Time In Exchange For An Inventor Providing Enough Teaching Of His Or Her Invention To Allow A Person Of Ordinary Skill In The Relevant Art To Perform It. In A World Where Getting The Most Bang For Your Buck Is More Crucial Than Ever, It Might Be Beneficial To Explore For Alternatives To The Traditional Method Of Doing Things.¹ As A Result, In Many Countries, Using A Petty Patent Or A Utility Model As A Means Of Protection For Some Types Of Inventions Has Become A Viable Alternative To Patent Protection. Previously, A Utility Model Was Referred To As A "Petty Patent" All Over The World. However, The Term "Petty Patent" Is

¹ Richards, "Utility Model Protection Throughout the World", available at https://www.ipo.org/wp-content/uploads/2013/03/Utility_Model_protection.pdf

No Longer In Use Anywhere On The Planet. Um Protection Was Viewed As A Bit Of An Oddity In The Ip World Until The 1990s. The German Law Of June 1891 Must Be Considered The Beginning Of The History Of Utility Model Protection. A Utility Model Is A Useful Tool To Promote Innovations Of Individuals And Smaller Inventions. The Interests Of Small Innovators Lie Mainly In The Savings To Be Made In Terms Of Cost, Time & Administrative Burden. A Utility Model Is Very Advantageous To Smaller Inventions Because They Need Protection Within A Short Span Of Time. It Also Offers Quick Commercialization To The Smaller Inventions. By Giving A Product A Utility Model Right, The Existing Products Are Substituted By The New Products Quickly. Also, A Utility Model Right Can Be Sold Or Licensed. Utility Model Tends To Protect The Functional Aspect Of A Product. For Example- Functional Aspects Of Toys, Watches, Optical Fibres, Machinery, Devices.

II. Statement Of Problem

The Provisions Of Utility Models Are Not Included In The Indian Patent Law. For More Complex Discoveries, Patents Are Granted, While Utility Models Are Granted For Smaller Inventions. The Interest Of Small Innovators Is Ignored Because The Patents Act Of 1970 Has No Provisions.

III. Hypothesis

After Implementation Of Utility Models In India It Will Benefit The Small Researchers And Innovators.

IV. Nature Of Utility Models

The Creations Of Intelligence Have Been Recognised For Technical And Economic Progress In A Highly And Internationally Competitive Information And Knowledge Based Economic World. In A Few Nations, Tiny Or Petty Technical Creations Are Also Protected As Utility Models In Addition To Patents. Utility Model Is A Term Used To Describe A Type Of Patent That Protects Specific Inventions Such As Devices, Articles, Or Other Technical Goods. In Essence, They Are Safeguarded For Less Sophisticated Inventions. Furthermore, Utility Models Are Important In Developing Countries For Several Reasons: They Enable Artisans, They Increase The Role Of Small-Scale Innovators And Artisans In Economic Development And Help Them Stay In Business In The Face Of New Technology, They Act As A Catalyst For Increased Levels Of Innovation,

And They Are Less Expensive To Obtain Than Patents. Finally, They Become A Sour Grape.² The Protection For Utility Model Is Generally Given For Short Period Of Time Ranging From Seven To Ten Years. Generally Speaking, A Utility Model Right Is Granted For Smaller Inventions And Specifically Those Are Incremental Inventions. Incremental Inventions Are Ones That Do Not Generate A New Market Or Cause A Big Shift In An Existing Market. By Adding Functionality To An Existing Product, Incremental Inventions Have A Smaller Transformational Impact. Consumers Are Willing To Pay A Higher Price For These Inventions, Making Them Good Inventions. Expanding A Mobile Phone's Storage Capacity From 8 To 64 Gb, For Example, Would Be Regarded A Beneficial Incremental Improvement. These Are Inventions That Are Primarily Based On Utility Purposes.

