25 February 1999 A4-0096/99

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REPORT

on the proposal for a European Parliament and Council Directive approximating the legal arrangements for the protection of inventions by utility model (COM(97)0691 - C4-0676/97 - 97/0356(COD))

Committee on Legal Affairs and Citizens' Rights

Rapporteur: Julio Añoveros Trias de Bes

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Opinion of the Committee on Economic and Monetary Affairs and Industrial Policy . . . . . .

By letter of 12 December 1997 the Commission submitted to Parliament, pursuant to Article 189b(2) and Article 100a of the EC Treaty, the proposal for a European Parliament and Council Directive approximating the legal arrangements for the protection of inventions by utility model.

At the sitting of 12 January 1998 the President of Parliament announced that he had referred this proposal to the Committee on Legal Affairs and Citizens' Rights as the committee responsible and the Committee on Economic and Monetary Affairs and Industrial Policy for its opinion.

At its meeting of 22 January 1998 the Committee on Legal Affairs and Citizens' Rights appointed Mr Añoveros Trias de Bes rapporteur.

It considered the Commission proposal and the draft report at its meetings of 19, 20 and 21 January 1999 and 23 and 24 February 1999.

At the latter meeting it adopted the draft legislative resolution unanimously.

The following were present for the vote: De Clercq, chairman; Rothley and Malangré, vice-chairmen; Añoveros Trias de Bes, rapporteur; Barzanti, Berger, Cassidy, Ewing, Falconer (for Oddy), Gebhardt, Janssen van Raay and Thors.

The opinion of the Committee on Economic and Monetary Affairs and Industrial Policy is attached.

The report was tabled on 25 February 1999.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

A
LEGISLATIVE PROPOSAL

Proposal for a European Parliament and Council Directive approximating the legal arrangements for the protection of inventions by utility model (COM(97)0691 - C4-0676/97 - 97/0356(COD))

The proposal is approved with the following amendments:

Text proposed by the Commission([1])	Amendments by Parliament
(Amendment 1) Recital 10a (new)	
	Whereas in order to facilitate applications for utility models and reduce the time taken to grant these models in more than one Member State, a 'one-stop shopping' procedure should be introduced, without prejudice to the national provisions in force in each of the Member States concerned;
(Amendment 2) Recital 13	
Whereas it is necessary to exclude from utility model protection not only those inventions which are normally excluded from patentability but also, in order to meet the needs of the industries concerned, inventions relating to chemical or pharmaceutical substances or processes and inventions involving computer programs;	Whereas it is necessary to exclude from utility model protection not only those inventions which are normally excluded from patentability but also inventions relating to substances or processes;

([1]) OJ C 36, 3.2.1998, p. 13.

(Amendment 3)
Recital 14

Whereas a utility model application must satisfy requirements similar to those for patents; whereas, however, a utility model application gives rise only to a check to ensure that the formal conditions for protectability are satisfied without any preliminary examination to establish novelty or inventive step; whereas it may form the subject-matter of a search report on the state of the art only at the applicant's request;	Whereas a utility model application must satisfy requirements similar to those for patents; whereas, however, a utility model application gives rise only to a check to ensure that the formal conditions for protectability are satisfied without any preliminary examination to establish novelty or inventive step; whereas it may form the subject-matter of a search report on the state of the art only at the request of the applicant or any interested third party;

(Amendment 4)
Recital 19 (new)

	Whereas the application of this Directive should be monitored and it should be adapted in order to safeguard, in the context of utility models, the proper functioning of the internal market and innovation by Community enterprises; whereas the Commission should propose the measures necessary for this purpose, which should include specific steps to facilitate and reduce the cost of registering utility models in more than one Member State,

(Amendment 5)
Article -1 (new)

	The provisions of this Directive shall be without prejudice to any legal provisions of the Community or of the Member States concerned relating to design rights, other distinctive signs, copyrights, patents, typefaces, civil liability, or unfair competition.

(Amendment 6)
Article 1

Definitions	Definition
For the purposes of this Directive, 'utility model' means the registered right which confers exclusive protection for technical inventions and which is known in Member States by the following names:	1. In accordance with the provisions of this Directive, utility model protection will be extended to new inventions which, while involving an inventive step and being susceptible of industrial application, consist in giving an object or instrument, or a part thereof, a configuration, structure or mechanism which entails a practical or technical advantage for its use or manufacture. 2. It is known in the Member States by the following names:
Germany: Gebrauchsmuster Austria : Gebrauchsmuster Belgium : Brevet de courte durée Denmark: Brugsmodel Spain : Modelo de utilidad Finland : Hyödyllisyysmalli/ Nyttighetsmodellagen France : Certificat d'utilité Greece : Πιστοποιητικό υποδείγματος χρησιμότητας Ireland : Short-term patent Italy : Brevetto per modelli di utilità Netherlands: Zesjarig octrooi Portugal : Modelo de utilidade	Germany: Gebrauchsmuster Austria : Gebrauchsmuster Belgium : Brevet de courte durée Denmark: Brugsmodel Spain : Modelo de utilidad Finland : Hyödyllisyysmalli/ Nyttighetsmodellagen France : Certificat d'utilité Greece : Πιστοποιητικό υποδείγματος χρησιμότητας Ireland : Short-term patent Italy : Brevetto per modelli di utilità Netherlands: Zesjarig octrooi Portugal : Modelo de utilidade
	3. "One-stop shopping" procedure means a procedural arrangement facilitating the obtention of utility models in more than one Member State in a coordinated procedure and at a single location, without prejudice to national provisions applicable in each Member State concerned.

