How to Define the Height of Inventiveness of Utility Model?

(With thoughts arising from a recent judgment made by the German Federal Court)

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On 20 June 2006, the German Federal Court rendered its final judgment related to the Federal Patent Court's Judgment XZB27/05 in a case involving a legal issue of prolonged debate: is there any difference in the height of inventiveness of utility model and patent?[1]

The case involved a utility model entitled "display cupboard", for which an application for registration was filed on 9 February 1995 and which expired in February 2005. Before its expiry, a requester requested the German Patent and Trademark Office to revoke said utility model on the ground that it lacked novelty and inventiveness. The German Patent Office rejected the request. The requester then filed a request for reexamination with the German Patent Court. After the utility model expired, the requester changed the request, and requested the German Patent Court to nullify the utility model involved in the infringement lawsuit heard by the Düsseldorf Court. Upon hearing the case, the German Patent Court decided that the utility model was invalid for lack inventiveness.

In hearing the case, the German Patent Court first reviewed the legal position raised in the rulings made by the reexamination tribunal on utility models that a utility model is determined to have met the inventiveness requirement if it goes beyond the daily activity of a person skilled in the art. However, the German Patent Court clearly pointed out in the present case that this position would, under some circumstances, result in unconvincing judgment. For that reason, the German Patent Court placed, in the judgement in the present case, the evaluation of inventiveness of the utility model on a par with the non-obviousness of the patent. To clarify, and to reach a consensus on, the view on this important legal issue, the German Patent Court expressed its hope that the German Federal Court would accept the case of appeal, so that it could make the supreme judicial interpretation on the relations between the "Die erfinderische Taetigkeit (or inventive activity)" of the patent with the "Der erfinderische Schritt (or inventive step)" of the utility model.

The German Federal Court accepted the appeal, and stated that as a level of adjudication, it is bound by a judgment made by the German Patent Court on fact-ascertainment in relation to inventiveness evaluation, but the German Patent Court explain, in detail, the difference in the standards of inventiveness of utility model and patent in its judgment.

Former views on the issue were analysed at length in the judgment. It was pointed out that in the Utility Model Law as amended on 15 August 1986 was presented the law makers' desire to highlight the difference of the two in inventiveness. In the Law were at least used two different words: "Die erfinderische Taetigkeit" and "Der erfinderische Schritt". The expressions go along with the courts' judgments and the traditional doctrines of the academic community despite the fact that all the relevant judgments and doctrines occurred before the period between 1987 and 1986 when the patent and utility model regulations were promulgated. The position or view was shown in the supreme judicial judgment that a technical solution susceptible to the utility model protection may be lower than a technical solution susceptible to the patent protection in terms of inventiveness since the term of patent protection is longer than that of the utility model protection.

In considerable literature, the mainstream view is that the standards are different for the evaluation of inventiveness of patent and utility model. But the difference has never been precisely defined.

In the German Patent Court's recent judgment has also reinterpreted the view that even if a technical solution is obvious to a person skilled in the art compared with the prior art, if it is not directly obtainable from the common technical

knowledge and through common understanding of the prior art, it may be protected as a utility model. But the German Federal Court did not present its position on how to interpret the issue within the framework of the Utility Model Law as of 1986.[2]

In the judgment in the present case, the Federal Court has made its position clear that the patent and utility model are substantially the same in terms of the effect of protection, and only the patent protection, not the utility model protection, is accorded in some areas or fields, such as methods or processes of production or work. For law-makers, the two are different in the scope within which the prior art is taken into account,[3] a difference that is directed to evaluation of inventiveness as well as novelty.

It is pointed out in the judgment that first of all, both the "Der erfinderische Schritt" and "Die erfinderische Taetigkeit" are qualitative, not quantitative, standards. What is often said is that the inventive contribution of a utility model is less than that of a patent, and it may be even obvious. This measure of the "degree" of inventive contribution is no where to be found. Besides, the difference in the standards for evaluation of utility model and invention patent is small. If it is believed that a solution that has less inventive contribution or is even obvious may be granted the exclusive right, it would ruin the integrity of the system. This way is likely to endanger the utility model law, turning it into a container for holding all solutions that should not be protected as patent. This Court is against the tendency. That is, the court is not bound by the legislative aim of the federal government underlying the federal legislation when interpreting the law. As the legislative aim of the federal government shows, the requirement of inventive contribution should be cancelled or deleted. Thus, solutions that seem to be obvious and cannot be directly obtained by a person skilled in the art according to the common knowledge or the common understanding of the prior art should not be deemed to have "Der erfinderische Schritt", otherwise, the result would be that any person engaged in industrial and commercial activities, except the rightholder, should not use them. This expansion of the right is undue to third parties who enjoy the freedom of trade under the Constitution.