V. **Difference Between Utility Models And Patents**

Patents And Utility Models Are The Forms Of Intellectual Property. But Both Of Them Are Different From Each Other In All Respects³. The Following Are The Difference Between The Two-

- i. Conditions To Be Fulfilled- In A Patent, Novelty, Inventive Step And Industrial Application Are The Important Conditions For Protection. On The Other Hand, In A Utility Model, The Most Important Condition For Protection Of A Utility Model Is Novelty. The Other Two Conditions I.E. Inventive Step And Industrial Application Are Secondary.
- ii. Subject-Matter Of Protection- In A Patent, Protection Is Given To Both I.E. New Inventions And Substantial Improvement Inventions. However, In A Utility Model, Protection Is Given Only To Marginal Improvement Inventions.
- iii. Term Of Protection- In A Patent, The Term Of Protection Of A Patent Is Twenty Years From The Date Of Filing Of The Application. On The Other Side, In A Utility Model, Term Of Protection Of A Utility Model Is Between Seven & Ten Years Which Vary From Country To Country.
- iv. Cost- In A Patent, Cost To Obtain And Maintain A Patent Is Expensive. In A Utility Model, Cost To Obtain And Maintain A Utility Model Is Cheaper.

² WIPO, Dr. K.S Kardam, Assistant Controller of Patents & Designs on Utility Models- A Tool for economic & Technological Development : A Case study of Japan (2007).

³ <http://indiapatents.blogspot.in/2009/06/difference-between-patent-and-utility.html>

- v. Application Procedure- In A Patent, Preliminary And Substantive Examination Of The Patent Application Is Required. On The Other Side, In A Utility Model, There Is No Requirement Of Substantive Examination Because It Does Not Examine Inventive Step.
- vi. Time Taken For Grant- In A Patent, Time Taken For Granting A Patent Is Generally Longer I.E. Between 2 To 5 Years. However, In A Utility Model, Time Taken For Granting A Utility Model Is Generally Shorter I.E. 6 Months To One Year.
- vii. Usage- The Patent Protection Is Actively Used. On The Other Hand, Utility Model Protection Is Less Actively Used.
- viii. Conversion Of The Application- In A Patent, Conversion Of Patent In To Utility Model Is Always Possible. In A Utility Model, Conversion Of Utility Model In To A Patent Is Possible Under Certain Circumstances.

VI. International Perspective And Comparative Analysis

Paris Convention Was The First Treaty For The Protection Of Intellectual Property & Industrial Property. It Was Established In 1883. It Was Amended On 28th September, 1979 & By That Amendment Protection For The Utility Models Was Given. India Joined The Paris Convention On 8th December, 1998. Paris Convention Contains Scope Of Patents, Industrial Designs, Trademarks, Utility Models, Service Marks, Trade Names Etc.⁴ Another Treaty Is Patent Cooperation Treaty (Pct). This Treaty Came Into Force On 21st January, 1978. India Became A Member To This Treaty On 8th December, 1998. This Treaty Encourages And Protects Utility Models Procedurally.

Another Agreement In Respect Of Intellectual Property Rights Is The Agreement On Trade Related Aspects Of Intellectual Property Rights (Trips) Which Came Into Force On 1st January, 1995. However, It Does Not Provide For The Utility Model System But Has Reference To The Provisions Of Paris Convention Through The Provisions Of Article 2, 3 And 4 Of This Agreement.

i. Utility Models In Germany

It's A Fact That A Utility Model Functions Like A Patent Only. In Germany, It Was Introduced In 1891.⁵ It Affords Protection To Technical Inventions That Are New, Involve An Inventive Step

⁴ Article 1.1 of the Paris Convention.

