ON THE NATURAL PARITY OF OPPORTUNITIES AND ON NATURAL MANIFESTATIONS

(OR ON THE WAYS OF REFORMING THE PATENT SYSTEM)

Yevgeniy ZYBTSEV

Patent attorney of the Ukraine, LLC Inventa Company

City of Kharkiv

Published in the *Intellektual'na Vlasnist* [Intellectual Property] Journal. 2012, 5. p. 44-48. ISSN 1608-6422

Recently, the press and professional editions have been publishing articles where the authors are pointing to the absurdness of patenting a priori dubious patents, which undermine public trust in the procedure and the expediency of patenting, and in the state as well. In addition, more often one can hear the roundelays of stirring sounds as vibrant yodels from meeting halls where disputes on rights in intellectual property are resolved. And the most depressing thing is that the wave of dissatisfaction and reproaches is all the more loud.

Many argue that the problem lies in the relatively low costs involved in acquiring intellectual property rights, thus facilitating the granting of a priori false and dubious patents. They fail to enrich society, but conversely, are an element of speculative manifestations and unscrupulous acts.

Others assert that "Society is at a certain stage of development… wait a while, and the patent system will start functioning properly and we will see it in a never-before-seen and subtle form, which will become a reliable stronghold for development of society, but before this we have to wait and be patient", but for how long…? This question, most regrettably, cannot be solved because the patent system is not a branch of philosophy, but rather an area of private property managed exclusively from a pragmatic viewpoint.

Third ones assert that the "black hand" mauling the patent system is found in institutions where decisions on granting patents are made by people who are not earnest and are mediocre and, generally, are far from being artisans (with a big "A") in all the possible areas of creative and human manifestations.

The aim of this article is to offer suggestions that would significantly hinder the manifestations of existing paradoxes in the national patent system, and turn it back to its sources of the natural and the substantiated.

Thus, for a start, let us answer the question: "What is a patent?" All in unison will say, "It is a document certifying the exclusive right in an intellectual property." This is right, but let us pose the question in another way. "What in essence does the date of patent issuance imply?" Mind that, essentially, a patent is the exclusive (monopoly) right in the results of intellectual activity, and this right is granted by the state. In other words, the inventor concludes a deal with the state, in exchange for which he is obliged forever to disclose clearly and intelligibly, without withholding, all the secrets and the information that have been concealed until present. Though the inventive step occurs most often spontaneously or as a result of a confusion or a lapse,

acquiring patent rights cannot arise in such a manner because the creator of the inventive step must, first of all, identify it, describe in a precise and clear manner, and only then make it a subject of state criticism. Therefore, acquiring patent rights is a conscious, diligent and meticulous activity (as Ye.S. Stogniy noted, "a three-act play", with these acts being disjointed – a kind of patent potpourri). Unfortunately, not all inventors will be able to reach the final goal. They will be only those who will not waver for a moment; who can demonstrate their belief and perseverance; and who will gain their well-deserved final award – the state-granted exclusive (monopoly) right. However, it is worth mentioning that an applicant should use his right prudently and reasonably.

Currently, a trend has developed when the state has been encouraging society, viz. reducing patenting fees and developing new kinds of protection of creative activity results.

New formal procedures were introduced (under applicant's responsibility) for receiving "small" patents (utility model patents), and industrial design patents. The emergence of new kinds of protection has its result that the applicant solemnly claims one's monopoly rights, with the state merely holding a formal procedure. This can be called the applicant's *presumption*, who only solemnly claims one's rights. This leads to a weakening of the responsibility for the above-mentioned claim, and slackens the degree of diligence and reasonableness when deciding on the prospect of patenting. The applicant is a priori confident that he will receive a patent anyway. If the applicant has doubts in the expediency of patenting, no one can tell him what to do.

The applicant is also aware that the main burden of proof will be borne by society, and hence, more than likely, will let things slide in patenting. The applicant will not put in big efforts because hardly anybody will challenge his rights because proving their invalidity for the public is a heavy financial and moral burden. As a result, the quality of materials will degrade in the first place. The applicant can pursue the wrong path because no one will help him, provide hints or correct his course of actions. This can lead to other consequences, viz. disorienting creditors, shareholders, the public, and so forth.

Applicant's *presumption* creates adverse effects for the patent system:

- The applicant himself becomes disoriented as regards acquired rights. This can lead to adverse effects and involve extensive and unfounded restrictions for society and the state, with the main burden of proof placed on society. Many can argue that the applicant has created something never-before-seen by present-day "wizards" and "magicians"; therefore, it is no worth worrying that he can affect another's property. However, here one can object (and practice shows) that water flows on the path of least resistance, and it is unlikely that the applicant will voluntarily pursue wearisome investigations and patent research;
- An applicant who has once resorted to such indiscriminate patenting can time and again repeat such ill-disposed actions and no one will put him right;
- A big hazard also comes into being because the state makes no decision on the granted rights, but leaves this to the applicant's discretion, though it is exclusively the state's obligation to do this because all the rights that can create a monopoly market position must be considered closely with special thoroughness and diligence.

Many inventors can disagree with the above conclusions because they are sincerely convinced that the main evil resides in institutions where decisions on granting patents are made. They say, "There is no sense in making an applicant pay more and substantial examination, in essence, yields nothing good because of the following reasons:

a. The staff of these institutions have seen nothing else besides a paper and pencil

b. They make no attempt to delve into the essence of our creative insight because of their time limits on examining a technical solution. An inventor spends years to find it, and an examiner rejects it in a wink of the eye

c. Examination results do not guarantee that they will not lead to a confusion and conflict of rights in the future; therefore, they are right in making life easy for themselves by working out new intricate forms of protection because, no matter what, all disputes will be settled in a court of law."