Amendment 7
Article 3(3) (new)

	3. The provisions of the previous paragraph shall exclude from utility model protection the subject-matter or activities referred to in that provision only to the extent to which a utility model application or utility model relates to such subject-matter or activities as such.

(Amendment 8)
Article 4

Utility models shall not be granted in respect of:	Utility models shall not be granted in respect of:
(a) inventions the exploitation of which would be contrary to public policy or morality, provided that the exploitation shall not be deemed to be so contrary merely because it is prohibited by law or regulation in some or all Member States;	(a) inventions the exploitation of which would be contrary to public policy or morality, provided that the exploitation shall not be deemed to be so contrary merely because it is prohibited by law or regulation in some or all Member States;
(b) inventions relating to biological material;	(b) inventions relating to biological material;
(c) inventions relating to chemical or pharmaceutical substances or processes;	(c) inventions relating to substances or processes.
(d) inventions involving computer programs.	Deleted

(Amendment 9)
Article 5(3)

Additionally, the content of utility model applications as filed, of which the dates of filing are prior to the date referred to in paragraph 2 and which were published on or after that date, shall be considered as comprised in the state of the art.	Additionally, the content of utility model and patent applications as filed, of which the dates of filing are prior to the date referred to in paragraph 2 and which were published on or after that date, shall be considered as comprised in the state of the art.

(Amendment 10)
Article 6

For the purposes of this Directive, an invention shall be considered as involving an inventive step if, in the utility model application, the applicant indicates clearly and convincingly that, compared with the state of the art, it exhibits either (a) particular effectiveness in terms of, for example, ease of application or use; or (b) a practical or industrial advantage.	For the purposes of this Directive, an invention shall be considered as involving an inventive step if, compared with the state of the art, it is not very obvious to an expert in the field.

(Amendment 11)
Article 8(1)

A utility model application shall contain:	A utility model application should contain only:
(a) a request for the grant of a utility model;	(a) a request for the grant of a utility model;
(b) a description of the invention;	(b) a description of the invention;
(c) one or more claims;	(c) one or more claims;
(d) any drawings referred to in the description or the claims;	(d) any drawings referred to in the description or the claims;
(e) an abstract.	(e) an abstract.

(Amendment 12)
Article 8(2)

2. A utility model application shall be subject to the payment of a filing fee and, where appropriate, a search fee.	2. A utility model application shall be subject to the payment of a filing fee and, where appropriate, a search fee. All fees shall include a reduction of 50% for SMUs, individual inventors and universities.

(Amendment 13)
Article 12

This amendment does not apply to the English text.

(Amendment 14)
Article 13(2)

2. The number of claims shall be limited to that which is strictly necessary having regard to the nature of the invention.	Deleted

(Amendment 15)
Article 15(1)

1. The competent authority with which a utility model application has been lodged shall examine whether the application satisfies the formal requirements of Articles 8 and 10 and shall check whether it contains a description and an abstract.	1. The competent authority with which a utility model application has been lodged shall examine whether the application satisfies the formal requirements of Articles 8, 9 and 10 and shall check whether it contains a description and an abstract. It shall also consider whether any of the protection requirements laid down in Article 4 apply.

(Amendment 16)
Article 15(3)

3. The competent authority referred to in paragraph 1 shall not carry out any examination to establish whether the requirements of Articles 5, 6 and 7 have been met.	3. The competent authority referred to in paragraph 1 shall not carry out any examination to establish whether a practical or technical advantage exists or whether the requirements of Articles 5, 6 and 7 have been met.

(Amendment 17)
Article 15a (new)

’One-stop shopping’ procedure

1. When it sees fit, the Commission shall adopt the measures needed to introduce a ’one-stop shopping’ procedure for granting utility models in one or more Member States. Information concerning the operation of this ’one-stop shopping’ procedure shall be published in the Official Journal of the European Communities.

2. The ’one-stop shopping’ procedure shall comply with the following conditions:

(a) it shall be open to all inventors who apply for a utility model in one or more Member States of the Community;

(b) the bodies with which the applications are originally lodged shall forward them to the competent authorities within seven working days of their official receipt;

(c) the competent authorities shall inform the applicant and the bodies with which the applications were originally lodged of their decision regarding the granting or rejection of the application within seven working days of the date on which the decision was taken;

(d) Articles 17 and 18 shall apply to applications lodged under the ’one-stop shopping’ procedure; the date of receipt to be taken into account for applications lodged under the ’one-stop shopping’ procedure shall be the date on which the application was received by the bodies with which the application was originally lodged;

(e) the bodies with which applications may be lodged shall keep the Commission regularly informed of the operation of the ’one-stop shopping’ procedure, including information on applications which have been rejected.

