6 Modalities of Future Utility Model System

For the purpose of actively protecting and encouraging small inventions based on industrial policy, the utility model system was established as a system complementary to the patent system.

However, through several system reforms such as the introduction of the revised multiple claims system and granting rights on formality examination only, the number of utility model applications has been decreasing whereas the number of patent applications has been increasing rapidly in recent years.

With prompt protection of intellectual property rights being desired and usage of intellectual property systems being diversified, it has been pointed out as necessary to discuss modalities of the utility model system which will satisfy users' needs.

In light of this situation, the study was conducted as a basic survey for contributing the discussion, focusing on issues such as the scope of subject matter to be protected, duration, amendment/correction, and the relationship with the patent system, while targeting utility model systems in Germany, France, the EU, the Republic of Korea, and China. A questionnaire survey was also conducted targeting Japanese users, with the aim of understanding their use of the utility model system, awareness of problems, and opinions on the future system designing.

I Utility Model System in Japan

In the Meiji era (until 1911), since most inventions made by Japanese applicants were improvements of basic technologies that had been introduced from foreign countries, the majority of important patents were owned by foreigners, and since the then Japanese Patent Law could not protect such small inventions, the Japanese Utility Model Law was enacted in 1905, by referring to the German law as the mother law.

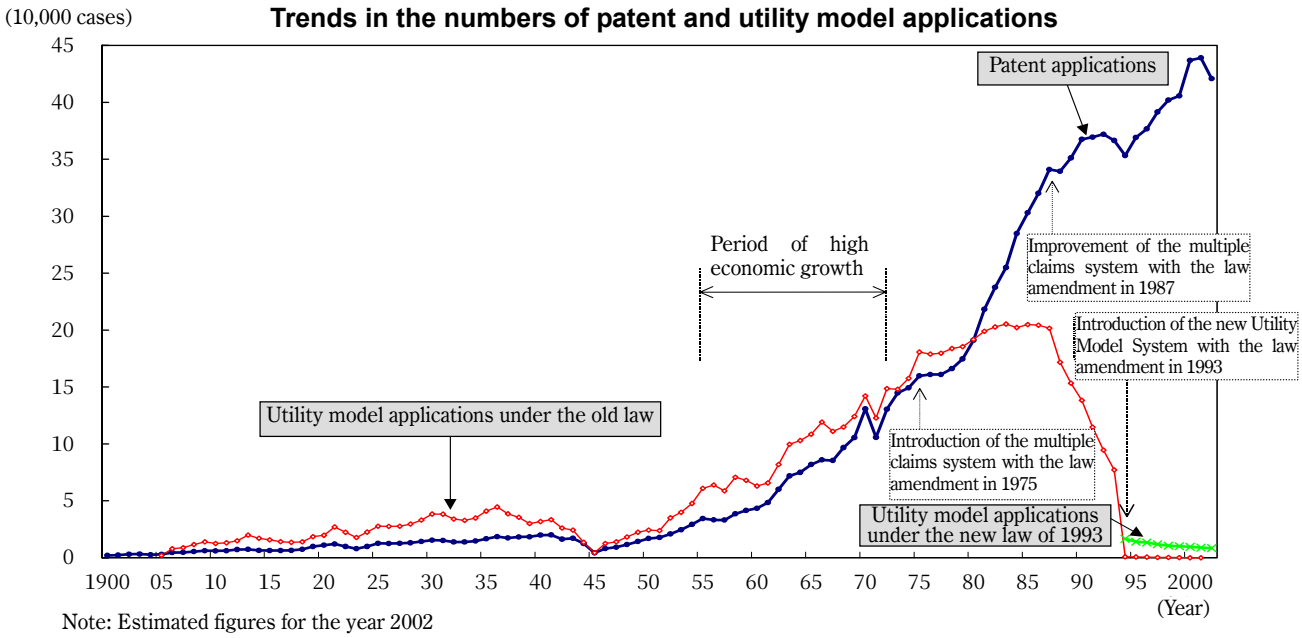
Upon the full revision of the law in 1959, a device was defined as "creation of technical idea by which a law of nature is utilized.", and it was provided that no utility model registration should be obtained for a device which could "very easily" be made, and the term of a utility model right should be ten years from the date of publication of the examined utility model application (but not exceeding fifteen years from the filing date). In 1970, in order to cope with the accumulation of pending applications due to the rapid increase in the number of applications, the early laid-open publication system and the request for substantive examination system were introduced.

Along with progress and maturity of technologies in Japan, the number of utility model applications has become below the number of patent applications since 1981.

As a result of the law amendments to improve the multiple claims system in 1987, the use of the utility model system has declined significantly. Under such circumstances, for realizing early registration with the aim of ensuring appropriate protection of technologies and products, the non-substantive examination system and the registrability report system were introduced in 1993. However, the number of utility model applications continued to decrease significantly, dropping to a little over 8,000 in 2002 (See the graph below).(*1)

Under the current Utility Model Law, subjects of protection shall be "device relating to the shape or construction of an article or a combination of articles" and the term of protection shall be six years. As corrections after the registration of a utility model, it is only allowed to delete a claim or claims. The right holder may not exercise his right until he gives a warning by presenting a registrability report. Within three years from the filing date of a utility model application, the applicant may convert his pending application into a patent application.

(*1) Sangyo Kozo Shingikai, Chiteki Zaisan Seisaku Bukai (Intellectual Property Committee of the Industrial Structure Council), "Jitsuyōshinan seido no miryoku kōjō ni mukete" (For increasing the attractiveness of the utility model system), January 2004. This report was approved by Tokkyo Seido Sho-iinkai (the Patent System Subcommittee) and then adopted at the fifth meeting of the Intellectual Property Committee. It is currently available on the following JPO website with other relevant materials (http://www.jpo.go.jp/shiryou/toushin/shingikai/jituyou_seido_menu.htm)



Note: Estimated figures for the year 2002

Ⅱ Utility Model Systems in Foreign Countries

1 The State of Utility Model Systems in the World

Among the about 240 countries and regions (hereinafter referred to as "countries") surveyed in this study, about 130 countries seem to have a utility model system, as a system to supplement the patent system which is intended to protect inventions. Many of them have newly established a utility model system in relatively recent years. On the other hand, about 79 countries seem to have no utility model system, most of which adopt Anglo-American law systems. The existence of a utility model system was not confirmed in about 30 countries.

