



Utility Models: Petty Patents with a Big Impact

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What is a utility model?

- Definition (Wikipedia)
 - A utility model is a statutory monopoly granted for a limited time in exchange for an inventor providing sufficient teaching of his or her invention to permit a person of ordinary skill in the relevant art to perform the invention.
 - The rights conferred by utility model laws are very similar to those granted by patent laws, but are more suited to what may be considered as "incremental inventions".
 - Terms such as "petty patent", "innovation patent", "minor patent", and "small patent" may also be considered to fall within the definition of "utility model".

What is a utility model?



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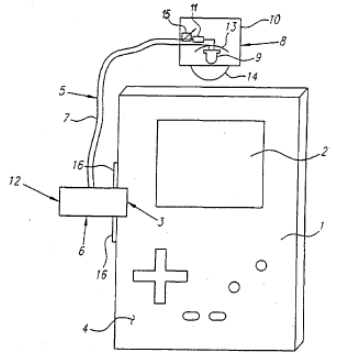
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⑫ Inhaber:
 Technology Creations, Inc., Los Angeles, Calif., US;
 Design Rite LLC, Fontana, Calif., US

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⑭ Beleuchtungseinrichtung für ein tragbares elektronisches Gerät zum Anschließen über eine Anschlußbuchse

⑮ Beleuchtungseinrichtung (5) für einen Bildschirm eines tragbaren Geräts (1) mit elektrisch mit einer Stromquelle (3) verbundener Anschlußstelle (4), zu der ein Stecker (6) zum Anschließen der Einrichtung über die Anschlußbuchse oder Anschlußstelle (4), ein mit dem Stecker (6) verbundener Halter (7) und eine am Halter (7) befestigte und elektrisch mit der Anschlußbuchse oder Anschlußstelle (4) über den Stecker (6) und den Halter (7) zu verbindende Beleuchtungseinheit (8) gehören, wobei die Beleuchtungseinheit von der Stromquelle gespeist wird, wenn die Einrichtung über die Anschlußbuchse oder Anschlußstelle angeschlossen wurde, dadurch gekennzeichnet, daß die Einrichtung zur Beleuchtung eines Bildschirms eines tragbaren Handheld-Videospielgeräts (1) dient, wobei der Stecker (6) über die Anschlußbuchse oder Anschlußstelle (4) des tragbaren Handheld-Videospielgeräts (1) anzuschließen ist, und daß zur Beleuchtungseinheit (8) eine Leuchtdiode (9) gehört.



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From 2010-2012, what was the worldwide growth rate of utility model filings?

- (a) 40-50%
- (b) 30-40%
- (c) 20-30%
- (d) 10-20%
- (e) less than 10%

What are the general characteristics of a utility model?

- Uses claims to protect an invention
- Shorter patent term than patent
- Often lower inventive standard than patent
- No substantive examination
- Less expensive
 - Virtually no prosecution costs
- Fast registration
- Processes are generally not protected

Utility Models vs. Patents

	Patents	Utility Models
Term of Protection	Typically 20 years from the filing date.	Typically 10 years from the filing date.
Procedure	A search and examination are conducted.	Searches and examinations are generally not conducted.
Time from filing to patent or registration	Typically 2-3 years or more.	Typically less than 1 year.
Cost	Substantially higher due to prosecution costs. Annuities due in years 10-20.	Significantly lower than patents. No annuities for years 10-20, since protection ends.
Processes protectable?	Yes	No

How effective are utility models?

- China
 - Chint / Schneider Electric Utility Model Litigation
 - Injunction issued against Schneider
 - Chint awarded \$49M in damages
 - Invalidation Statistics

Results of 7,534 Resolved Requests for Invalidation by the PRB 2000–2008

Type of Patent	Validity Upheld (%)	Partially Invalidated (%)	Wholly Invalidated (%)
Invention	29.72	16.47	25.39
Utility Model	31.82	11.53	33.26

From “China’s Utility Model Patent System: Innovation Driver or Deterrent,”
November 2012, by the U.S. Chamber of Commerce

Got utility models?

- Yes
 - Germany, China, France, Japan, Taiwan and Korea
- No
 - United States, United Kingdom, the Netherlands, Canada

Brief comparison of utility models in major industrialized countries

	Germany	Japan	France	Korea	Taiwan	China
Term	10 years	10 years	6 years	10 years	10 years	10 years
Different standard for obtaining?	Yes	Yes	No	No	No	Yes

What percentage of Chinese utility models were filed by foreigners?

- (a) between 50-80%
- (b) between 30-50 %
- (c) between 10-30 %
- (d) between 1-10%
- (e) less than 1%

When should one consider filing for a utility model instead of a patent?

- Invention will likely not have a commercial lifetime beyond 10 years
 - E.g. toys
- When immediate protection is important
- When invention is valuable
 - Germany and China
 - May apply for both patent application and utility model

When should one consider filing for a utility model instead of a patent?

- When patenting resources are limited
- When a large portfolio of intellectual property is needed for licensing and deterrence
- When the patentability of the invention is questionable (e.g., arguably obvious), but protection is still desired
- When an easy design around is noticed after filing or after getting a patent
 - Most foreign jurisdictions (e.g., Europe) typically do not allow one to pursue claims that are broader than those as originally filed
- To cost effectively prevent patent hijacking

Utility Model Cost Savings

- Cost savings example
 - File one patent application in Germany, Japan, China, and Taiwan
 - \$5000 per response, two responses per case
 - Total cost for responses = \$40,000
 - File one utility model application in the same countries
 - Essentially no response costs
 - Huge budgetary impact when large foreign portfolios are maintained

Mechanics of Filing For Utility Model

- File like a regular foreign patent application
 - Delete method claims prior to filing if application is derived from US utility application
- Add dependent claims to ensure that some claims will be patentable
- Recommend having a prior art search performed before filing to ensure claims are valid
 - No examination process
 - May have to prove to court that search was conducted
 - Have patentability opinion prepared ahead of time

Are utility models good for society?

- Yes
 - Protects minor inventions that benefit society, but not to the extent of patentable inventions
- No
 - Minor inventions should not be patentable or protectable
 - Inventions that lack an inventive step or are obvious should be public domain intellectual property



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Thank you!

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