(Amendment 18)
Article 15b (new)

Opposition procedure

1. Within three months following the publication of the notice granting the utility model, any person with a legitimate interest may give notice to the competent authority of opposition to the utility model. The grounds for opposition may refer to any of the conditions laid down for the granting of the model, including the lack of novelty or inventive step, or the inadequacy of the description. However, the grounds may not include any questioning of the legitimate right of the applicant to request utility model protection, a matter which should be referred to the courts.

2. The notice of opposition must be accompanied by the relevant supporting documents. If the opposition is admissible, the competent authority shall set a deadline for the proprietor to remedy the formal defects.

(Amendment 19)
Article 16(1)

1. If a utility model application has been accorded a date of filing and is not deemed to be withdrawn, the competent authority with which the application has been lodged shall, at the applicant's request, draw up on the basis of the claims a search report covering the relevant state of the art, with due regard to the description and any drawings.	1. If a utility model application has been accorded a date of filing and is not deemed to be withdrawn, the competent authority with which the application has been lodged shall, at the request of the applicant or any other interested party and at their own cost, draw up on the basis of the claims a search report covering the relevant state of the art, with due regard to the description and any drawings.

(Amendment 20)
Article 16(3)

3. Immediately after it has been drawn up, the search report shall be transmitted to the applicant together with copies of any cited documents.	3. Immediately after it has been drawn up, the search report shall be transmitted to the applicant together with copies of any cited documents. The search report shall be made available to the public as part of the documentation accompanying the granting of the utility model.

(Amendment 21)
Article 16(4)

4. In the provisions which they adopt in order to comply with this Directive, Member States may provide that a search report is compulsory in the event of legal proceedings being brought to enforce the rights conferred by the utility model.	4. In the provisions which they adopt in order to comply with this Directive, Member States shall provide that a search report is compulsory in the event of legal proceedings being brought to enforce the rights conferred by the utility model, unless it has already been the subject of a previous search report.

(Amendment 22)
Article 19(2)

2. Six months before the period indicated in paragraph 1 elapses, the right-holder may submit to the competent authority an application for renewal of the utility model for a period of two years.	2. Six months before the period indicated in paragraph 1 elapses, the right-holder may submit to the competent authority an application for renewal of the utility model for a period of two years. This renewal shall not be granted unless an application for a search report has been made in respect of the invention concerned.

(Amendment 23)
Article 20(2)

2. Where the subject-matter of a registered utility model is a process, the utility model shall confer on its proprietor the right to prevent third parties not having his consent from using the process and from using, offering for sale, selling, or importing for these purposes at least the product obtained directly by that process.	Deleted

(Amendment 24)
Article 20(3)

3. The rights conferred by a utility model in accordance with paragraphs 1 and 2 shall not extend to: (a) acts done privately and for non-commercial purposes; (b) acts done for experimental purposes relating to the subject-matter of the protected invention.	3. The rights conferred by a utility model in accordance with paragraph 1 shall not extend to: (a) acts done privately and for non-commercial purposes; (b) acts done for experimental purposes relating to the subject-matter of the protected invention.

(Amendment 25)
Article 20(4)

4. The proprietor of a utility model shall have the right to assign or transfer by succession, the utility model and to conclude licensing agreements	4. The proprietor of a utility model shall have the right to transfer the utility model by any legally recognised means and to conclude licensing agreements

(Amendment 26)
Article 20(7) (new)

	7. The right conferred by the utility model shall take full effect at the time when the protection is granted.

(Amendment 27)
Article 22(2)

2. Member States may provide that a utility model which has been granted is deemed to be ineffective where a patent relating to the same invention has been granted and published.	2. A utility model which has been granted is deemed to be ineffective where a patent relating to the same invention has been granted and published.

(Amendment 28)
Article 22(3)

3. Member States which do not exercise the option referred to in the preceding paragraph shall take appropriate measures to prevent the proprietor, in the event of his rights being infringed, from instituting successive proceedings under both sets of protection arrangements.	3. Member States shall take appropriate measures to prevent the proprietor, in the event of his rights being infringed, from instituting successive proceedings under both sets of protection arrangements.

(Amendment 29)
Article 24(1)(a)

(a) the subject-matter of the utility model is not protectable pursuant to Articles 3 to 7 of this Directive;	(a) the subject-matter of the utility model is not protectable pursuant to Articles 1(1) and 3 to 7 of this Directive;

(Amendment 30)
Article 24(1)(e) (new)

	(e) the proprietor of the utility model is not entitled to obtain it pursuant to the provisions of Article 20(4).

(Amendment 31)
Article 24(2)

2. If the grounds for revocation affect the utility model only partially, revocation shall be pronounced in the form of a corresponding limitation of the utility model. The limitation may be effected in the form of an amendment to the claims, the description or the drawings.	2. If the grounds for revocation affect the utility model only partially, revocation shall be pronounced in the form of a corresponding limitation of the utility model. If the national law so allows, the limitation may be effected in the form of an amendment to the claims, the description or the drawings.

(Amendment 32)
Article 24a (new)

Secondary application

In the absence of specific provisions applicable to utility models, these shall be governed by the provisions laid down for patents for invention provided they are not incompatible with the specialty of the latter.

