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Is it time to adopt a 'petty patent' to maintain U.S. edge in innovation?

Global IP

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Over the past five years, key features of U.S. patent exceptionalism with regard to international standards have either been abandoned, eroded or are under serious attack. In the process, many contend that the ability of the United States to continue to lead the world as a bastion of innovation has been undermined.

Perhaps it is time to erode U.S. patent exceptionalism even further by adding a new form of patent protection, recognized internationally, that could help maintain U.S. innovation by supporting individual inventorship and small business growth — the “petty patent” or “utility model.”

I have often told my students that those who have studied U.S. patent law are not necessarily at an advantage in understanding the norms that govern international law.

Critical distinctions such as the first inventor rule, strong grace periods to permit commercialization prior to patenting, a relatively strong presumption of validity and patentability for business methods, computer programs and biomedical innovations were all hallmarks of U.S. exceptionalism. This exceptionalism arguably contributed to strong U.S. leadership in the knowledge-based economy at the beginning of the 21st century.

In the past five years, these exceptionalist features have either been expressly abandoned (first to invent), seriously eroded (patent protection for business methods, software programs and biomedical innovations; grace periods) or are under sustained attack (presumptions of validity). These changes are largely the result of new standards enacted under the America Invents Act and Supreme Court dictates in an increasingly wide array of cases, including *Alice Corp.* (2014), *Mayo Collaborative Services* (2012) and *Teva Pharmaceuticals USA* (2015).

There is growing concern that the United States could lose its innovation edge as a result of these changes. The “genius in the garage,” represented in myth by the Wright Brothers and in present-day fact by Bill Gates, has largely disappeared from the U.S.

Adoption of a utility model into U.S. law will not wholly eliminate this threat. But utility models could provide significant legal protection for small inventors and for incremental but significant innovations that often form the basis for tomorrow's pioneer (radical) innovation.

More than 75 nations provide utility model protection, including such innovation leaders as Germany, Japan, China, Taiwan and South Korea. Terminology differs from the "petty patents" of Germany, to the "utility models" of Botswana, the "short-term patent" of Belgium, and the "innovation patents" of Australia.

Utility models are recognized in the Paris Convention for the Protection of Industrial Property and receive priority treatment under both the Paris Convention and the Patent Cooperation Treaty. This allows the inventors of "smaller innovations" covered by utility models to receive the same global rollout periods for protection as for traditional patents.

I have long advocated for the adoption of utility model protection in developing countries as a linchpin in growing an innovation culture that will lead to legally protectable inventions. These inventions in turn lead to the growth of micro, small and medium enterprises that form the backbone of sustainable local economic development.

In discussions with innovators during a recent project in Botswana, I realized that "small patent" protection could also be used to fuel innovations in the United States for both emerging and mature industries.

Unlike patents, there is no international treaty establishing minimum standards of protection for utility models. Thus, countries are able to craft this protection for less innovative inventions to meet individual country needs.

Yet beyond domestic distinctions, utility models globally possess overarching similarities. Among the most important are the requirements of novelty and utility (often described as "new" and "capable of industrial application"). What is generally missing is the rigorous obligation of nonobviousness ("inventive step").

Elimination of issues regarding hindsight, analogous art and teaching away, and the costly validity battles they engender, reduce protection costs and examination periods for utility models.

Even those countries that include an "inventive step" requirement generally create a lower level of nonobviousness for utility models. For example, Australia requires an "inventive step" for patents, but an "innovative step" for innovation patents. Searches for utility models take six months and are less costly than patent searches and validity examinations.

Further reducing costs and decreasing review periods, most countries do not subject utility model applications to validity reviews.



The reduced protection requirements of utility models necessarily result in a lesser term of protection, from six to 15 years generally. But the rights granted during that term are as strong as those granted patents today. They include prohibitions against commercial manufacture, use, distribution, importation or sale without the utility model owner's consent.

The adoption of a utility model will not resolve all the current issues inventors face in the current domestic landmine of U.S. patent protection. Since countries do not apply utility model protection to processes, it will not resolve disputes over patent protection for software or business models, per se. It also will not necessarily resolve present challenges to patent opposition processes under the Patent Trial and Appeal Board.

Yet providing legal and financial protections to those who seek to create smaller, but critical, innovations in a particular field is a crucial benefit that should not be overlooked in the shifting sands of today's current economic environment.

Utility models could provide the necessary legal protections to secure critical funding for industries based on emerging technologies. It could also serve as a critical bridge for innovations whose current protectable nature under U.S. patent law is under dispute.

Not every one favors utility model protection as a method for encouraging useful innovation in developed countries. In a recent Australian government productivity report, abolition of the innovation patent was recommended because "a multitude of low-value patents make it harder for innovators to signal the value of their inventions to investors and also frustrate follow-on innovators and researchers who are forced to invest in costly workarounds."

Yet there is strong evidence that unique challenges facing the Australian patent system, including a court decision that upheld utility models for inventions so obvious they should have failed a novelty test, and the gaming of the system by foreign applicants, had a strong impact on the report. These features are not present in the United States.

Perhaps even more critically, at a time when there is global concern that a great deal of innovative discoveries will be locked up through trade secret protection, utility models, like patents, contribute to the freely available innovation literature that is so critical to advancing any field.

Utility models, like patents, must be disclosed so that a person having ordinary skill in the art can practice the innovation. With the rapid pace of technological advances, and the need to encourage small businesses in the United States to continue to grow, an intellectual property form that provides exclusive rights to inventors at a cheaper cost, and for shorter periods, may be exactly what we need to keep U.S. innovation moving forward.