

FICCI Suggestions

on

Discussion Paper on Utility model*

Proposed by

**Department of Industrial Policy and
Promotion (DIPP)**

*** Purpose:** To bring in India, a framework, which can accord protection to incremental innovations and spur domestic innovations.

Background Information

As you would agree that in today's arena, innovation and entrepreneurship are the key words in the Indian Industry. It has been witnessed that there has been a spurt in the number of micro, small and medium enterprises in India where innovation is important.

Many reports suggest that innovation is intensifying in India. India's innovation ranking improved from 58 in 2002-06 to 54 in 2009-13 & India has even been ranked at a level which is indicative of the fact that India holds greater capacity of innovation than other economies such as Spain, Portugal, and Russian Federation. While the aforesaid reveals that there has been tremendous growth in the innovation culture in India however the same has not translated into the total number of IP filings by domestic inventors. Statistics reveals that the %age of domestic patent filings versus international filings is only 20:80.

Huge inventions arising from India are incremental in nature which fall short of the fulfilling the stricter conditions of patentability. As a result such innovations are lying unprotected.

With a view to accord protection to such incremental innovations, DIPP had sought views of FICCI, if there is a need in India to bring in 2nd tier protection system which could accord protection to incremental innovations and catalyze innovation culture in India.

Response from the Stakeholders

FICCI received an overwhelming response from micro and small enterprises and Indian innovators who feel that the time is apt and there is a great need for a system which can accord protection to their innovations which are incremental in nature.

Responses from innovative sectors of India reveals that a lesser inventive threshold in their innovations has been one of the major causes which has not permitted them to get IP protection under the standard patent system. The criteria of higher inventive threshold has led most of them to either withdraw or abandon their patent applications besides discouraging them to even take the route of patent procedures. Further, lot of instances have been brought to our notice where their innovations have been extensively copied, due to the absence of a regime which can confer upon them the IP rights, which has not only hampered their businesses but also brought to them lot of dissatisfaction.

There is need to bring in place a system whereby their intellectual wealth can be adequately protected against misuse and misappropriation by some unscrupulous elements thus giving them an impetus to compete at the global level. It is the need of the hour to ease the path which can accord legal sanctity to their innovations enabling them to capitalize on their intellectual endeavor.

FICCI's Views on the Proposed Discussion Paper on 'Utility Model'

- FICCI agrees with the advantages of having a 2nd tier protection system listed in the discussion paper and is in support of the same. Consequently, after minutely examining the pros and cons of the said system, it is found that adoption of the same in India must be realized. The system

looks very promising and would surely benefit the SME sector immensely especially the sectors as diverse as electronics, robotics, engineering, instrumentation, mechanical, electrical etc. By doing so, India would also give adequate consideration to its international legal obligations which can be read in the Paris Convention and the TRIPS and also benefit the domestic sector.

- It might be safely stated that the scope of subject matter as required for Utility Models must be in sync and not in conflict with the mother Act-i.e. the Patents Act. Therefore, whereas we are of the view that the scope of subject matter protection must be sufficiently afforded, the same must not dilute the provisions of the Patents Act specifically mandated to keep a check on the evergreening which has also been reiterated time and again by various judicial decisions. Also, innovations from the pharmaceutical sector should therefore be kept out from the scope of subject matter protection under the Utility Model system which otherwise would go strictly against the letter and spirit of section 3d of the Patents Act.
- No specific or strict criteria for the Utility Model has been laid down either in the Paris Convention or the TRIPS. This significant silence on the same can be so construed to mean that it was left to the discretion of various countries to mould the law as per their domestic requirements. As a result, a closer look at the various Utility Model legislations, highlights that there is a wide veracity in the various provisions adopted by other countries. While some countries carry out formal examinations, others carry out substantive examinations, some follow the standard of local novelty while others follow the trend of proving absolute novelty and few have implemented the criteria of blended novelty and variable terms of protection with or without a renewal system etc.

FICCI is of the opinion that the Utility Model Framework must be realized in India, wider deliberations are needed on its various aspects before implementing the same.

FICCI Recommendation for Broader Consideration of Aspects Involved

It was felt that there is a need to bring in the Utility Model framework in India. However, a wider deliberation on its various aspects needs to be undertaken.

For this purpose, a Committee may be formed comprising of Industry chambers, Industry & Industry associations, legal fraternity, policy makers and academicians, who could be entrusted with the following tasks:

- Carrying out an extensive scrutiny of existing Utility Model legislations in various countries so as to identify the best practices which can be easily adopted, sectors which are knowledge intensive and could be major beneficiaries of the proposed system.
- Taking note of how other countries, over a period of time have amended their Utility Model legislation to suit their domestic needs for boosting their economy.
- Identifying how best the entire machinery could be set up which would be responsible for the “grant / commercialization / enforcement/ adjudication / arbitration / training and capacity building”, so that a conducive environment could be created enabling users to make adequate and effective use of the proposed Utility Model System when finally implemented.

- Identifying various steps which could be implemented by Government so as to incentivize domestic filings such as lower fee structure; awards, fee reimbursements; tax incentives; facilitation centers to provide adequate support to the users of utility model system; hand holding to help commercialize their innovations etc.
- Identifying various provisions which could ensure that domestic innovators are the major beneficiaries of the proposed system.
- Identifying how best any potential misuse of proposed system can be avoided and remedied such as defensive/frivolous filings besides drafting model legislation.

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