(Amendment 33)
Article 24b (new)

Within three years of the adoption by the Member States of the provisions of this Directive, the Commission shall inform the European Parliament and the Council of the results of its application and whether it should be adapted in order to safeguard, in the context of utility models, the proper functioning of the internal market and innovation by Community undertakings. It shall also propose any measures it deems necessary to improve it.

DRAFT LEGISLATIVE RESOLUTION

Legislative resolution embodying Parliament's opinion on the proposal for a European Parliament and Council Directive approximating the legal arrangements for the protection of inventions by utility model (COM(97)0691 - C4-0676/97 - 97/0356 (COD))

(Codecision procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(97)0691 - 97/0356 (COD))([1]),

- having been consulted by the Council pursuant to Articles 189b and 100a of the EC Treaty (C4-0676/97),

- having regard to Rule 58 of its Rules of Procedure,

- having regard to the report of the Committee on Legal Affairs and Citizens' Rights and the opinion of the Committee on Economic and Monetary Affairs and Industrial Policy (A4-0096/99),

1. Approves the Commission proposal, subject to Parliament's amendments;

2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 189(2)a of the EC Treaty;

3. Calls on the Council to incorporate Parliament's amendments in the common position that it adopts in accordance with Article 189b(2) of the EC Treaty;

4. Points out that the Commission is required to submit to Parliament any modification it may intend to make to its proposal as amended by Parliament;

5. Instructs its President to forward this opinion to the Council and Commission.

([1]) OJ C 36, 3.2.1998, p. 13.

B
EXPLANATORY STATEMENT

1. Introduction

As a result of the globalisation of markets, industrial and intellectual property is assuming an increasingly international dimension. The GATT/WTO agreements on Trade-related Aspects of Intellectual Property Rights (TRIPS) are the most noteworthy result of this process.

Initially, the European Union legislative activity in the field of industrial and intellectual property rights was on a modest scale. However, in recent years it has developed at a swifter pace. The utility model is the last right of its kind not granted protection at Community level.

Although the duration of a utility model is usually shorter than that of a patent, the fact that it grants similar protection and can be obtained much more quickly under most legal systems (since only a formal examination of the invention is carried out), means that the utility model is highly convenient for certain kinds of invention. It must be borne in mind that the length of time taken to award a patent (measured in years) is too long in an era such as our own where technologies are changing and products are marketed rapidly.

The existence of an instrument providing an alternative to patents for minor inventions means that the level of invention required for these can be interpreted more strictly.

2. Scope for action

In its Green Paper of 19 July 1995 (COM(95)370), the Commission proposed two main instruments for harmonisation:

(a) A Community Directive harmonising national protection systems and at the same time involving the introduction of utility models in countries which do not have this system.

(b) Mutual recognition of national protection by the Member States so that a single application would be sufficient to secure protection in various Member States.

(c) With the same end in view, the creation of a Community protection right in the form of a Regulation. In this way protection could be secured throughout the EU through a single application procedure dealt with by a joint authority under a single law.

(d) A combination of different options. Particular prominence is given to the possibility of combining a Directive and the creation of a new single protection right in the form of a Regulation, as is the case in legislation on trademarks and designs.

The Commission favoured a Directive, whereas in its report on the Green Paper the Committee on Legal Affairs believed that, for the time being, the most appropriate step would be to adopt a Regulation introducing a European utility model. As has happened in the case of trade marks and as pointed out by the Economic and Social Committee (CES 792/98 of 28 May 1998), this option is likely to be adopted once the approximation of national laws by means of a Directive is complete.

Furthermore, we believe that, until a uniform utility model protection right is adopted, it is preferable not to introduce a harmonised registration procedure. The costs and time involved for staff employed in the national offices responsible for utility models to learn a new procedure, together with the problems generated by the introduction of these procedures, would not be offset by the benefits of a procedure which would continue to be uneven across the European Union.

3. Problems

3.1 Definitions:

Utility models come under the sector of industrial property and are different from 'industrial and artistic models and designs', which are purely formal aesthetic creations, not useful or technical in nature. Utility models are technical creations, small-scale improvements which give a product greater utility than it had before. For example, as Italian case law shows (*Giulano Paone v INCO, 21 May 1979)*, although both require a creative contribution, utility models make an existing product more useful through an innovation involving a form, structure, configuration or combination of parts, whereas an industrial model or design involves a combination of lines, colours and other aspects.

It is important to draw this distinction so that persons who might infringe utility models cannot sidestep the protection by means of superficial alterations to the design, thus enabling them to copy technical innovations from its component parts. There should therefore be a requirement for utility models to involve a practical or technical advantage that is an essential and inescapable part of their nature.

Article 1 of the proposal provides a definition which makes it possible to include the various national utility models but which, as the Economic and Social Committee points out, is too broad. Indeed, the only outline of a definition is to be found in Article 3. We believe that to include the national names for utility models under the definition does not take account of the fact that the names used for the Netherlands and Belgium are not official ones and fails to make provision for the Member States which do not possess this facility. It is therefore preferable to include them in a second paragraph, merely for the purposes of interpretation. The characteristic aspects of this instrument should be included in Article 1.

