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Innovation without Patents

Harnessing the Creative Spirit in a Diverse World

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10. Utility models in Latin America

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10.1 UTILITY MODELS IN LATIN AMERICA

In Latin America, examples exist of regional utility model regimes that hold each country to harmonised standards (the Andean Community) and of countries designing their own national system (that is Mexico, Argentina and Brazil). This chapter covers the Andean Community Common Regime on Industrial Property and the Mexican UM regime.

The Andean Community

Andean Community Decision 486 of 2000 established a Common Regime on Industrial Property for the five member countries (Bolivia, Colombia, Ecuador, Peru and Venezuela). The decision does not create unitary IP regimes but defines standards that must be adopted by each member.

Title III of the decision deals with UMs. A UM is considered to be a ‘new form, configuration, disposition of elements, of any artefact, tool, instrument, mechanism or other object or any part of the same, that permits a better or different functioning, use or manufacture of the object which incorporates or which offers any use, advantage or technical effect that it did not have previously’. The term of protection is ten years from the filing date. UM applications can be converted upon request to patent applications as well as vice versa.

10.2 A CASE STUDY ON MEXICO

Mexico, on the other hand, opted to design its own system. Efforts to legally protect technological innovation have a long history in that country. Indeed, the first regulation for the protection of inventions was enacted in 1820, when Mexico was the Spanish colony of New Spain. Since those days, legal administration in Mexico has been very active in this respect. Mexico has passed industrial property laws or revised them 19 times from that year to 2005, chang-

ing terms of protection, patentability requirements, office procedures, fees, and penalties for rights infringements.

Two very important changes took place in 1976 with the establishment of an inventor certificate (IC) regime, and in 1991 with the provision of UMs.¹ For the patent and IC regimes, the International Patent Classification (IPC) was adopted from 1979 for their classification and publication. ICs remained available until 1991 when they were abolished.

In the mid 1990s, two other important developments took place. In 1994, the Mexican Patent Office was renamed the Instituto Nacional de Propiedad Intelectual (IMPI) and turned into an independent organisation with administrative control over its own resources. In 1995, Mexico signed the Patent Cooperation Treaty (PCT). This has led to a rise in the number of applications received from nationals of state party countries.

10.2.1 Trends in Patenting

From 1890 to 2005, a total of 228,815 patents have been granted. Since 1995, the number has risen markedly. There are a number of possible explanations for the increase. Since 1985, Mexico has signed several free trade agreements including with 15 countries and the EU. Mexico also joined the World Trade Organization and was thus obliged to implement the TRIPS Agreement. This period is recognised as ‘the commercial opening of Mexico’, which brought as a consequence the need to modify the judicial framework for the registration and protection of technology. Also, in 1986, the period of protection was extended from 10 to 14 years from grant, and in 1991 to 20 years from the filing date. In the same year, the IC system was abolished. During that period, also, the patent system became available in more technological fields. But the most significant influence was Mexico’s ratification of the PCT.

However, while the number granted to Mexican nationals has increased slightly, as a proportion of the total, it has declined, falling to only about 2 per cent (see Table 10.1).

10.2.2 Promoting Innovation Without Patents

Inventor certificates

When ICs were created as an alternative to patents for technology protection, some areas of technology were deliberately excluded from patents and placed within the IC regime. These included ‘procedures to obtain chemical products,

¹ Industrial Property Law (of 25 June 1991, as last amended by the Decree of 17 May 1999).

Table 10.1 New patent grants awarded to Mexican nationals, 1995–2004

Year	New grants	Grants to nationals
1995	3 537	148
1996	3 186	116
1997	3 946	112
1998	3 219	141
1999	3 899	120
2000	5 519	118
2001	2 479	118
2002	6 611	139
2003	6 008	121
2004	6 835	162

alloys and pharmaceutical chemical processes; inventions related to nuclear energy; apparatus and equipment for pollution and its manufacturing process, modifications or applications’.

As with patents, applications were made to the patent office. The only difference is that ICs were cheaper to obtain. The protection term was identical: ten years from the date of grant. The coexistence of the patent and IC regimes was intended to enhance local innovation and acquisition of technology. It was thought that the IC system would be used mainly by local people. For one thing, the extent of exclusivity for right holders was less than with patents. And for another, the Transfer of Technology Office (Ministry of Commerce) had the power, albeit never exercised, to intercede in the case of refusal to license and establish a fixed royalty rate. Shifting technological fields from the patent system to the IC regime, it was expected, would result in fewer patent grants to foreign companies. However, from 1976 to 1991, out of 7734 ICs registered, just under 3 percent were from Mexican nationals, so the IC regime failed in its basic aims.

Utility models

The Mexican Industrial Property Law defines a UM as follows:

Art. 28. – ...the objects, devices, apparatus or tools which, as a result of a modification in its arrangement, configuration, structure or shape, present a different function with respect to the parts which complete it or advantages in its utility.

As can be seen, the UM is not for the invention of a thing, but for making existing things work better. The period of protection is ten years from the filing date.

The application procedure is similar to a patent. The applicant has to prepare a description, mentioning the technical background, the objective of the invention and describing the invention. The explanation can be supported by drawings. Finally claims have to be mentioned and a summary of the invention. Also, the UM must be for a single invention.

In Mexico, neither the law nor the courts contemplate that UMs should be treated any differently from patents. However, UM applications are not published, and the public is not notified in any way about their existence until after they are granted. Patents, on the other hand, are published 18 months after filing. It is important to mention that the filing of UM applications costs about half that of patents. Concerning the possibility of converting a UM to a patent, the rule is that if the technical subject matter justifies it, an examiner can suggest that a UM application be changed to a patent application. However, the fees payable would be that for a patent, not a UM. Conversely, a patent application deemed not to qualify may be changed into a UM application.

Applications for UM protection were accepted from 1991, and by 30 June 2005, 1341 UMs had been granted. Of these, 1041 (78 percent) were granted to Mexican nationals (see Table 10.2). Although much fewer UMs have been granted than ICs during a similar period of time, for policymakers seeking to encourage domestic usage of intellectual property law, the UM system appears to function more effectively. Nonetheless, the amount of UMs granted remains modest, and with such low granting rates compared to patents (and also with ICs), the regime can be considered so far to be no more than a qualified success if a success at all.

Table 10.2 New utility model grants awarded to Mexican nationals, 1992–2000

Year	New grants	Grants to nationals
1992	39	30
1993	97	78
1994	143	94
1995	221	159
1996	20	16
1997	64	54
1998	83	68
1999	90	61
2000	104	69

10.3 CONCLUSIONS

Twenty years ago the commercial opening of Mexico began as the country sought to improve its economic conditions and international competitiveness. Consequently, commercial treaties were signed with several countries, the EU, Japan and other various international organisations. Another response by Mexico was to modify its Industrial Property Law to enhance incentives for domestic intellectual property ownership over new technologies. However, foreign businesses were often better placed to take advantage of the reforms. Thus, while the number of patent grants increased 100 percent, from 3500 in 1995 to almost 7000 in 2004, the number of national grants held steady, around 100–150 per year.

In contrast, while UM grants have not yet experienced such overall increases, national grants are proportionately very high. The question for policymakers to ask themselves is whether it is more important for Mexicans to engage significantly in an IP regime that has modest overall participation levels than for them to be far less involved in an albeit more popular system.