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The utility model comes out of the shadow of patent

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Utility models may not be as well-known as patents – however, they should be considered as part of a global IP strategy.

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Everybody knows about patents – even if one is not quite familiar with the legal details regarding intellectual property (IP), almost everybody has heard at least something about the importance of patents in protecting inventions and their value as an asset, especially in rapidly evolving technical fields such as biotech. Utility model is another option to protect a biotech or pharmaceutical invention and is totally different from patents. The utility model provides some significant advantages over patents, as will be explained below.

Patent or utility model? Or both?

So why would one look for an alternative to patents? When a person tries to obtain a patent, be it a national patent (such as an Indian or a US patent) or a regional patent (such as a European Patent), pushing a given patent application through to grant at the given patent office during prosecution can be a long and sometimes painful process that can take up to several years from the date of initial filing. But sometimes there is simply no time to wait, what is if the given applicant, e.g. a small biotech or pharmaceutical company, needs protection on an urgent basis? What is if that company knows about somebody selling their product or using their medical application of a compound in a given state while its patent application is still only an "application" (as opposed to a granted patent) that is resting at the patent office for years to come?

In Europe, there are at least two options for such a scenario: provisional protection conferred by the European Patent (EP) application under defined conditions, which will not be discussed here, and branching off a utility model application from a pending patent application. The second option is available if the company already has a patent application pending, which has effect for this particular state. Such a patent application can be a national, a regional or an international patent application. Importantly, a number of states in Europe allow you to have two IP rights on the same invention, i.e. the utility model and the

corresponding patent that may have proceeded to grant after the utility model was branched off (e.g. Austria, Germany, Czech Republic, Denmark, Portugal, Slovakia, Finland and Estonia).

Advantages of the utility model: Germany as an example

Going for a national utility model can be a good option, since it comprises the advantages of speed, low costs, and less restrictive prior art provisions as compared to patents. The utility model is usually registered very quickly (i.e. no long examination/prosecution phase) and is therefore quickly enforceable in court against an infringer. In addition, the utility model is usually cheaper than a patent and, in some cases it comprises a grace period for subject-matter disclosed by the applicant himself. In Germany for example, a journal article disclosed in advance of the patent filing date will not affect novelty of the utility model if the disclosure has not been made more than six months pre-filing – whereas novelty of the corresponding EP application will be affected. As there is no grace period in Europe for patents, branching off a utility model from an existing patent application can be the only option for an applicant if he has created prior art himself prior to filing.

The utility model is a separate, national IP right and is therefore subject to the particular national law on utility models in the respective state. That means that it is granted by national offices, such as the German Patent- and Trademark Office (GPTO) in the case of the German utility model. That also means that for going ahead with branching off a utility model application you will be dependent on a national patent attorney for that respective state, e.g. Danish patent attorney in the case of Denmark, since there are considerable national differences in the various national laws on utility models.

From a German perspective the German utility model offers a series of advantages. Although it is sometimes referred to as the “small patent”, since its duration is only 10 years from filing (as opposed to 20 years for patents), it can be as powerful as a patent in deterring competitors and in taking concrete action against infringers in court by filing an infringement suit that is based on the utility model – remember, while you do this, your corresponding patent application can still be shelved in the patent office for years to come.

One thing that needs to be mentioned is the language issue – since the utility model is a national IP right, most national laws require to file a translation into the respective official language of the particular state. That means that e.g. for Germany, if the parent patent application is written in English, you will be required to file a German translation within three months from the filing of the utility model application. Although this is another cost factor that needs to be considered, most law firms can provide such a translation in a cost effective manner.

What can be protected by utility models?

As mentioned briefly above, e.g. compounds, drugs, compositions, formulations, medical devices and medical systems can be protected by a German utility model. However, methods and processes are not protectable via a utility model in Germany. Note that there can be considerable differences in the various national laws on utility models, e.g. Austrian law does allow the protection of methods and processes via utility models. Another example is Portugal, which excludes pharmaceutical compounds from protection via utility models, which is not a problem in Germany.

A special case is the medical use of a known compound. Quite often patents are granted not only for compounds and formulations as such – at least in Europe it is also possible to have a patent claim that is aimed at the first or further, specific therapeutic, medical uses of said compound or formulation. Up until recently, it was uncertain in Germany whether protection for a therapeutic medical use would also be possible via the German utility model. This question has been clearly answered by the German Federal Court of Justice (Bundesgerichtshof, BGH) in his landmark decision “Arzneimittelgebrauchsmuster” (roughly “utility model for the use of a drug”, X ZB 7/03) of October 5, 2005, in which the court held that the therapeutic, medical use of a drug was an inherent, technical feature of the drug as such, and therefore not to be excluded from protection via a German utility model. Similarly, a number of national laws in other states in Europe also allow this.

Invention or no invention

Although an application for a utility model in Germany does not undergo substantial examination (only with regard to formal issues, quick registration and speed as a major advantage) this does not mean that any utility model will remain registered. This would be unfair and an obstacle to the public if the subject-matter of the utility model would not be novel and therefore not a true invention. Utility models can be cancelled on request by a third party in cancellation proceedings, where novelty and non-obviousness indeed do play a role. Up until recently, only the hurdle of novelty had to be taken, while inventiveness was not so much of an issue in Germany. This has changed recently by a further landmark decision of the German Federal Court of Justice in which the court ruled that an invention protected via a utility model in Germany does also have to comprise an inventive step (BGH, “Demonstrationsschrank”, X ZB 27/05).

Utility models as part of a Global IP strategy in biotech and pharma

Utility models may not be as well-known as patents – however, they should be considered as part of a global IP strategy. A lot of countries all over the world do offer the option of the national utility model, and some of them, including Germany, do allow double protection of the same invention via a granted patent and a registered utility model. Speed, low costs and less restrictive prior art provisions can provide substantial advantages over a patent application that may be shelved in the patent office for years to come. Therefore, any biotech or pharmaceutical company should not only rely on patents - but also on

utility models as part of their global portfolio of IP rights.