Defining utility models by reference to a structure, mechanism or configuration means excluding processes and substances. This means that it is quicker and cheaper to secure protection.

3.2 Three-dimensional form:

It is proposed that the subject-matter of a utility model be defined by reference to a structure, mechanism or configuration. This means that, in most Member States, the inventor only has to put forward a structure which produces an industrial advantage, with the result that the process of granting the model can be completed more swiftly. Without the three-dimensional form requirement, the process for granting the utility model would be more complex and consequently more expensive because of the need to ensure minimum legal security in a different manner. The requirement balances the need for a quick and simple procedure with minimum legal security. Lastly, this requirement is one of the elements which distinguishes a utility model from a patent.

3.3 Exceptions:

(a) *Processes:*

Except in Ireland, inventions relating to processes are not covered by national laws on utility models. Only products are protected. This means that the examination is easier and less costly. The Green Paper recognises that it is very difficult to verify a process in the event of an infringement, although it makes no final judgement on the question. In many cases, moreover, process inventions can be better protected by means of industrial secrecy ('know-how').

(b) *Substances:*

The Green Paper also recognises that in the event of an infringement the courts would not be in a position to verify whether the requirements for the protection of substances and compositions of substances had been met, although it points out that this is a problem common to other inventions. Excluding substances means that the examination is simpler, quicker and cheaper, which is the hallmark of the utility model system, although it does involve leaving a certain number of products without utility model protection. The Economic and Social Committee also proposes that substances and processes be excluded from protection.

(c) *Computer programs:*

Although wide-ranging copyright protection is provided by Directive 91/250 of 14 May 1991 (OJ L 122/1991, p. 42), no provision is made to protect the invention. Consequently, under the various legal systems, protection is provided by means of patents, as in the United States. The Commission has decided to draw up a proposal on the patentability of computer programs.

In its opinion, the Committee on Economic and Monetary Affairs and Industrial Policy argues strongly that inventions relating to computer programs should be included under the Directive (particularly subprograms, dynamic libraries or specialised algorythms, which are 'virtual objects' developed through an invention process).

We agree with that committee that computer-related inventions would be better catered for by utility models than by patents, especially as the useful or commercial life of such inventions is not usually more than two years and the different versions of a computer program in most cases merely represent a slight improvement over the previous version.

3.4 Legal certainty

The lower level of legal certainty offered by the utility model compared to the patent is the price that has to be paid for the speed, lower cost and fewer requirements needed for the protection it provides. Nevertheless, it can be said that the advantages of this form of protection outweigh the disadvantages. If utility models purported to be a right similar to and complementing patents, the effects would undoubtedly be felt in terms of the number of utility model applications and the ability of SMUs to market their innovations. The Green Paper points out that, if the verification period is considered to be long, a fall in applications occurs, in the same way as for patents.

Nevertheless, the combined force of Articles 5, 6 and 15 of the Commission proposal represents a severe blow to the legal certainty offered by utility model protection, particularly for those Member States accustomed solely to the use of invention patents.

The present report proposes the following measures in an attempt to bridge the gap between the two options and provide utility models with a substantial degree of legal certainty:

(a) definition of the inventive step (Article 6)
(b) search report (Article 16)
(c) requirement for a search report should legal proceedings be brought (Article 16(4)) and extensions (Article 19(2))
(d) opposition system (Article 15(b))
(e) new grounds for revocation (Article 24)
(f) deeper harmonisation.

3.5 Inventive step

The degree of invention for a utility model does not have to be assessed with the same stringency as in the case of a patent, since it only relates to minor inventions. Accordingly, a more limited inventive step than for patents must be allowed. We are therefore proposing to introduce a definition based on the European Patent Convention, but in a less stringent form, since the aim here is to regulate utility models and not patents. We feel that the definition proposed by the Commission is not too broad and offers little legal certainty.

3.6. Fees

SMUs and individual inventors do not have the same technical and financial resources as large companies, for which the costs incurred in search reports, research, legal proceedings in the event of infringement or lack of validity, and monitoring utility models account for a much smaller percentage of their total budget. For this reason, and to encourage applications where it is not possible to assess with accuracy the economic value of an invention and the level of innovation by SMUs, individual inventors and universities, a discount should be introduced to cut the cost of all fees. Account should be taken of the fact that fees in many cases represent only a small percentage of the total costs of securing adequate protection for an invention.

3.7. Restricting the number of claims

Introducing a restriction on the number of claims may certainly be useful depending on the nature of the invention, but may also be arbitrary. We believe that the solution proposed by the Commission in Article 13(2) is at odds with Article 84 of the European Patent Convention, is too subjective and would probably give rise to variations in the national laws on this matter. It would be preferable to ensure compliance with the claims required under Article 24 (revocation). It should be taken into account that in general a high number of claims involves costs for undertakings, and it is therefore to be hoped that they would be reluctant to systematically file unnecessary claims.

3.8 Examination as to formal requirements

Article 15 may well be one of the most controversial articles. Should examination cover all requirements, as for patents, or only formal ones? The legal certainty offered by the first option is one argument in its favour. Simplicity, speed and cheapness are the arguments in favour of the second option, since these are the very essence of this approach and the key to its success.