⁵ German Utility Model Law

& Are Adaptable To Industrial Application.⁶ Utility Models Are Registered With The German Patent And Trademark Office, And The Claims Of A Utility Model Are Normally Not Investigated By The Patent Office Prior To The Rights Being Granted. Because There Is No Substantive Inspection, One Of The Advantages Of Utility Models Over Patents Is The Registration Procedure. It's Essentially A Cost-Cutting Scheme. Furthermore, They Are Less Expensive Than Ordinary Patents. The Application Fee For A Utility Model Is 30 Euros, And The Annual Maintenance Payments For The Duration Of The Right Are Less Than 1,000 Euros. A Utility Model Is Protected For Ten Years From The Date Of Filing, Whereas A Patent Is Protected For Twenty Years. After Registering A Utility Model, An Applicant Can Initiate An Infringement Suit To Enforce The Claims, Exactly As If The Applicant Had A Patent Issued. Infringement Of A Utility Model Is Subject To The Same Remedies As Patent Infringement, Including Injunctive Relief And Monetary Damages. The Possibility Of Validity Issues In Enforcement Suits Is A Key Contrast Between Utility Models And Traditional Patents. Patents Are Enforced In District Courts In Germany, While Validity Issues Are Handled By The Federal Patent Court. The Infringement Court, On The Other Hand, May Reject Claims It Determines Are Not Patentable Because The Utility Model Claims Have Not Been Evaluated By The Patent Office. The Burden Is On The Registrant To Prove That The Unexamined Claims Of A German Utility Model Are Patentable. Furthermore, The Utility Model Applicant Can Claim Damages As Soon As The Utility Model Has Been Registered. The Act Also Provides For Wide Range Of Claims Against The Infringer, A Third Party Who Infringes The Utility Model. For Example- The Act Provides For An Injunction Against Any Infringing Activity, Damages For The Loss Of Inventor's Profits.

ii. **Utility Models In Japan**

Japan Utility Model Came Into Existence In The Year 1905. However, It Was Recently Amended In The Year 2004. The Goal Of The Japanese Utility Model Is To Promote Devices By Encouraging The Protection And Use Of Devices Relating To The Shape Or Construction Of Articles Or A Combination Of Articles In Order To Help The Industry Develop.⁷ Any Device That Is Industrially Applicable And Relates To The Shape Or Construction Of Articles Or Combinations Of Articles May Be Protected By Utility Model Registration Under Japanese Utility Law, Provided That Such Devices (A) Are Not Publicly Known Or Publicly Worked In Japan Or

⁶ Fish & Richardson, "German Utility Model: A useful and affordable tool for global IP Portfolios".

⁷ *Japanese Utility Model Law*, s.1.

Elsewhere Prior To The Filing Of The Utility Model Application, And (B) Are Not Described In A Distributed Publication Or Made Available To Public Through Electric Telecommunication.⁸ Under This Law, Only Devices Are Protected But Not The Processes Or Substances. Moreover, The Device In Order To Be Registrable, It Must Be Novel & Must Involve An Inventive Step. As Per Section 4 Of The Japanese Utility Model Law, Those Devices Are Not Liable To Be Protected Which Are Liable To Contravene Public Order, Morality Or Public Health. Just Like The German Utility Model Law, No Substantive Examination Is Required Under This Law Also.

Furthermore, Prior To The 2004 Amendment Act, A Utility Model Was Protected For Six Years, But After The Change, It Was Protected For Fifteen Years.⁹ Following Registration, The Owner Of The Utility Model Is Granted An Exclusive Right To Commercially Use The Utility Model. Only The Exclusive Licensee Has The Right To Work The Registered Utility Model If The Right Holder Has Granted An Exclusive Licence To The Licensee.¹⁰

In The Event Of Infringement, The Utility Model Right Holder Or Exclusive Licensee May Seek An Injunction, As Well As The Destruction Of Products Or The Removal Of Facilities Utilised In The Infringement, Under Section 27 Of The Act.

iii. **Utility Models In China**

The Utility Model Law Was Passed In China On March 12, 1984, And Went Into Effect On April 1, 1985, With The Goals Of Protecting Patent Rights For Inventions-Creations, Encouraging Invention-Creation, Fostering The Spread And Application Of Inventions-Creations, And Promoting Science And Technology Development And Innovation To Meet The Needs Of The Socialist Moat Construction.¹¹

