Patents: Utility Models – Overview of requirements, procedures and tactical use in Europe and Japan

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Mr. Shin Akagi

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Agenda

1. Overview and Characteristics
2. Registration Procedure
3. Enforcement
4. Tactical Use of Utility Models
5. Cost Reduction by Tactical Use of Utility Models
6. Summary
Patents: Utility Models – Overview of requirements, procedures and tactical use in Europe and Japan

1. Overview and Characteristics
UTILITY MODEL PROTECTION IN EUROPE

No centralized Utility Model for Europe (like EP patent application)

National Utility Models are available in:

Austria, Bulgaria, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Poland, Portugal, Slovakia, Spain

Overview / Comparison to patents:

<table>
<thead>
<tr>
<th></th>
<th>AT</th>
<th>BG</th>
<th>CZ</th>
<th>DK</th>
<th>EE</th>
<th>FI</th>
<th>GR</th>
<th>HU</th>
<th>IE</th>
<th>PL</th>
<th>PO</th>
<th>SK</th>
</tr>
</thead>
<tbody>
<tr>
<td>lifetime</td>
<td>10 y</td>
<td>10 y</td>
<td>10 y</td>
<td>10 y</td>
<td>10 y</td>
<td>10 y</td>
<td>7 y</td>
<td>10 y</td>
<td>10 y</td>
<td>10 y</td>
<td>10 y</td>
<td>10 y</td>
</tr>
<tr>
<td>methods ?</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>+</td>
<td>-</td>
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<td>+</td>
</tr>
<tr>
<td>novelty</td>
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<td>=</td>
<td>≠</td>
<td>=</td>
<td>=</td>
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<td>=</td>
<td>≠</td>
<td>=</td>
<td>=</td>
<td>=</td>
<td>=</td>
</tr>
<tr>
<td>inventive step</td>
<td>=</td>
<td>=</td>
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<td>&lt;</td>
<td>&lt;</td>
<td>&lt;</td>
<td>-</td>
<td>&lt;</td>
<td>&lt;</td>
<td>&lt;</td>
<td>&lt;</td>
<td>&lt;</td>
</tr>
<tr>
<td>substantive examination</td>
<td>search</td>
<td>no</td>
<td>search</td>
<td>option</td>
<td>search</td>
<td>option</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>option</td>
<td>search</td>
</tr>
</tbody>
</table>
UTILITY MODEL – ITALY

- lifetime 10 years (annuities 5 – 5)
- apparatus claims only, no methods
- absolute novelty requirement
- “inventive step” < than inventiveness for patents
- only formal examination
- grant within 2 years
- validity reviewed during litigation
- conversion to patent possible
- conversion from rejected/revoked/withdrawn EP patent possible
- “double filing” as patent and utility model possible
- PCT route closed in IT (to be changed ?)
UTILITY MODEL – FRANCE
(„certificate of utility“)

• lifetime 6 years (yearly annuities)
• subject matter as for patents
• absolute novelty requirement
• inventive step as for patents
• only formal examination
• grant within 2 years (earlier publication possible)
• search report obligatory for litigation
  (claims may NOT be amended)
• conversion to patent not possible
• no coexistence with standard patent
• PCT route closed in France
UTILITY MODEL – SPAIN (LAW AMENDED IN 2017)

- lifetime 10 years (yearly annuities after 3rd year)
- apparatus and composition claims only, no methods
- absolute novelty requirement (national novelty before 2017)
- “inventive step” < than inventiveness for patents
- only formal examination
- grant within 5 months
- opposition by third party possible after publication to review validity
- search report obligatory for litigation
- PCT route possible
## UTILITY MODEL – GERMANY
### BASIC CHARACTERISTICS

<table>
<thead>
<tr>
<th></th>
<th>German UM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Applications Filed in 2017</td>
<td>13,299</td>
</tr>
<tr>
<td>Origin</td>
<td>71% from Germany</td>
</tr>
<tr>
<td>Grace Period</td>
<td>6 months</td>
</tr>
<tr>
<td>Examination</td>
<td>No substantial examination</td>
</tr>
<tr>
<td>Novelty</td>
<td>written description worldwide prior use only in Germany</td>
</tr>
<tr>
<td>Subject Matter</td>
<td>Excluded: methods, biotechnical inventions, non-technical matter <strong>Possible: second medical use claims</strong></td>
</tr>
<tr>
<td>Term</td>
<td>10 years</td>
</tr>
<tr>
<td>Multiple Protection</td>
<td>double protection with patent possible</td>
</tr>
<tr>
<td>Conversion to Patent</td>
<td>Not possible, but branching off from a patent application possible</td>
</tr>
<tr>
<td>Cost (Filing to Grant)</td>
<td>40 Euro official fees</td>
</tr>
</tbody>
</table>
## Characteristics of Japanese Utility Model