2 Utility Model System in Germany

In Germany, the Design Law(*2) and the Patent Law(*3) were established in 1876 and 1877 respectively. Patent was granted only for high level of inventive activities and many patent applications or patents were refused or invalidated due to lack of sufficient inventive steps. Therefore, most of small- and medium-sized enterprises (hereinafter referred to as SMEs) sought protection under the Design Law for articles of utility that were not so highly evaluated from a technical perspective. However, this way of protection was blocked by the decision of the Imperial Higher Commercial Court in 1879(*4): the court considered that the Design Law was intended only to protect the form of products whereas the Patent Law emphasizes the material utilitarian capacity.

Under such circumstances, having been adopted the recommendation of the Commission of Inquiry for the Revision of the Patent Law (Patentenquête-Kommission) that "It should be considered whether and how a protection of utility designs can be introduced,"(*5), the Utility Model Law was established in 1891. (*6) Utility model protection shall come into existence by operation of law with the entry in the register for utility models by the Patent Office without substantive examination. According to the statement of reasons for the legislation, the law was kept as simple as possible, not only with regard to the work involved for the authorities, but also in the interest of the industry, and the subject matter to be protected should be assessed without requiring particular specialist knowledge, by excluding category of process. However, this exclusion was not explicitly provided in the law. Although it was not admitted by case laws from the beginning that innovations of all degrees of complexity are accessible to the Utility Model Law, (*7) the evidence for the trend of orientating the utility model protection according to the principle of patent protection was shown in

(*2)Gesetz vom 11. Januar 1876, betreffend das Urheberrecht an Mustern und Modellen (Reichs-Gesetzbl. 1976 S. 11)=Geschmacksmustergesetz.
(*3)Patentgesetz vom 25, Mai 1877, RGBl. S. 501.
(*4)Reichsoberhandelsgericht (ROHG) Bd. 24, S. 109 ff.
(*5)Bericht der Patentenquête-Kommission, 1987 S. 33; *Nielsen*, Grundfragen einer Reform des deutschen Gebrauchsmusterrechts, 1982 S. 19f; *Kraßer*, Entwicklung des Gebrauchsmusteerrechts , Festschrift 100 Jahre GRUR, Bd. I, 617, 62.
(*6) Gebrauchsmustergesetz, RGBl. 1891 Nr. 18 S. 290-293.
(*7) RGZ 41, 74, 76; Meyer, Maschinen im Gebrauchsmusterrecht, GRUR 1393, 11 ff.

such the practices at the Patent Office that registered a utility model for a device for mining and conveyor plant already in 1939, (*8) and in subsequent decisions by the Imperial Court and the Federal Supreme Court.

The possibility of dual protection, e.g. a patent and a utility model being registered for the same subject, was recognized from the beginning but not considered as a problem. In the case of co-existence of a national utility model and a corresponding European patent, dual protection by the national utility model is not prohibited.

As institutional and terminological similarity between patent protection and utility model protection becomes established,(*9) the Utility Model Law has gradually been led to conquer all the benefits of patent protection, including domestic priority. On the other hand, some provisions that were deleted from the Patent Law upon the accession to the European Patent Convention, such as the grace period, have been maintained under the Utility Model Law.

A utility model application is not examined with respect to novelty, inventive step, and industrial applicability, whereas the examination with respect to other requirements for protection is not prohibited. Although the Utility Model Section of the Patent and Trademark Office staffed by legal specialist officers and non technical officers, they perform their duty as best as possible to refuse utility model applications in relation to non-technical devices. (*10)

The utility model protection is not validated by the registration so that any person may file a claim for cancellation of the utility model against the registered owner thereof, though the third party desiring cancellation must provide proof of the invalidity. Such pending status of the effectiveness of utility models affects not only the general public but also the owner himself. The latter is advised to exploit all possible means at his disposal to determine the value of the application for his "invention."

In contrast to the Patent Law, the state of the art to be considered for utility models is limited to any prior art made available to the public in written form or prior use made available to the public within the territory of Germany, excluding those disclosed in verbal communication. A grace period may be granted under the Utility Model Law and disclosure at exhibition is also treated differently from the Patent Law. While an inventive activity is required for a patent, a lower level of inventive step is required for a utility model.

The statistics of the Patent and Trademark Office for the year 2002(*11) reveal the following order of the four main categories for utility model applications: personal effects and household appliances; health and leisure; vehicles, ships, and aircrafts; and conveyance, lift and saddlery. Showing a quite different situation from patent applications where a large number of patent applications are filed by a small number of particular companies, such many utility model applications are not filed even by large companies, with some exceptions.(*12) For SMEs, the costs factor has considerably greater significance for selecting the type of protection, compared with large companies.

According to the law amendment in 1990, it was clearly provided that the protection scope of utility model should be defined by the claims for protection as in the case of patent protection. (*13) Under the Utility Model Law of 1891, the scope of subject matter was limited to "models of working devices or articles of utility or the parts thereof." Although some changes in expressions had been made upon the subsequent law amendments, the scope of subject matter was basically limited to articles, which was called Spatial Form Requirement (Raumformerfordernis). This requirement was relaxed upon the law amendment in 1986, by which inventions of circuits were permitted, and then the requirement was abolished upon the law amendment in 1990. Until then, it was discussed whether or not the Spatial Form Requirement should be abolished. Some of the negative arguments were as follows: it would be more difficult to assess the validity and the scope of protection of utility models that did not comply with the Spatial Form Requirement; the abolishment of this requirement would cause a problem of legal

(*8) PA GRUR 1939, 58, 60 ff.

