Chinese Utility Models: A Closer Look

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China’s patent system provides three types of patent rights: invention, utility model and design. Utility models are used extensively by Chinese applicants but foreign applicants have filed only a small number of utility model applications. Among other changes, a recent amendment to Chinese patent law, which became effective as of October 1, 2009, clarifies that an applicant can apply for both invention and utility model patents on the same invention but requires that the applicant abandon the utility model patent in favor of the invention patent when the invention patent grants. This clarification brings to light a filing strategy not often pursued in China by foreign applicants.

As mentioned, China has three types of patents: invention patents, utility model patents and design patents. A Chinese invention patent is similar to a U.S. utility patent and protects a new technical solution relating to a product, a process or an improvement thereof. A Chinese utility model patent, on the other hand, covers a new technical solution relating to a product’s shape, structure or a combination thereof.

Utility model patents, which have a 10-year term, are not substantively examined and are granted after a formal examination, which generally takes about one year to 1.5 years or less. In contrast, invention patents, which have a 20-year term, are substantively examined and can take three years to five years to grant.

It can therefore be advantageous for applicants to file applications for both a utility model application and an invention patent application so as to gain the advantage of early issuance of a utility model patent. However, many foreign applicants do not follow this strategy. According to statistics from State Intellectual Property Office (SIPO), in 2008, 99.3% (223,945) of utility model applications were filed by Chinese applicants. Foreign applicants filed only 1,641 utility model applications (0.7%). These statistics are nothing new. Since 1985, approximately 99.7% of utility model applications have been filed by Chinese applicants with foreign applicants accounting for only 0.3% of utility model applications. A possible explanation is that foreign applicants, particularly those from countries where no similar system exists, are simply unfamiliar with Chinese utility models.

Strategic Considerations
A basic strategy for filing in China could include filing both invention applications and utility model applications. Such a strategy can be advantageous because the relatively short period of time from filing to grant of a utility model application can be combined with the longer term of an invention patent to yield an extended period of time during which an enforceable right is available. Furthermore, the scope of protection provided by the claims of the initial utility model is likely to be broader than the scope of the claims in the eventual invention patent.
Moreover, objections on inventiveness grounds during prosecution of the invention application may not necessarily affect the enforceability of the utility model because the standard for evaluating inventiveness in utility model invalidation proceedings is different from the standard for invention patents. Also, if the utility model patent and the invention patent have different scopes of protection, then there will likely be no double patenting issues. Applicants can therefore take the strategy even further by initially filing broader claims in the utility model applications while pursuing narrower claims in an invention application.

Utility models can also be a quick and cost-efficient way to protect products with a short life cycle. Invention patents may not be desirable for products with short life cycles because prosecution can take several years and can be costly to maintain. In contrast, utility models can provide protection for these products at much earlier stage and are cheaper to obtain and maintain.

Sophisticated applicants may also want to consider filing utility model applications for patentability reasons. Chinese patent applications filed by foreign applicants usually claim priority from a foreign application, either through the Paris Convention or as national stage of a Patent Cooperation Treaty application. Upon entry into national stage in China, foreign applicants must choose to enter either as an invention application or a utility model application, but not both. However, by national stage entry, applicants might have an idea of the patentability of their inventions based on previous prosecution. As discussed above, utility model applications are not substantively examined and later invalidation based on lack of inventiveness is difficult. Thus, for those applications that may have difficulty in terms of inventiveness, applicants can strategically choose to enter China as a utility model application. This strategy can quickly yield an enforceable utility model patent.

Lastly, the utility model can also be used in cases where urgent protection is needed. For example, if a product launch in China is rapidly approaching, a utility model application can be filed quickly without the time required for sophisticated drafting. In extreme cases, the utility model application can be filed with narrow claims that may only cover the actual product.

**Conclusion**

The default practice for foreign applicants in China has traditionally been to file invention applications while overlooking utility models. However, the Chinese utility model system can be used to strategically to enhance the scope of patent protection in China. An applicant wishing to learn how they can benefit from the Chinese utility model system should contact qualified patent counsel who can review their filing goals and provide advice on an appropriate Chinese filing strategy.

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