<table>
<thead>
<tr>
<th></th>
<th>Japanese UM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Applications Filed in 2017</td>
<td>6,105</td>
</tr>
<tr>
<td>Origin</td>
<td>75% from Japan, 14% Taiwan, 6% China</td>
</tr>
<tr>
<td>Grace Period</td>
<td>1 year</td>
</tr>
<tr>
<td>Examination</td>
<td>Non-substantive</td>
</tr>
<tr>
<td>Novelty</td>
<td>Worldwide</td>
</tr>
<tr>
<td>Subject Matter</td>
<td>Shape, structure, or combination of these in an article (no methods)</td>
</tr>
<tr>
<td>Term</td>
<td>10 years</td>
</tr>
<tr>
<td>Multiple Protection</td>
<td>No</td>
</tr>
<tr>
<td>Conversion to Patent</td>
<td>Three years from filing (after registration, conversion is limited to some conditions)</td>
</tr>
<tr>
<td>Cost (Filing – Grant)</td>
<td>Approximately 2,500 Euros</td>
</tr>
</tbody>
</table>
Patents: Utility Models – Overview of requirements, procedures and tactical use in Europe and Japan

2. Registration Procedure
UTILITY MODEL – GERMANY
REGISTRATION PROCEDURE

Fast and cheap
• registration **within days** (only formal examination)
• no claim fees

Double protection possible
• patent / utility model
• utility model / utility model

Branching off from a patent application

National phase of PCT possible

DE translation necessary
Key Steps of Utility Model Application Procedure

1. Original Application
2. PCT Application
3. Entry into National Phase in Japan
4. Filing of Japanese Translation
5. Formality examination by the JPO
6. Amendments (if any)
7. Registration
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3. Enforcement
UTILITY MODEL – GERMANY ENFORCEMENT

- enforcement at patent chamber of civil courts
- legal consequences as known from patent law
- validity can be assessed upon request during infringement proceedings by a Civil Court
- claims may be amended during dispute (*inter partes*)
- preliminary injunction possible, however validity of the utility model has to be confirmed
- every utility model constitutes individual matter in dispute
- possible in addition to assessing patent rights
- highly advisable to have carried out at least a search before starting litigation (liability issues)
- standard defence: invalidity action at patent court
## Enforcement of Rights

<table>
<thead>
<tr>
<th></th>
<th><strong>Japanese UM</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enforcement of Rights</strong></td>
<td>Warning with a Technical Evaluation Report made by the JPO is compulsory to enforce the UM rights</td>
</tr>
<tr>
<td><strong>Requirements for Validity</strong></td>
<td>Novelty, Inventive Step, and Disclosure are required for the UM to be valid (although not examined for registration)</td>
</tr>
<tr>
<td><strong>Amendments</strong></td>
<td>UM can be corrected one time after its grant for: the deletion of claims, the narrowing of the scope of the claims, or the correction or clarification of errors (no shifting or broadening of the scope)</td>
</tr>
<tr>
<td><strong>Liability of UM Right Owner</strong></td>
<td>UM right owners are liable for the damages caused by enforcement if the UMs are subsequently invalidated, unless the Technical Evaluation Report was positive.</td>
</tr>
</tbody>
</table>
Enforcement of UM Rights

Registration

Discovery of Infringement

Requesting Technical Evaluation Report from the JPO
The JPO provides opinions on patentability (novelty, inventive step…)

Warning given and JPO’s Technical Report is sent

Enforcement of UM Rights (injunction, damage compensation, return of undue enrichment, …)
Responsibility of UM Rights Owners

- Responsibility of Owners
  - Owners of UM rights must compensate damages when the subject UM right is invalidated after enforcement (Article 29-3)

- Exception
  - However, in case where the UM rights were exercised or where warnings were given based on a positive opinion in the Technical Evaluation Report, owners can be exempted from any liabilities to compensate damages (Article 29-3)