(*9) Amtliche Begründung zum Entwurf eines Gesetzes zur Änderung eines Gebrauchsmustergesetzes, Abschnitt A Nr. 5., BlfPMZ 1986, 321 re. Sp.

(*10) These concern, in particular, applications from so-called esoteric field, such as devices allegedly based on cosmic power or other non-demonstrable energies and devices that allegedly perform mechanical work for arbitrarily long period without energy supply from an external source (contradiction of the physical law of the conservation of energy preservation, so-called perpetuum mobile).

(*11) BlfPMZ 2003, 78, 83.

(*12) *G. Weitzel*, "Pilotstudie-Die wirtschaftliche Bedeutung des Gebrauchsmusterschutzes in der Europäischen Union", ifo-Institut für Wirtschaftsforschung, 3.1.

(*13) The Utility Model Amendment Law (Gebrauchsmuster Änderungsgesetz) came into effect under Article 5 of the Law for Strengthening the Protection of Intellectual Property and for Fighting Product Piracy (Gesetz zur Stärkung des Schutzes des geistigen Eigentums und zur Bekämpfung der Produktpiraterie) (PrPG: Produktpirateriegesetz); BlfPMZ 1990, 161-208, 167ff.

instability to third parties; the essential criterion for utility model protection was structural representability and the recognizability of subject matter.(*14) However, the legislator, as reported in the "Recommendation and Report" by the Legal Committee in 1989, considered to "make the utility model protection more attractive particularly in favour of SMEs by admitting inventions that are not structurally defined" and to include, for example, chemical substances in the scope of subject matter, but to exclude "process" from the scope, because inventions directed to process would exceed the limit where the fact that utility model is unexamined would substantially compromise legal certainty, and because it was difficult to judge them in the infringement procedure. Exclusion of "process" was within a compromise reached among those wanting to retain the Spatial Form Requirement, those wanting the complete abolishment, and those arguing the relaxation there of.(*15)

Computer-implemented inventions are registerable as utility models, provided that they have technical characters and are no "process." However, the dominant opinion suggests that such inventions as described with functional elements may be protected under the Utility Model Law only if the described functions affect the constructive structure or outer form of the inventions. While computer programs as such are currently excluded from the scope of subject matter, it would depend on future legal and policy decisions whether they would also be protected under the Utility Model Law, even if they could be included in the scope of protection under the Patent Law in the future.

The term of utility model protection was maximum six years, i.e. the initial term of three years and the single extension of three years to be admitted under the Utility Model Law of 1891. Through subsequent law amendments, it was increased to maximum eight years and then to maximum ten years, and the procedure also changed from the extension of the term to the maintenance of the registration.

With respect to an amendment to the claims after the registration of a utility model, the Utility Model Law does not have such a provision of voluntary amendment as stipulated in the Patent Law, but only allows disclaimer of individual claims, or partial cancellation of the utility model resulting from the modification to the claims during the cancellation procedure. Upon the law amendment in 1986, the partial cancellation system was introduced to conform with Section 21(2) of the Patent Law. However, the case law has conventionally admitted that a measure for voluntary limitation of claims by subsequently submitting the limited claims for the file of the utility model after the registration means a declaration to the general public, under the law of obligations, not to assert the claims beyond the limited scope.(*16) According to the procedure of the Federal Patent Court, the limitation of claim, even by an element from the dependent claims or from the description of the specification, may be allowed if the limited claim has already been disclosed as a part of the invention. From the viewpoint of this "established practice," the legislation of voluntary limitation was deferred in the law amendment of 1986. However, the limited claim subsequently submitted after the registration, without going through the cancellation procedure with retroactive effect, has no possibility to abandon or "restrict" the protection right, so that it does neither modify the subject matter and configuration of the registered or partially cancelled utility model nor change the subject of the cancellation procedure, whereas for the infringement procedure, enforcement of the right will be possible only based on the claims subsequently submitted after the registration, if any. The cancellation procedure shall be directed against the person registered as the proprietor so that the application for cancellation by the proprietor himself of the utility model is not permissible.

While the request for search system was introduced upon the law amendment in 1986, the mandatory search system was refrained from imposing, from the viewpoint that potential economic risks shall be taken by the proprietor upon objectively unjustified enforcement of his right. Such risk arises already with the (written) warning under the utility model. The negligence of the proprietor himself is to be assumed, if he has a reason on his part to doubt the legal constancy of his right, but enforces his right against a third party without conducting search on the state of the art. The legislator has left open to the initiative of the proprietor his decision whether a search is to be carried out, and

(*14) BMJ Refarat III B 4, Betr.: Änderung des Gebrauchsmustergesetzes: Verzicht auf das Raumformerfordenis; Ergebnisvermerk über die Anhörung der Sachverständigenkommission für gewerblichen Rechtschutz am 30 November 1988 (Ministry of Justice, Department III B concerning amendment of the Utility Model Law: abandonment of the spatial form requirement; memorandum on the hearing of the expert commission for industrial right protection on 30 November 1988), Bonn, January 1989, arguments of Prof. Dr. Preu, Dr. Fischer, and Dr. Bruchhausen; *Fischer/Pietzcker*, Gebrauchsmusterreform auf halbem Wege?; Eine Erwiderung, GRUR 1986, 208 (The authors assert the necessity of the spatial form requirement particularly on the ground that the infringement procedures should be carried out without the necessity to obtain expert opinion.)

(*15) *GRUR*, Stellungnahme zur Frage der Erweiterung des dem Gebrauchsmusterschutz zugänglichen Erfinderkatalogs (Opinion on the issue of the expansion of inventor catalogs accessible to the utility model protection), GRUR 1988, 680.

