



**EXCERPT FROM THE
JOINT STATEMENT OF THE 18TH MEETING OF THE
WORLD SEMICONDUCTOR COUNCIL (WSC)
22 MAY, 2014
TAIPEI, TAIWAN**

UTILITY MODEL PATENTS

The WSC strongly supports improvements to national utility model (UM) laws to bring legal certainty and predictability to UM right holders and product developers and manufacturers worldwide. In some jurisdictions, UM patents provide the same rights as utility or invention patents, but have a lower standard of patentability. This results in protection for inventions with a lower level of inventiveness. Also, in some jurisdictions UM patents may be asserted before a validity determination, shifting the burden of proof and cost to the alleged infringer to prove invalidity. However, this latter problem does not exist in those jurisdictions that require a validity determination at the cost of the holder of the UM patent.

To protect semiconductor investments and promote further innovation, the WSC calls for improvements to national utility model laws as recommended in the WSC consensus paper, — Recommendations for Improvements to National Utility Model Laws || (attached in Annex 1).

WSC calls on GAMS to take the initiative to drive improvements of national UM laws in line with the WSC’ s attached consensus recommendations concerning UM examinations, proper subject matter, patentability, legal enforcement, and relationship between UMs and patents.

Annex I: World Semiconductor Council Recommendations for Improvements to National Utility Model Laws

Improvements in utility model laws will ensure an accelerated grant framework as well as legitimacy of the system in many countries and regions, thereby protecting semiconductor investments and promoting further innovation.

Examination of Utility Model Applications or Registered Utility Models

Background: Substantive examinations of utility model applications, if any, vary among the different jurisdictions.

Recommendation: It is recommended that Utility Model applications be examined before registration, or (not examined) registered Utility Models be or can be made subject to a revocation procedure at the respective PO before they are enforced in court.

Proper subject matter for a UM

Background: In most jurisdictions, the subject matter that is eligible for UM protection relates to an intended narrow category of shapes and/or structures of products, including mechanical structures. The intent of UM protection is to cover more trivial, incremental improvements in simple devices. However, there are many different interpretations of the definition that often result in expansion of the subject matter that is made eligible for UM protection. For example, the claims of a UM application that are directed to the function of a product (which is protectable by patent laws), should not be granted, as they are not within the limited scope of subject matter eligible for UM protection in those jurisdictions.

Recommendation: Keeping in mind the intended narrow category of eligible subject matter (i.e. limited to shapes and/or structures of products and not extended to include claims to the function of a product), improved UM systems should ensure that a UM application is claiming eligible subject matter, limited to the foregoing scope prior to granting/registering of the UM. This should also include more comprehensive training for the examiners of UM applications and the publication of clear guidelines for the public to better understand what the eligible subject matter is for UM protection.

Patentability

Background: Patentability standards and timing of examination vary among the different Patent Offices (POs). Many of the POs conduct a cursory review of the UM application and make a novelty determination without conducting a prior art search, before granting/registering the UM. In a few cases, other POs conduct a full examination (i.e. novelty and inventive step) before granting the UM. Although the test for novelty is quite

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consistent in the various POs (with some differences as to what constitutes prior art), the inventive step test varies among the POs. Some POs use the same inventive step test as that used for a regular patent, but in recognition of the objective of the UM

system, namely to provide quick, low cost protection for trivial innovation, most of the other POs use a lower standard for the inventive step test.

Recommendation: Keeping in mind the objectives of UM systems, national UM laws should strive for consistent standards of novelty and inventive step, including a common definition on what constitutes prior art, for a valid UM; but recognize and accept those UM systems that use the same standards of patentability as those used for patents. If the national UM law only requires review of a UM for novelty before granting it, there should be a requirement to conduct a prior art search and use the results from that search to make the novelty determination. If the national law allows for an inventive step test that is different (i.e., a lower standard than the inventive step test for a regular patent, the national law (which should also include corresponding implementing regulations and examiner guidelines) should provide clearer and more specific guidelines and training to Examiners on the specific definition of the inventive step test, the inquiries that need to be made and answered to apply the test, and clear notice to the public on the definition of the test and application thereof.

Enforcement

Background: There is concern for the UM systems that allow UM holders to assert their UMs before full examination and shift the burden of proving invalidity, and the associated expense, to the alleged infringer. There is also concern that for UM systems that have a lower standard of patentability, namely a lower inventive step standard than that for a regular patent, remedies should be less than those for a patent.

Recommendations: For jurisdictions that do not require substantive examination of the UM application prior to registration, a procedure for requesting examination and/or revocation of the registered UM should be available at the respective PO before enforcing of a registered UM in court. The remedies for Utility Models that are examined using a lower standard of patentability than that of a patent, should be limited as follows: damages should be less than those for a regular patent (e.g. nominal or statutory) and there should be no injunctive relief. In case the UM right is invalidated, in an invalidity proceeding brought by the alleged infringer, the costs, including reasonable attorney fees, of the validity determination proceedings should be shifted to the UM owner.

Infringement actions should be within the exclusive jurisdiction of the court system (and can include specialized patent courts) and invalidity determinations may be within the jurisdiction of both the courts and administrative agencies (i.e. POs).

Relationship of UMs and Patents

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Background: Some countries allow the seeking of both UM and Patent protection, and allow the UM filing date to serve as the filing date of the subsequently filed patent

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application. Recommendation: To be consistent, UM laws could provide that a UM cannot be asserted after a patent has been granted for the same application. In case a patent for a certain application is not granted, a corresponding valid UM can still be asserted.

GAMS Support for Improvements in Utility Model Laws

Background: There is strong support among the WSC membership for improvements to national UM laws which would bring more legal certainty and predictability to UM holders and product developers and manufacturers.

Recommendation: GAMS should take the initiative to drive or recommend improvements of national UM laws in line with the other recommendations in this paper.