Important in Japan:
- Requesting a Technical Evaluation Report
- Warning with the report
- Responsibility of owners
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4. Tactical Use of Utility Models
Utility model will receive the effective filing date of a pending patent application

Requirements

- pending patent application designating Germany (PCT, European or German patent application)
- deadline: within 2 months from the end of the month in which processing of the patent application or any opposition procedure is terminated
- same invention
- same applicant
- possible until 10 years after filing of patent application
Advantages

• fast protection, e.g. against infringement activities during grant proceedings in Germany => flanking protection
• adaptation of the wording of the claims to the infringing product possible
• fall-back position for patent (different prior art, different definition of novelty)
• alternative to a costly divisional application
• possible after grant of a patent during opposition
UTILITY MODEL – GERMANY
STRATEGIC OPTIONS

PCT Application → 18 month Publication → 30/31 month nat. / reg. Phase entry → Grant

Scope of claims

Utility Model 1 → Registration → Full protection

Utility Model 2 → Registration → Full protection
Reasons why Utility Models are not used very much in Japan

1) High Inventive Step Requirements

- Utility Model
  - Inventive Step Requirement
- Patent
  - Inventive Step Requirement

2) Weak Enforceability

- Utility Model
  - One time Amendments
  - Technical Evaluation Report
- Patent
  - Multiple time Amendments
  - Patent Right
1. Tactical Use of UM Applications to Gain Time for Business Decisions
   By first filing a Utility Model application, the application can be converted to a patent application if the invention turns out to be important. If not, the Utility Model right can be maintained for future possibility of enforcement.

2. Defensive Rights
   When the possibility of enforcement is low, a substantive cost reduction is achieved by filing a Utility Model application instead of a patent application because a major portion of the cost is spent for the examination, which is unnecessary for Utility Models.

3. Prompt Protection
   When prompt protection is needed, Utility Model applications must be filed with patent applications. They are not rejected for double patenting unless the claims are substantially identical.
Tactical Use of Utility Model Applications to Gain Time for Business Decisions

Filing of a UM Application

Has the invention turned out to be important for business?

Yes

Convert to a patent application and request examination

No

Do nothing and maintain the UM right for future enforcement

3 years

Filing of a Patent Application

Has the invention turned out to be important for business?

Yes

Request examination

No

Do not request examination and the application is deemed abandoned

Yes

No
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5. Cost Reduction by Tactical Use of Utility Models
Cost Reduction by Tactical use of Utility Models

① File Utility Model applications except for those which are unsuitable or definitely require protection by patents
② Decide whether to convert to Patent applications after 3 years
③ Save entire examination costs (80% approximately) for those remaining as Utility Models
④ Increase cost (10% approximately) by converting Utility Models to Patent applications
Cost Reduction by Tactical use of Utility Models

Applications filed in Japan

1/2

Registrations as Utility Models

1/4

Remain as registered Utility Models

Cost compared with present prosecution cost

20% x 1/4 = 5%

Percentage of the total number of applications

110% x 1/4 = 27.5%

Cost share in the total cost

82.5% (-17.5% cost reduction)

1/2

Converted to Patent Applications

1/2

Application with strategic importance

100% x 1/2 = 50%
Patents: Utility Models – Overview of requirements, procedures and tactical use in Europe and Japan

6. Summary
## ADVANTAGES

<table>
<thead>
<tr>
<th>Branching off option</th>
<th>Shortened life of 10 years (average for patents is +11 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grace period</td>
<td>Exclusion of method claims</td>
</tr>
<tr>
<td>Different definition of prior art</td>
<td>Option for preliminary injunctions limited (only if validity confirmed)</td>
</tr>
<tr>
<td>Fast registration</td>
<td>Validity to be reviewed by infringement court</td>
</tr>
<tr>
<td>Double protection possible</td>
<td></td>
</tr>
<tr>
<td>Claim amendments after registration possible</td>
<td></td>
</tr>
<tr>
<td>Very cheap</td>
<td></td>
</tr>
</tbody>
</table>
## ADVANTAGES

| Fast registration          | Shortened life of 10 years |
| Very cheap                 | Exclusion of method claims |
| Flexibility to wait for Business Decision (change into patent application) | Enforcement only with positive technical evaluation report |

## DISADVANTAGES

| Responsibility of owners in case of invalidation |
| Limited chance to amend claims |
Thanks to the audience!

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