(*16) X ZB 11/94 BGHZ 137, 60=GRUR 1998, 910=BlfPMZ 1998, 311=Mitt. 98, 98.

considered the consistent case law on the proprietor's liability for any damage incurred by a third party claimed under the right as an equivalent to the introduction of the mandatory search.

Upon the law amendment in 1922, the utility model auxiliary application system was introduced, in which the registration of a utility model, for which an application was filed simultaneously with a patent application, might be deferred until the disposition of the patent application. However, this system caused a large discrepancy between the number of applications and the number of registrations and produced stock of a large number of "dead" document files. To replace the auxiliary application system, the branch-off system was introduced upon the law amendment in 1986, in which a utility model application may be filed, claiming the filing date (priority date) of an earlier patent application, with respect to the same invention as the earlier patent application, within two months from the end of the month when the patent application was disposed or the opposition procedure was terminated (and within ten years from the filing date of the patent application). The branch-off system not only provide benefits of dual protection (by patent and utility model), but also is useful in cases where an invention lacks inventive activities according to the criterion of the Patent Law but is eligible as utility model, or where it is likely that the invention is copied during the period of laid open publication of the patent application.

As for the claim of domestic priority, even if a patent application is filed by claiming the priority of an earlier utility model application, the earlier application shall not be deemed withdrawn but shall continue to co-exist with the later patent application.

3 Utility Certificate System in France

A utility certificate is a short-term patent that is regulated by the same provisions of the Patent Law as applicable to an ordinary patent, with some exceptional provisions. Due to the reduction in the fee for drawing up a search report, the cost factor which had been a major reason for choosing the utility certificate system lost significance. The reason why the number of utility certificate applications converted from patent applications has been decreasing since about 1987 may be because French applicants request search reports upon filing patent applications while expecting that high-quality results will be available from the search entrusted to the European Patent Office.

Since the French unique seizure procedure may be commenced even pending the application, it is said not necessary to obtain patent rights so promptly as in other countries.

The scope of subject matter is the same as that under an ordinary patent. In accordance with the European Patent Convention, computer programs as such are excluded, whereas processes and products utilizing programs may be protected if they have technical features, but the French government expresses doubt about broad protection with patent for programs. (*17)

A utility certificate may last for six years. This term has been set probably because 50% of patents were abandoned after six years and so as to be in line with the then terms in other countries.

After the grant, the clams may not be amended other than disclaimer. However, there will be some cases where limitation of claim may be admitted during the court procedure and confer absolute effect with respect to third parties.

Drawing up a search report shall not be required for a utility certificate application whereas a search report shall be submitted when bringing an infringement proceedings.

A patent application may be converted into a utility certificate application but not vice versa. There is no explicit provision prohibiting dual protection of the same invention by a patent and a utility certificate, but which is construed as not allowed, as alternatively formulated in Article 3 of the old Patent Law. The costs and time required for obtaining a utility certificate are almost the same as those for obtaining a patent.

4 Proposals on the Utility Model System in the European Union

In 1995, the European Commission submitted the Green Paper on utility models, making optional proposals such as the introduction of utility model system in respective member states, the harmonization of utility model systems in respective member states, cooperative relationships for mutual recognition of utility models among member states, and Community utility model system.(*18)

The proposal for harmonization under the European Directive gained support from circles concerned whereas the proposal for the Community

(*17) This commentary and the press release thereof are available at the website of the Ministry of Industry of France.
http://www.industrie.gouv.fr/cgi-bin/industrie/sommaire/comm/comm.cgi?COM_ID=1562&_Action=200

(*18) Green Paper "The Protection of Utility Models in the Single Market," COM (95)370 final, 19 July 1995. The explanation is available at the following website of the European Commission: http://www.europa.eu.int/scadplus/leg/en/lvb/l26048.htm
The discussion process is shown at the websites of the European Commission (Pre-Lex) and the European Parliament (The Legislative Observatory):
http://europa.eu.int/prelex/detail_dossier_real.cfm?CL=en&DosId=100336
http://wwwdb.europarl.eu.int/oeil/oeil_ViewDNL.ProcedureView?lang=2&procid=1758

utility model was not supported. For this reason, the European Commission submitted an initial proposal for a European directive in 1997, and submitted an amended proposal for the directive in 1999, adopting proposals for amendments by the European Parliament and others.(*19)

Meanwhile, for Community utility model system, the European Commission, following up the Green Paper, published the Commission Staff Working Paper in 2001.(*20) In response to that, the majority were against the introduction of the Community utility model system and those who expressed the importance to SMEs were in a minority.(*21)

As to the scope of subject matter, the Green Paper proposed including the composition of substances, while refraining from making a final decision on whether or not to include "processes", in light of the discussion in Germany and the difficulty in finding infringements. Holding that it was appropriate that biological materials and chemical or pharmaceutical substances or processes should be protected by patent, the initial proposal for the directive excluded them from the scope of subject matter together with computer programs. The Committee on Legal Affairs proposed that any substances and processes should be excluded whereas computer programs that merely represent a slight improvement in the different versions over the previous version should be protected by utility model. However, only the exclusion of programs was deleted in the amended proposal.

In 2002, the European Committee submitted the proposal for a directive on the patentability of computer-implemented inventions in accordance with the practice at the European Patent Office.(*22) Intense debates have continued on pros and cons of this issue since then.

For the duration of protection, ten years is proposed. The European Parliament proposed to make a request for search report compulsory for the first renewal, which was adopted by the amended proposal.

With respect to an amendment to the claims after the registration of the utility model, the initial proposal allowed the limitation of claims through the cancellation procedure whereas the amended proposal left this issue to national laws of respective member states.