It should be said that the judgment made by the German Federal Court, with its express position, directly responded to the mainstream position of the former judicial judgments and the theoretical community. It now remains unknown whether this position represents the German Federal Court's future mainstream position or whether it will have impact on the German judicial community's evaluation of inventiveness of utility model. This, however, at least shows that the former common thinking in relation to the evaluation of inventiveness of utility model is now facing great challenge.

Ever since the utility model system was put in place in China, constant efforts have been made to explore the differences in the standards of inventiveness of utility model and inventions. In the Guidelines for Examination issued in 2001, a section on the examination of inventiveness of utility model was specially added to Chapter 6 "Other Provisions of Part 4 thereof" to show the difference in the height of inventiveness of utility models and inventions. That is, first of all, when the field of prior art is considered, "for an invention, the examiner shall consider not only the technical field to which the invention belongs, but also the analogous, proximate or relevant technical fields, and those other technical fields in which the problem to be solved by the invention would prompt a person skilled in the art to look for technical means. For a utility model, the examiner will normally focus on the technical field to which the utility model belongs, and also consider the analogous, proximate or relevant technical field", and second, when the number of prior art used is considered, "for an invention application, one, two or more prior art references may be cited to assess its inventive step. For a utility model, normally one or two prior art references may be cited to assess its inventive step. Where the utility model is made by juxtaposing some prior art means, the examiner may, according to the circumstance of the case, cite more than two prior art references to assess its inventive step". The amendment to the Guidelines for Examination as of 2006, again concerned with the examination of the inventiveness of utility model, was made by addition of a defining condition that "where there is a clear technical teaching, for example, where there is an explicit description in the prior art, to prompt a person skilled in the art to look for technical means in a proximate or relevant technical field" in the part of "consideration may be takne of the similar or relevant art" as one of the circumstances where the inventiveness of utility model is evaluated.

Obviously, the efforts that have been made in the Guidelines for Examination are to differentiate the height of the inventiveness of utility models and inventions in a workable manner, and they have the same effect as that of the position the German Federal Court held in the present case in some aspects: they are identical in that the different height of inventiveness should be only embodied within the quantitative

scope; and they are different in that in Germany, a utility model is different from a patent in the scope of prior art defined in the law while in China they are different in the scope of choice of prior art. While the latter is regulated with the sectoral rules or regulations and while the arbitrary division is perhaps not necessarily fair under some circumstance, this writer believes that it is of positive significance to differentiate the standards for distinguishing the two in a way as quantitatively as possible for these reasons:

First, for the patent right as *jus in re*, the scope and validity of the right should be certain and predicable to an extent. The predictability presupposes objectivity of the evaluation standards. In evaluation of the validity of a patent right, the subjectivity in evaluation of inventiveness is a widely known difficult issue. For that reason, the inventiveness evaluation standards should develop towards objectivity, and should not make the evaluation increasing difficult.

Second, since the inventiveness standards *per se* are qualitative, qualitive and tiered classification in a qualitative way would obviously result only in fuzzy distinction. There have occurred such cases in Germany where, based on the same existing prior art, some utility models were revoked in the revocation proceedings while an identical patent was kept valid in the opposition proceedings.[4]

Given this, actively exploring the inventiveness evaluation, especially the objective standards for evaluation of inventiveness of utility model under the amended Guidelines for Examination will be conducive to reducing multiplication of actions, stablising the patents, and improving judicial impartiality. ■

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[1] In Germany, the utility model law is independent from the patent law. The system for registration is adopted for utility models, with the post-registration revocation and nullity proceedings instituted. Under the Utility Model Law as amended in 1986, to be granted the protection, a utility model should possess inventiveness. But, the inventiveness of a utility model and that of a patent is differently stated lexically in their respective law, using "Der erfinderische Schritt" for the former and "Die erfinderische Taetigkeit" for the latter. But, the laws do not define the difference in the height of inventiveness of the two, which has given rise to an issue of prolonged debate.

[2] Inventiveness is expressly required of utility model only after the text of the amendment of the Utility Model Law was promulgated in 1986, that is, a utility model must possess "Der erfinderische Schritt".

[3] Under the German Patent Law and Utility Model Law, the patent and utility model are different in the definition of the scope of prior art. The prior art of the former is the absolute prior art, i.e. a technology disclosed in writing or in oral form, through use or in other ways in the country, and the prior art of the latter is confined to those disclosed through use or in oral form in the country.

[4] U. Krieger, GRUR Int. 1996, Pp 345-346.