None of the Member States which have utility models have introduced verification of the substantive requirements in order to secure protection. All except Belgium provide for formal verification of the legal capacity to secure protection and this is precisely the option chosen by the Commission. Article 15 of the proposal for a Directive provides for the examination to be confined to the formal requirements of Articles 8 and 10. However, the Green Paper also points out, by way of example, that some inventions can be excluded from protection because of this formal verification. We are therefore proposing that this article should also include verification of the requirements of Articles 4 and 9 of the proposal. This examination can be completed simply in cases which are clear cut (and the question always arises subsequently for those which are not) and may prevent unwarranted provisional protection being granted.

3.9 One-stop shopping procedure

Until it is possible to introduce a single Community utility model procedure alongside the national systems with a central office, the one-stop shopping procedure is the best way of avoiding a situation where utility model applicants are required to submit an application in each Member State in which they require protection. We are therefore taking up the proposal put forward by the Committee on Economic and Monetary Affairs and Industrial Policy in a similar form to that provided for in Directive 97/13/EC on general authorisations and individual licences in the field of telecommunications services.

3.10 Opposition procedure

This procedure makes it possible to settle disputes concerning utility models more swiftly than can be done in the courts. Since it begins after the granting of a utility model, the procedure does not delay the issuing of protection and at the same time represents a guarantee of legal certainty in the face of a merely formal verification of the invention.

3.11 Search reports

Article 16 stipulates that a search report need only be drawn up at the request of the applicant and that the Member States 'may' provide that a search report is compulsory in the event of legal proceedings. This represents a missed opportunity to bridge the gap between rapid protection and greater legal certainty more effectively.

We believe that any interested party (for example, a competitor) should be able to request a search report on payment of a fee. We have taken up the idea of the Committee on Economic Affairs that the information provided by the report should be available to the public.

We also support the idea that the Member States should be able to make a search report compulsory, since, in addition to the requirement for greater legal certainty, this article would otherwise have no *raison d'être* as it gives the Member States a right they already possess.

Finally, in view of its advantages and despite the drawback of the costs involved, we consider it important to encourage the drawing-up of these reports. We therefore believe that it should be compulsory, if a report has not already been drawn up in cases where an invention is so beneficial as to prompt an application for renewal. It is not a great burden to undertakings and instead of paying a renewal fee, they could pay a search fee, which in many Member States is more or less the same.

3.12 Duration of protection

We agree with a maximum protection period of ten years (same as most countries) and that the first renewal should be after six years, given that, as the Green Paper points out, the useful life of an invention at present does not exceed six years on average. As noted above, we are proposing that renewal should not be granted unless the compulsory search report has been drawn up, as a deterrent against using excessive duration as an alternative to the imposition of higher fees and at the same time as a way of strengthening legal certainty and improving information.

3.13 Revocation

We believe that an additional ground for revocation should be included, namely a situation where the proprietor of the utility model was not entitled to obtain it, because he is not the inventor, successor in title or has not had it assigned to him. This new ground revokes the registration and not the invention itself, which is valid and can be protected if the inventor or his successor submits the application.

Article 24(2) should be amended, since although it meets the need for greater flexibility it is less secure from the legal point of view than the approach taken by other national legal systems. We are therefore proposing that the provisions of Article 138(2) of the European Patent Convention be incorporated, as they enable the utility model to be limited through an amendment to the claims, description or drawings, if the national law so allows.

4. New articles

Laying down provisions which will apply where there are no specific provisions applicable to utility models is an essential requirement to enable any industrial undertaking to have an idea of what national legislation they have to contend with. For example, it makes it possible to apply to utility models the provisions on patent and industrial inventions, under legal systems where they do not exist.

We also consider that the Commission should follow up the Directive (as has been done in Article 15 of Council Regulation 3295/94 of 22 December 1994) and adapt it so as to safeguard innovation in the European Union in this field and ensure that the internal market functions properly. If appropriate, it should lead to new measures, including the possibility of a greater or lesser degree of harmonisation, introduction of a one-stop shopping procedure or encouragement of cross-border registers. It should be borne in mind that at the present time applicants wishing to obtain the protection afforded by utility models in all Member States without carrying out a search report (and therefore not being able to invoke the Patent Cooperation Treaty) face costs which may be even higher than those for European patents.

5. The future

As the Economic and Social Committee also points out, in future consideration should be given to what steps can be taken to prevent national courts from interpreting harmonised national laws in a different manner. It will also be necessary to prevent different interpretations of the validity of utility models which are protected in more than one Member State.

In agreement with the Committee on Economic and Monetary Affairs and Industrial Policy and as already stated in this committee's own report on the Green Paper, we hope to see the Member States regulate their procedures for granting utility models and patents so as to simplify the requirements in those cases where the proprietor of a utility model subsequently applies for a patent and vice versa, with all possible steps being taken to facilitate the conversion process.

Finally, when the Community patent is adopted, steps should be taken to ensure that there is no legal vacuum or incompatibility between the two instruments.