Under the Green Paper, request for search was an applicants' option and in the authority of infringement court. The initial proposal also left it to respective member states to decide whether or not to make the search compulsory. On the other hand, the European Parliament proposed to make the search compulsory in the event of legal proceedings, and accordingly, the amended proposal adopted that member states should provide that a search report is compulsory in the event of legal proceedings.

The Green Paper stated that, in order to avoid that dual protection of patent and utility model for the same invention would place the right holder in disproportionately strong position, it was necessary either to prohibit the simultaneous granting of both patent and utility model rights or to impose a ban on invoking these rights successively. The initial proposal allowed a patent application and a utility model application to be filed for the same invention simultaneously or successively, while leaving it to member states to decide upon whether to provide that a utility model is deemed to be ineffective where a patent has been granted or take appropriate measures to prevent instituting successive proceedings under both sets of protection arrangements. Following the proposal for amendment by the European Parliament, the amended proposal provides that a utility model shall be deemed to be ineffective where a patent has been granted, while providing that member states shall take appropriate measures to prevent instituting successive proceedings under both sets of protection arrangements.

The proposal on the regulations for Community patent submitted on August 1, 2000, prohibited dual protection by a Community patent and a national patent; in the event of dual protection, the national

(*19) Proposal for a European Parliament and Council Directive approximating the legal arrangements for the protection of inventions by utility model, COM (97) 691 final, 12 December 1997, O. J. C 36, 3/2/1998, p. 13: Amended proposal for a European Parliament and Council Directive approximating the legal arrangements for the protection of inventions by utility model, COM (99) 309 final, 28 June 1999, O. J. C 248, 29/08/2000, p. 56. The discussion process on these proposals is also shown at the websites of European Commission (Pre-Lex) and the European Parliament (The Legislative Observatory) mentioned in note 18 and the following websites.
http://europa.eu.int/prelex/detail_dossier_real.cfm?CL=en&DosId=110257
http://wwwdb.europarl.eu.int/oeil/oeil_ViewDNL.ProcViewByNum?lang=2&procnum=COD/1997/0356

(*20) Commission Staff Working Paper Consultations on the impact of the Community utility model in order to update the Green Paper on the Protection of Utility Models in the Single Market (COM(95) 370 final), COM (2001) 1307, 26 July 2001.

(*21) Summary report of replies to the questionnaire on the impact of the Community utility model with a view to updating the Green Paper on protection by the utility model in the internal market (SEC(2001)1307). This summary report is currently available at the following website of the European Commission:
http://europa.eu.int/comm/internal_market/en/indprop/model/utilreport_en.pdf

(*22) Proposal for a Directive of the European Parliament and of the Council on the patentability of computer-implemented inventions (2002/C 151 E/05) COM(2002) 92 final-2002/0047 (COD), 20 February 2002, O.J. C 151, 25/6/2002, O. J. C 151, p. 129.

patent shall be ineffective, and the same shall apply to a national utility model. (*23) However, it is unclear whether or not prohibition of dual protection would be maintained in the case where a utility model under the possible new national law in accordance with the amended proposal or a Community utility model in accordance with the proposal for regulations coexists with a Community patent for the same subject matter.

5 Utility Model System in Korea

In 1908, the utility model system was introduced for the first time in Korea with the "Patent Order for Korea" issued for applying four Japanese industrial property laws at that time as it is in Korea. Therefore, the meaning of the introduction of the utility model system in Korea may be the same as that in Japan.

The first Korean Patent Law was enacted in 1946 as a unified law also providing for utility model and design. The military revolutionary government of 1961 organized all laws and regulations at that time, and enacted the first separate utility model law.

Upon the law amendment in 1998, the non-substantive examination principle and the dual application system were introduced. According to explanations of the Korean Intellectual Property Office (KIPO), "As substantive examinations were conducted for even small inventions with life cycles only for two or three years in the same manner as patent applications, in fact, it took nearly three years to examine a utility model application." "In 1988, the government started to consider the introduction of the non-substantive examination system as a long-term issue, and in June 1996 when the numbers of patent and utility model applications increased sharply, finally made an official announcement of the plan for introducing the system. With the gradually shortening products' life cycles, the government, aiming actively protecting utility models and encouraging small- and medium-sized enterprises and venture companies to commercialize them and to incentive technologies developments, …has adopted the first-to-register system for utility models."(*24)

As to the scope of the protection, a device is defined as "the creation of technical ideas using the rules of nature," and "devices that are industrially applicable and relate to the shape or structure of an article or a combination of articles" is provided as one of requirements for registration. Case law and theories generally exclude processes, substances, and computer programs. (*25) Computer programs would not be protected under the Utility Model Law, even if they would be protected by the Patent Law in the future, because they do not fall under the category of "articles" as provided by the Utility Model Law.

The term of a utility model right was provided as ten years from the date of publication of the examined application (not exceeding fifteen years from the filing date), but it was amended in 1998 to ten years from the filing date.

A correction may be made to the claims after the registration within the period designated by the written reasons for revocation in response to a request for technical evaluation, during an invalidation trial, a trial for a correction, and an opposition procedure, only to the extent of narrowing a claim, correcting a clerical error, or clarifying an ambiguous description.

Any person may request a technical evaluation of a registered utility model. The right holder may exercise his right only after warning by presenting a certified copy of the decision to maintain the utility model registration as a result of the request for technical evaluation.

A technical evaluation has a similar nature to notification of reasons for refusal or a decision of refusal in Japan, in the respect that it is given based on the substantive examination by an examiner at the KIPO, this is the reason why the Korean utility model system is referred to as the first-to-register system.

A patent application may be filed based on an earlier utility model application after the filing date thereof and no later than one year after the date of registration thereof. A utility model application may be filed based on an earlier patent application after the filing date thereof and before the receipt of a certified copy of the decision to grant a patent (but within 30 days from the date of receipt of a certified copy of the first decision to refuse the patent application). Upon the introduction of this "dual application" system unique to Korea, the conversion application system was abolished. A patent or utility model arising from the later application shall be registered only if a corresponding patent or utility model right arising from the earlier application which is the basis for a dual application is abandoned.