Any Invention Or Utility Model Must Have Uniqueness, Ingenuity, And Practical Applicability, According To Article 22 Of The Patent Law. For A Utility Model, However, The Term "Inventiveness" Has A Distinct Connotation; It Signifies That The Utility Model Contains Significant Features And Demonstrates Improvement Above The Technology That Existed Before To The Filing Date. Novelty, Inventiveness, And Practical Applicability Are Among The Prerequisites For Granting A Utility Model Under Chinese Law. Furthermore, Non-Protectable

⁸ WIPO, Dr. K.S Kardam, Assistant Controller of Patents & Designs on Utility Models- A Tool for economic & Technological Development : A Case study of Japan (2007).

⁹ *Japanese Utility Model Law*, s.15.

¹⁰ *Japanese Utility Model Law*, s.16.

¹¹ Article 1 of the Patent law of the People's Republic of China.

Matter Includes Inventive Production That Is In Violation Of State Laws, Social Morals, Or Is Harmful To The Public Interest.¹² In Addition, Scientific Discoveries, Rules And Techniques For Mental Activities, Methods For Diagnosing Or Treating Diseases, Animal And Plant Kinds, And Chemicals Obtained By Nuclear Transformation Are Not Protected.¹³ The Term Of Protection For Utility Models Is Ten Years From The Filing Date, According To The Terms Of Article 42. The Scope Of Substantive Examination Is Very Broad Under This Statute, But It Precludes Innovation. A Utility Model Is Registered Within 6 To 10 Months After The Utility Model Application Being Approved. The Owners Of The Rights Can Restrict Others From Commercial Ideas That Are Protected By Utility Models Without Their Permission.

iv. **Utility Models In Australia**

The Utility Models In Australia Are Known As The Name Of Petty Patent And Innovation Patent. Petty Patent Was Introduced In The Year 1979 And Innovation Patent Was Introduced In 2001 Which Is Currently In Force In India. Petty Patents Had A One-Year Initial Term From The Date Of Sealing, With A Maximum Term Of Six Years From The Date Of Filing The Patent Application. The Goal Of The Petty Patent System Was To Develop A Type Of Patent Protection That Was Less Expensive, Easier, And Faster To Obtain Than Ordinary Patent Protection, And That Would Be Appropriate For Ideas With A Brief Commercial Life.¹⁴

Then, In 2001, The Innovation Patent Was Developed To Provide A Rapid, Less Expensive, And Easy Form Of Protection To Enable People And Small And Medium-Sized Enterprises (Smes) To Implement Their Innovative Ideas, As Well As To Provide Long-Term Protection To Stimulate Investment In Inventions. An Innovation Patent Can Last For Up To 8 Years.¹⁵ Innovation Patent Is Granted To Low Level Inventions. In Order To Become Eligible For The Grant Of Innovation Patent, Following Conditions Or Are To Be Satisfied¹⁶-

- a) That The Invention Is A Manner Of Manufacture Within The Meaning Of Section 6 Of The Statute Of Monopolies.
- b) That Is Novel When Compared With The Prior Art Base As It Existed Before The Priority Date.

¹² Article 5 of the Patent law of the People's Republic of China.

¹³ Article 25 of the Patent law of the People's Republic of China

¹⁴ WIPO, Dr. K.S Kardam, Assistant Controller of Patents & Designs on Utility Models- A Tool for economic & Technological Development : A Case study of Japan (2007)

¹⁵ *Patents Amendment (Innovation Patents) Act*, 2000, s.68

¹⁶ *Patents Amendment (Innovation Patents) Act*, 2000, s.18.

- c) That It Involves An Innovative Step.
- d) That It Is Useful.
- e) It Was Not Surreptitiously Employed In The Patent Area Prior To The Priority Date By, On Behalf Of, Or With The Authority Of The Patentee, Nominated Person, Or The Patentee's Or Nominated Person's Predecessor In Title To The Invention.