3 September 1998

OPINION
(Rule 147)

for the Committee on Legal Affairs and Citizens' Rights

on the proposal for a European Parliament and Council Directive approximating the legal arrangements for the protection of inventions by utility model (COM(97)0691 - C4-0676/97 - 97/0356(COD)) - report by Mr Añoveros Trias de Bes

Committee on Economic and Monetary Affairs and Industrial Policy

Draftsman: Mr Gasoliba i Böhm

Procedure

At its meeting of 16 February 1998 the Committee on Economic and Monetary Affairs and Industrial Policy appointed Mr Gasoliba i Böhm draftsman.

It considered the draft opinion at its meetings of 22 April 1998, 3 June 1998 and 3 September 1998.

At the last meeting it adopted the following conclusions unanimously.

The following were present for the vote: von Wogau, chairman; Katiforis, Garosci and Secchi, vice-chairmen; Gasoliba i Böhm, draftsman, Anttila (for Cox), Areitio Toledo, Barton (for Billingham), Berès, Blot (for Trizza), Bowe (for Caudron), Camisón Asensio (for Arroni), Carlsson, Castagnède, Cassidy (for de Brémond d'Ars), Christodoulou, Cunningham (for Glante), de Lassus Saint Genies (for Scarbonchi), Donnelly, Fayot, Fourçans, Friedrich, García Arias, García-Margallo y Marfil, Glase (for Konrad), Harrison, Hendrick, Herman, Hoppenstedt, Ilaskivi, Kestelijn-Sierens, Langen, Larive, Lukas, Erika Mann (for Kuckelkorn), Thomas Mann (for Lulling), Metten, Miller, Paasilinna, Peijs, Pérez Royo, Porto (for Mather), Rapkay, Read, Riis-Jørgensen, Rübig, Skinner (for Murphy), Soltwedel-Schäfer, Thyssen and Wolf (for Hautala).

Introduction

Protecting new inventions is a necessity to foster innovation and research. An efficient protection system for new inventions includes several components:

- a monopoly of usage rights granted to the inventor;
- a free access to the description of the invention, thus allowing any person to introduce further developments or alternative systems or processes;
- a guarantee that the invention is genuine and that its inventor and no other deserves the privileges attached to it.

The patent is such an instrument, and it has all the required qualities - at least at national level, but there are also international Treaties, which ensure an adequate protection between industrialized

countries, provided proper steps are taken. The question of whether a next step should be envisaged at Community level is presently under scrutiny.([1])

Patenting, however, is a difficult, lengthy and costly process. It is therefore not adapted for inventions of lesser significance or life expectancy, and it is out of reach for many small and medium enterprises with limited resources.

The utility model is a more lightweight protection, which aims at lifting these inconveniences. The counterpart is, however, a lesser level of legal certainty.

In the European Union, most - but not all - Member States have a national legislation on utility models. However, no international nor Community instruments are available.

The 1995 Green Paper

The Commission, after consulting companies and inventors, issued a 'Green Paper on the protection by utility model in the Single Market'([2]). In this Green Paper, the Commission left open the following options, and called for comments on them:

- harmonizing (or at least approximating) national legislation by means of a Directive
- organizing mutual recognition of national regimes (which might imply some harmonization as well)
- creating a single Community scheme for utility models, comparable to the trade marks system.

The Economic Committee considered that the latter option would be excessive: while cross-border protection is a necessity in the single market, a fully-fledged Community-wide scheme would imply a complexity and costs contradictory with the objectives sought.

Our view was therefore more in favour of the second option, mutual recognition with a harmonization of the general framework limited to the extent where discrepancies might harm the proper functioning of the single market, in particular relating to the areas covered and duration of the protection, with an *à la carte* choice of the geographical extent of the protection.

However, the Committee on Legal Affairs preferred to support the option of a Community Regulation.

We insisted also on the upward compatibility, ensuring a simplified procedure avoiding duplication of efforts in the case where the owner of a utility model would apply later for a patent.

The Commission proposal

The Commission finally decided to come forward with a draft Directive approximating the legal arrangements for the protection of inventions by utility model. This approach corresponds more to

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([1]) 'Promoting innovation through patents' - Green Paper on the Community patent and the European patenting system, COM(97)314 final of 24.06.1997

([2]) COM(95)0370 of 19 July 1995.

the views of this committee and, which is more important in a way, to those of industry representatives.

The framework that the draft Directive sets is, however, precise enough on the scope, rights conferred and duration to be more than a mere mutual recognition. It clarifies the priority aspects and facilitates the transition to a fully fledged patent. In fact, the Economic Committee considers that the level of detail of this text addresses adequately most of the concerns which caused the reluctance of the Legal Affairs Committee.

Critical appraisal

The Economic Committee therefore casts a positive judgement on the draft Directive. However, it considers that the present text, while ensuring a consistent implementation of the utility model in each Member State, falls short of creating an adequate instrument for the single market.

While we still consider that a single procedure for granting utility models throughout the Union would have been overkill, we think that inventors should not have to undertake several different administrative procedures in each and every Member State if they need a cross-border protection. Therefore, we advocate the introduction of a one-stop shopping procedure. This means that the application made in one country could be forwarded to other countries upon request. Such a procedure respects the various national schemes, while allowing the inventor to follow only one procedure in his or her home country.