It is said that a number of requests for technical evaluation and procedure thereof are much burden on examiners' services.

6 Utility Model System in China

In 1984, the Patent Law was enacted as a law

(*23) Proposal for a Council Regulation on the Community patent (2000/C 337 E/45), COM (2000) 412 final, 2000/0177 (CNS), of 1 August 2000, O. J. C 337, 28/11/2000, p. 28. At the latest stage recognized when writing this report, the proposal was discussed at the Council of the European Union on March 11, 2004.

(*24) Korean Intellectual Property Office, Description of the first-to-register system for utility model, (Myung Hyun Publishing, 1999).

(*25) Lee Deok Rok, Study on the measures to improve the current utility model system, Collected papers on industrial property rights), KIPO International Intelleetual property Training Institute ed. (1993), pp.58-59.

dealing with inventions, utility models (shí yòng xīn xíng), and designs. All rights granted under this law are referred to as "patents," which are classified into invention patents, utility model patents, and design patents. In the introduction of utility model system, the following points were considered: as the level of economic and social development was not so high at that time, utility models with low-level technologies would be major results in the invention-creation field for a long term; utility model systems in other countries have positive social effects; utility model system was easy to establish; utility model rights could be obtained promptly at a low cost; examination work load could be reduced.

Utility models have always ranked top in terms of the numbers of applications and grant, and therefore it is still considered to have a great significance. However, the Chinese patent system, under which both invention-creations and utility models, if granted, are referred as "patent", could provide opportunities to sell products with improper advertisements using the patent system.

As to the scope of protection, a utility model is defined as "any new technical solution relating to the shape, the structure, or their combination, of a product, which is fit for practical use." A "product (chǎnpǐn)" has been interpreted as a tangible result of work, and the "model (xíng)" of "utility model" (shí yòng xīn xíng) means an object with a specific and stable outer shape; therefore, electric circuits, liquid, gas, processes, and computer programs are excluded.

The term of a utility model right was extended from eight years to ten years in 1992.

A correction may be made to the claims after the registration in the course of the examination of a request for invalidation trial, unless it broadens the scope of the original claims.

After the decision to grant a patent for utility model is announced, the patentee may request to make a search report on his utility model patent, whereas the people's court or the administrative authority for patent affairs may ask the patentee to furnish a search report.

Only one patent shall be granted for an identical invention-creation and no dual protection is allowed.

Ⅲ Survey on the Actual Conditions of Japanese Companies and Individuals

Since it is necessary for considering the Japanese utility model system to understand the use and awareness of the system among Japanese large enterprises, SMEs, and individuals, a questionnaire survey was conducted targeting full member companies of the *Nihon Chiteki Zaisan Kyokai* (Japan Intellectual Property Association), companies granted creative technology R&D subsidies and companies granted regional revitalization creative technology R&D subsidies, as well as members of the *Shadanhojin Fujin Hatsumeika Kyokai* (Japan Women Inventors Association) and members of the *Shadanhojin Zenkoku Fujin Hatsumei Kyokai* (which means National Women's Invention Association). The major results of the survey are shown below.

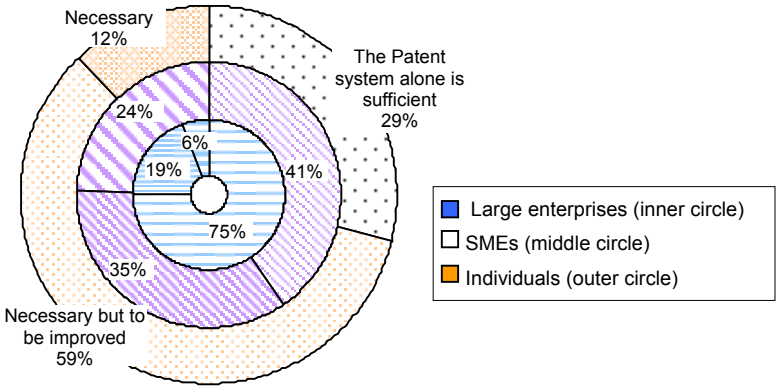
As advantages of the utility model system, most large enterprises and SMEs pointed out "registration in a short period of time" whereas most individuals pointed out "registerability of rights for small inventions." As disadvantages thereof, most respondents in all categories pointed out "instability of rights due to the non-substantive examination principle".

In all categories of respondents, the three major reasons to apply for a utility model were due to "lower level of technologies than that for patent applications," "technologies for products with short life cycles," and "technologies to be promptly granted rights."

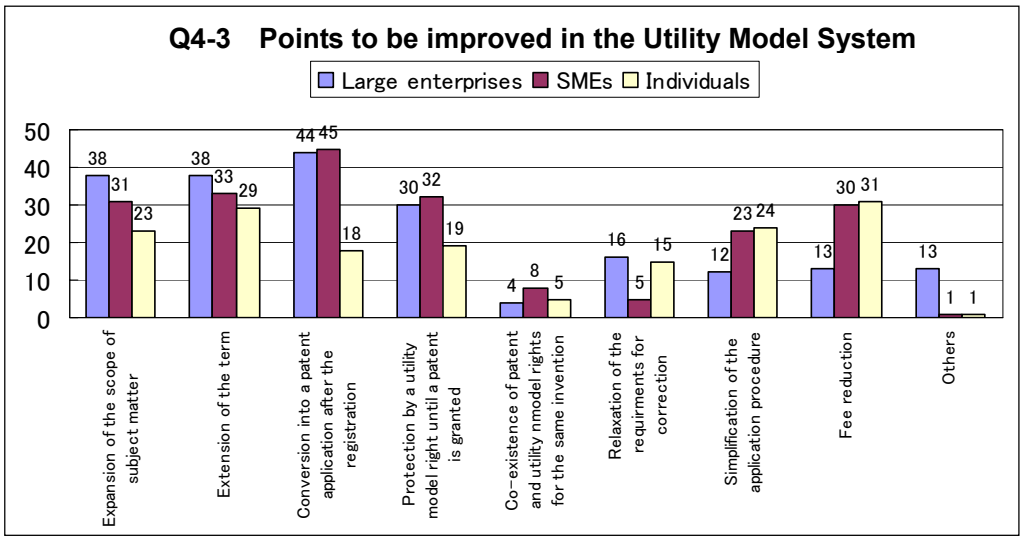
On the other hand, as the reason for the decrease in the number of utility model applications, most respondents suggested the "concern about the instability of rights arising from the non-substantive examination."