Plant And Animal-Related Inventions, As Well As Biological Processes For The Development Of Plants And Animals, Are Not Considered Patentable Inventions For The Purposes Of Innovation Patents. The Cost Of Getting An Innovation Patent Is Less Than The Cost Of Getting A Normal Patent. An Innovation Patent Costs Au\$ 500 To Apply For. After An Optional Post-Grant Examination Process, An Innovation Patent Becomes Enforceable. To Maintain The Innovation Patent In Place, A Renewal Fee Must Be Paid Every Year.

v. **Utility Models In Russia**

According To Russian Legislation¹⁷, A Utility Model Is A Technical Solution Which Can Be Described By The Non-Literal, Generalized Term “Apparatus” (E.G. Item, Device, Tool, Piece Of Equipment, Etc.), Which Is New And Susceptible Of Industrial Application.¹⁸ Basically, A Utility Model Is Deemed To Be New If Its Essential Features Are Not Known From Prior Art. A Russian Utility Model Is Granted For A Maximum Period Of 13 Years From The Date Of Filing Of The Application With The Russian Patent Office. Moreover, There Is No Examination On The Merits In Connection With Utility Model Applications. A Patent For A Utility Model Is Granted Automatically Provided That All Formal Requirements Are Met. Furthermore, A Utility Model Application Can Be Converted Into An Invention Application. The Infringer Of The Utility Model Shall Be Liable To Criminal Sanctions Under The Legislations Of The Russian Federation.

vi. **Utility Models In Korea**

In 1961, Korea Passed Its First Utility Model Act. It Was Amended Once More In 1998. However, Due To Local Economic Development And Social Demands, The Law Was Last Updated In 2002 And Is Now In Effect As Of May 11, 2003. A Utility Model May Be Given For Devices That Are Industrially Relevant And Relate To The Shape Or Structure Of An Article Or A Combination Of

¹⁷ Patent Law of the Russian Federation

¹⁸ <http://www.pv.eu/services/internasjonal/russisk-partner/qa-on-russian-utility-models/>

Articles, According To Article 5 (1). The Device, According To Article 2 Of The Act, Is Defined As The Creation Of Technical Ideas Employing Natural Laws.

Non-Registerable Devices Include Those That Are Identical To Or Similar To The National Flag Or Decorations, As Well As Those That Are Likely To Disrupt Public Order Or Morality, Or Harm Public Health.¹⁹ A Korean Utility Model Can Be Granted For Up To Ten Years. There Is No Requirement For A Substantive Review Of The Utility Model's Application In Order To Award A Korean Utility Model Law.²⁰ A Person Who Infringes On A Utility Model Right Faces A Maximum Sentence Of Seven Years In Prison And A Fine Of One Hundred Million Won.

VII. Need Of Utility Models In India

Utility Models Are Short-Term Patents Granted To Inventions That Mostly Do Not Require An Inventive Step Or Non-Obviousness. They Confer Exclusive Right To The Product Or A Device & Not The Process. Utility Models Are Particularly Advantageous For Small & Medium-Sized Enterprises, I.E. Sme's & Micro, Small & Medium Sized Enterprises (Msmes)²¹. India Has A Mixed Economy. In India, We Have Large Scale As Well As Small Scale Industries. Small Scale Industries Play A Vital Role In The Economic Growth Of The Country. In Small Scale Industries, The Requirement Of Capital Is Less As It Produces Only Consumer Goods. Smes Are The Provider Of Employment And Also Play A Pivotal Role In Removal Of Poverty. In Spite Of High Economic Growth And Expansion Of Industrial Sector, The Intellectual Property Protection In India Is Very Low. Moreover, Utility Models Are Helpful For Small Artisans & Inventors Secure Protection For Those Inventions Which Do Not Meet Stricter Standard Of Inventiveness. India Has Many Legislations Relating To Intellectual Property Protection, For Example, The Patents Act 1970, Copyright Act 1957, Etc. Still The Small & Medium Enterprises And Small Innovators Are Not Able To Take Full Advantage Of These Legislations Because The Requirements Of Patent Protection Are Very Stringent, Takes A Lot Of Time And Are Very Expensive. Hence, In India Small Innovators Seem To Have Lost Interest. A Utility Model Is Less Expensive, Provides Registration Within Shorter Time Ranging From Six Months To One Year. So, Utility Model Is Very Advantageous To Small Companies And Innovators. We Can Take The Example Of Japan Because It Stands Very High In The Technological Development Because Utility Model Has