This one-stop shopping is not a new concept. It is in particular used for the granting of telecommunications licences, an area where Member States are particularly wary of any potential infringement to their sovereignty([1]).

On the same lines, the Economic Committee recalls that a transnational database or an equivalent system would be useful for the establishment of search reports, be they optional requests of the inventor or a demand of public authorities under Article 16(4). Despite the fact that it does not translate into an amendment to this legislative text, the Economic Committee would like to ask the Commission to envisage the inclusion of utility models in the IPR Helpdesk project.

Finally, the exclusion of inventions involving computer program does not appear adequate, given the intrinsic nature of both the utility model concept and the software industry. Whereas there is no doubt that computer programs as products are adequately covered by copyright laws, the underlying software components in the form of subprograms, dynamic libraries or specialized algorithms are virtual objects which may be the result of an inventive process as defined in patent law. Incidentally, the inclusion of software-related inventions is under consideration in the Commission's Green Paper on patents.

Furthermore, the software industry's inventions fit perfectly into the aims of the utility model concept, whereas the practicality of the patent is uncertain in most cases: the rhythm of development

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([1]) See in particular Directive 97/13/EC of the European Parliament and of the Council of 10 April 1997 on a common framework for general authorizations and individual licences in the field of telecommunications services - OJ L 117, 7.5.1997., p. 15.

of this industry accounts for a vast number of inventions, usually useful and efficient, but rarely decisive; their life cycle is short (even two years is a long time); search reports are particularly difficult to establish; and the authors are very often SMEs, or even individuals: they are indeed the perfect clients for a utility model.

The Economic Committee therefore advocates strongly the inclusion of inventions involving computer program in the scope of the Directive.

Conclusions

For these reasons, the Committee on Economic and Monetary Affairs and Industrial Policy calls on the Committee on Legal Affairs and Citizens' Rights , as the committee responsible, to incorporate the following amendments in its report:

(Amendment 1)
Recital 10a (new)

Whereas in order to facilitate the application for utility models and shorten the time-limits for granting utility models in more than one Member State, a 'one-stop-shopping procedure' should be established, without prejudice to national provisions applicable in each Member State concerned;

(Amendment 2)
Article 1 - new indent
Definitions

"one-stop' shopping procedure' means a procedural arrangement facilitating the obtention of utility models in more than one Member State in a coordinated procedure and at a single location, without prejudice to national provisions applicable in each Member State concerned.

(Amendment 3)
Article 4
Exclusions from protectability

Utility models shall not be granted in respect of: (a) inventions the exploitation of which would be contrary to public policy or morality, provided that the exploitation shall not be deemed to be so contrary merely because it is prohibited by law or regulation in some or all Member States; (b) inventions relating to biological material; (c) inventions relating to chemical or pharmaceutical substances or processes; (d) inventions involving computer programs.	Utility models shall not be granted in respect of: (a) inventions the exploitation of which would be contrary to public policy or morality, provided that the exploitation shall not be deemed to be so contrary merely because it is prohibited by law or regulation in some or all Member States; (b) inventions relating to biological material; (c) inventions relating to chemical or pharmaceutical substances or processes;

(Amendment 4)
Article 8(2)

A utility model application shall be subject to the payment of a filing fee and, where appropriate, a search fee.	A utility model application shall be subject to the payment of a filing fee and, where appropriate, a search fee. Fees shall be equitable and shall not exceed administrating costs.

(Amendment 5)
Article 15a (new)
'One-stop shopping' procedure

1. Where appropriate, the Commission shall take the steps necessary for the operation of a 'one-stop shopping' procedure for the grant of utility models in more than one Member State. Information on that 'one-stop shopping' procedure shall be published in the Official Journal of the European Communities.

2. The 'one-stop shopping' procedure shall comply with the following conditions:

(a) it shall be open to all inventors applying for a utility model in more than one Member State in the Community;

(b) applications shall be passed to the competent authorities concerned, within seven working days of formal receipt, by the bodies to which they were submitted initially;

(c) the competent authorities shall inform both the applicant and the bodies to which the relevant application was submitted initially of their decisions of granting or rejecting an application within seven working days of taking their decision;

(d) Articles 17 and 18 shall apply to applications made by means of the 'one-stop shopping' procedure; the date of filing to be considered for the applications made by means of the 'one-stop shopping' procedure shall be the date of filing with the bodies to which the application has been submitted initially;

(e) the bodies to which the applications may be submitted shall report periodically to the Commission on the operation of the 'one-stop shopping' procedure.

(Amendment 6)
Article 16(3a)(new)

	3a. The search report shall be made available to the public as part of the documentation material accompanying the granting of the utility model.

(Amendment 7)
Article 19

1. The duration of the utility model shall be six years from the date of filing of the application	1. The duration of the utility model shall be six years from the date of filing of the application
2. Six months before the period indicated in paragraph 1 elapses, the right-holder may submit to the competent authority an application for renewal of the utility model for a period of two years.	
3. Six months before the period indicated in paragraph 2 elapses, the right-holder may submit a second and last application for renewal for a maximum period of two years.	
4. In no circumstances may utility model protection last for more than ten years from the date of filing of the application.	