With respect to the co-existence of the patent system and the utility model system, 75% of large enterprises chose "the patent system alone is sufficient" whereas 59% of SMEs and 71% of individuals chose "both systems are necessary" (including those who chose "necessary but to be improved") (see Q4-1).

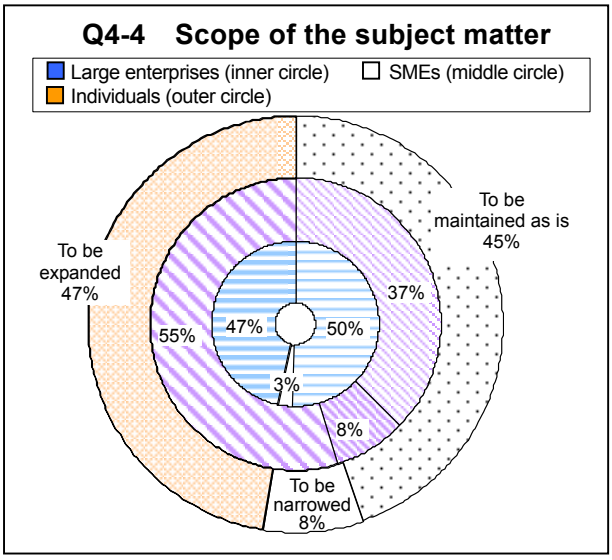
Q4-1 Whether or not to maintain the Utility Model System

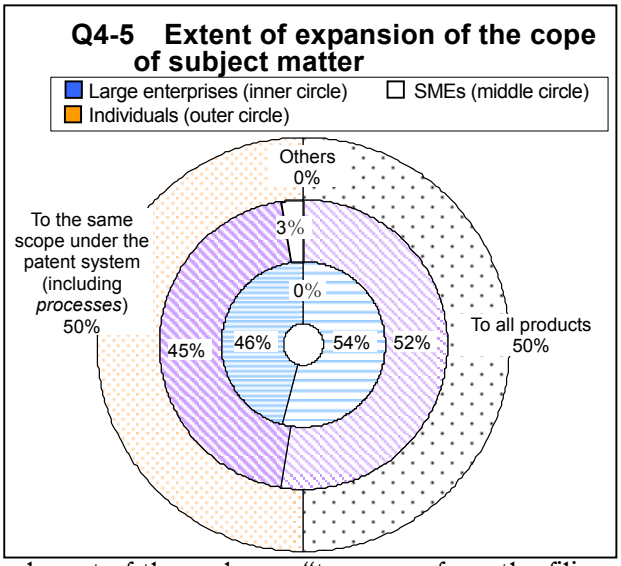


Among the points to be improved, "conversion into a patent application after the registration," "extension of the term," and "expansion of the scope of subject matter" had relatively large shares (Q4-3).

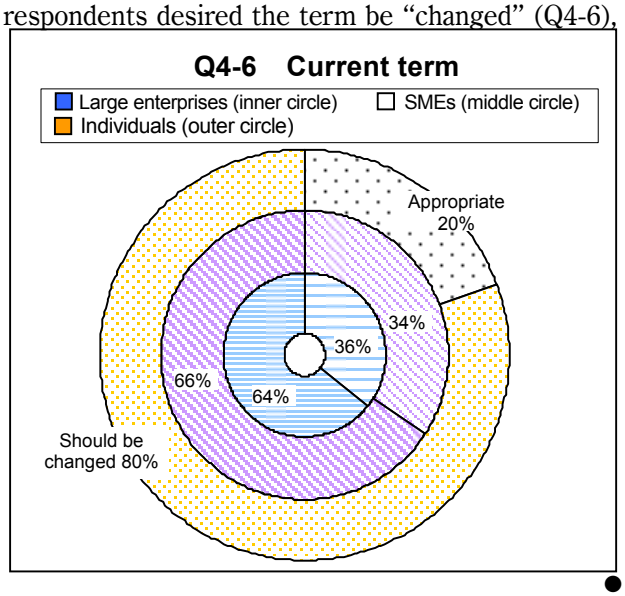


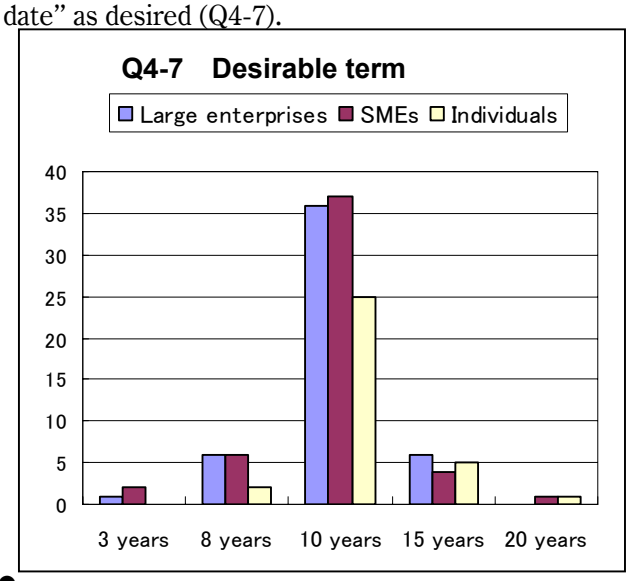
Among the respondents who required improvements in the system, almost half of them desired that the scope of subject matter be "expanded" (Q4-4), and that half was almost equally divided into those who desired "expansion to all *products*" and those "expansion to the same scope as under the patent system (including *processes*)" (Q4-5).