¹⁹ Article 7 of the Korean Utility Model Law.

²⁰ Article 12 of the Korean Utility Model Law.

²¹ Uma Suthersanen, *Utility Models and Innovation in Developing Countries*, UNCTAD-ICTSD project on IPR's and Sustainable Development, February 2006.

Become Part Of Its Business Strategy. So, In My Opinion, Utility Model System Is Suitable In India As Well So As To Enhance Its Technological Development. The Field Of Electronics And Telecommunications Is A Fast-Paced Environment Where Technology Evolves At Such A Rapid Speed That Patents May Not Be A Commercially Viable Option In Some Cases. As A Result, Utility Models May Provide Much-Needed Protection In This Fast-Paced Technology Domain Due To Their Speedier Processing Time Period.

Moreover, Utility Models Must Not Apply Only To Technical Devices But Should Also Cover Other Sectors Like Manufacturing, Telecommunication, Biotechnology, Pharmaceuticals Etc. Also Software Inventions Should Be Covered Under Utility Models So As To Boost The Software Industry In India. As A Result, The Scope Of Utility Model Protection Should Be Broadened To Include Other Domains Rather Than Being Limited To Mechanical Equipment. This Will Aid In The Growth And Development Of India's Smes.

VIII. Disadvantages Of Utility Models

Furthermore, There Are Some Disadvantages Also In Giving A Utility Model Protection. For Instance- Substantive Examination Of The Utility Model Applications May Lead To Some Future Legal Threats And Uncertainty And The Possibility Of Excessive Litigation. Another One Being Only Devices Or Products Is Protected, But In My Opinion Protection Must Extend To Processes As Well In Order To Enjoy Fruitful Results Of The Protection. Apart From The Advantages Of Utility Models, There Are Some Disadvantages Of Utility Models Also. The First One Being, Lack Of Substantive Examination Allow The Registrant To Arbitrarily Bring A Suit Against An Accused Infringer. Also, Without The Substantive Examination, The Rights Of The Utility Model Owner Are Uncertain & Improper Also. Lack Of Improper Framework Leads To More & More Infringement Of Utility Models Which Further Amounts To Burden On Courts. Furthermore, No Legal Recognition As Per The Law Is Given To The Owners Of The Utility Models.

IX. Conclusion & Suggestion

The Then Union Minister Of State For Commerce And Industry, Natchiappan Elaborating The Idea Said, "Utility Model Is Very Successful In China. They Utilized It For Commercial Purposes Very Quickly. Japanese And South Koreans Are Also Supporting It. One Of The Important Developments Of Their Industrial Prospects Is Utility Model. Therefore, What We Feel Is Our People Also Need Not Spend Too Much Time On Disciplined Way Of Research. They Can Come

Out Quickly With Some Utility Model, So That Some Immediate Need Can Be Addressed.”²² For Implementing Utility Models In India, The Conduct Of An Examination Of Existing Utility Model Legislation In Many Countries In Order To Find Best Practises That Can Be Easily Adopted. It Can Observe How Other Countries Have Modified Their Utility Model Legislation Over Time To Meet Their Domestic Demands For Economic Growth And Also Identify The Various Provisions That Could Ensure That Domestic Inventors Benefit The Most From The Proposed Approach.

²² http://www.business-standard.com/article/current-affairs/industry-to-benefit-from-utility-model-for-patents-113112700501_1.html