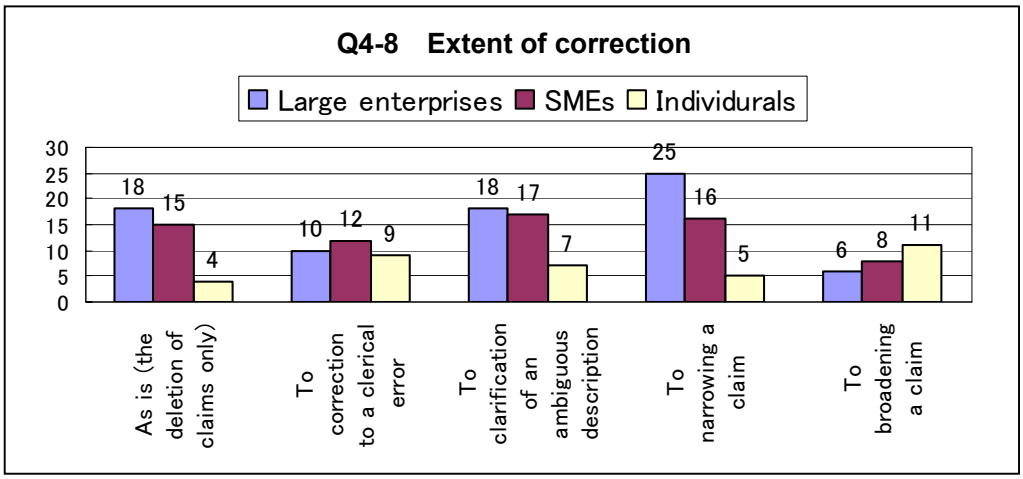


As to the term, in all categories, most respondents desired the term be "changed" (Q4-6), and most of them choose "ten years from the filing date" as desired (Q4-7).

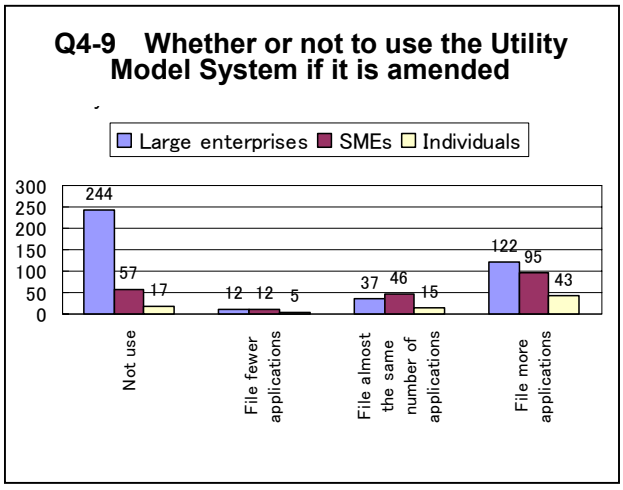




As to corrections, the share of those who desired the "expansion of the extent of corrections" significantly surpassed the share of those who did not desire such expansion. More specifically, the share of those who desired that "narrowing claims be allowed" was relatively large, as 32% of large enterprises and 24% of SMEs (Q4-8).



As to whether or not to use the utility model system if it is amended, the majority of large enterprises chose "not use," whereas almost half of SMEs and individuals chose "file more utility model applications" (Q4-9).



Ⅳ Conclusion

It is seen from this study that it is considered for utility model system in respective countries to be mutually complementary with the patent system.

In Germany, Korea, and China as well as the proposals in the EU, respective utility model system have been designed differently from the respective patent systems, with respect to the scope of subject matter, the duration, the opportunity to amend or correct the claims, and the search and others, with the objective of protecting inventions or devices that are not sufficiently protected under the patent system. In particular, by establishing such utility model system that makes the procedural period practically required for registration much shorter than that required under the patent system, these countries intend to protect an invention, even if it can be protected under the patent system, until a patent is granted for the same.

Furthermore, the utility model system is so designed that protection of right is available at a low cost and therefore it is possible for not only large enterprises but also SMEs and individuals to effectively protect their inventions and devices.

In the questionnaire survey, most large enterprises answered that the patent system alone was sufficient whereas many SMEs and individuals, pointing out problems of the current system, desired that the utility model system be improved and maintained.

Specific measures to improve the utility model system to be effectively used were discussed in detail at the five meetings of the Utility Model System Working Group of the Patent System Subcommittee of the Intellectual Property Policy Committee of the Industrial Structure Council held in 2003, and reported in the report prepared by the Intellectual Property Policy Committee. (*26) Based on the discussion results at the Council, the "Bill to Patent Law Amendment Reducing Patent Pendency" including the proposal for the revision of the utility model system was approved by the Cabinet on February 10, 2004, and submitted to the 159th ordinary session of the Diet.

The Bill did not change the scope of subject matter under utility model but extended the term to

(*26) See the report mentioned in supra note 1.

ten years. Under the bill, correction after registration may be made only once within a predetermined period only to the extent of narrowing the claims, correcting a clerical error, and clarifying ambiguous description. Furthermore, a patent application may be filed based on the registered utility model within three years from the filing date thereof.(*27)

(Senior Researcher: Takeyuki Iwai)

(*27) The bill was passed the Diet on May 28, 2004 and promulgated as Law No 79 on June 4 after the original Japanese text of this summary was written.


IIP
bulletin