And these arguments of an inventor are true. BUT! Bear in mind that the discontent of inventors and their jeering at examiners is caused merely by different approaches to the same issue because an inventor reasons in invention categories, whereas the examiner does this in monopoly rights categories, and therefore, in most cases, they fail to come to terms. The examiners in the patent agencies are genial to inventors because they know what the inventor has endured, what he is overcoming and what he has yet to experience (recall the three-act play).

As regards the quality of substantive examination, actually there is a problem when the examiner has to consider multifaceted solutions and he cannot, even if he is eager to do so, grasp in detail the technical solution. Hence, he largely follows the state of the art described by the inventor, though he knows a priori that the inventor, while preparing the specification, indicated therein many things subjective, contradictory and ambiguous because the inventor is very concerned with his invention. If a patent agent prepared the materials, then things are even worse because, more likely, the agent prepared the materials so as to soft soap the examiner. However, the fact remains – when the inventor knows that his technical solution will be examined he will prepare the invention specification using the well-known principle of measure thrice and cut once, and then check what will have a positive effect on the quality of filed materials to increase the chances of being granted a patent, which will not be found invalid during court proceedings.

Therefore, a new concept needs to be developed, which would balance all the contradictory issues and iron out difficulties inherent to the existing patent system. This calls for active involvement of the public because all the burdens resulting from patent rights are to be borne by the public whose opinion is actually not taken into account in the process of making a decision on granting patent protection.

This refers to such intellectual property as utility models and industrial designs, in regard to which the inventor solemnly claims one's exclusive (monopoly) rights without substantive examination. If the state acknowledges the applicant's rights by examination as to form without going into the details of the technical solution for the utility model (or assessing the novelty of an industrial design), then it would be expedient for the state to publish information on issuance of a utility model or industrial design patent in 6-8 months from the date of filing an application for

registering a utility model or industrial design. After the publication of such a patent, it would be deemed disclosed to the public and any person would be able to review the application materials (utility model or industrial design patent) without restriction.

This person could deliver in writing one's comments on the patentability of the claimed intellectual property. In so doing, the comments could be very biased and based on a pragmatic interest.

If such a person will find that the application fails to meet the requirements for granting exclusive (monopoly) rights, then this person can share one's opinion with the state, viz. send to the agency one's motivated appeal on the illegality of granting a utility model or industrial design patent with references to legal acts and other materials, according to which the given solemnly claimed industrial property fails to meet patentability criteria. Having received such an impetus from the public, the state will doubt the legality of applicant's claims and will raise the issue of performing a substantive examination with the applicant. To this end, the agency will send the applicant a notification that a motivated appeal was received, and therefore the state is obliged to perform a substantive examination of the claimed technical solution. With this in view, the applicant must pay the fee for the said examination in four months.

If the applicant will fail to pay the examination fee in due time, the agency will recall the patent, i.e. indicating that the patent has expired because the agency believes that the applicant has agreed that his technical solution fails to meet patentability criteria due to objective reasons. If the applicant does not agree with public opinion, he shall pay the fee for examining one's intellectual property. As a result, the examiner once again reviews the specification materials. In this case, the examiner takes into account both materials, which the applicant submitted at the application filing stage, and those that the applicant has submitted after a motivated appeal has been received in regard to the patent he was granted.

Having studied the above-mentioned materials, the expert, on behalf of the state, makes a decision on the legality of applicant's claims or that they were insufficient. If the examiner will establish the legality of applicant's claims, he will send his decision to the applicant and initiate a publication in the official journal on that intellectual property was examined, i.e. that the state acknowledges the applicant's rights. All further disputes will be investigated in a court of law because the administrative procedure has been exhausted at this point. Note that other third parties, on their own initiative, can pay the fee for performing the said examination. The agency, having received a notification of examination fee payment, considers this as a pressing event, performs the examination at the earliest moment and informs the applicant and the public of the results without delay. If the applicant or the public disagree with examination results, they have the right to resort to court.

Note additionally that the term starting from the instance the applicant has acquired rights, i.e. from the date of official publication on issuance of a patent, and up to the instance of terminating the acceptance of motivated appeals from the public, should be reasonable and justified because the public, while reviewing the publication, can conclude that it is not new, having lost sight of the fact that more than 5-10 years have passed since the publication date. Therefore, the term for submitting motivated appeals shall not exceed, for instance, five years. If during five years no appeals were submitted in regard to a utility model (industrial design) patent, the state

considers this as plausible proof of the legality of granting legal protection to the above-mentioned intellectual property, i.e. the public's silence clearly indicates that it agrees with the exclusive rights implied by the patent. The state, accounting for and relying on the public opinion, confirms the rights, i.e. acknowledges that the patent has stood the test of time. Following this, if any third party will be in doubt, it must apply only to court, being aware that the application has passed examination and has stood the test of time.

Conclusions

The suggested system of patenting "small" patents, namely, utility model and industrial design patents, has several advantages as compared to the current system of issuing patents "under applicant's responsibility":

a. Inventors will demonstrate utmost care and diligence when preparing applications to reduce the probability of patents disclosed to public opinion being challenged

b. Applicants will abstain from filing applications for dubious intellectual property because any motivated appeal by the public will automatically involve extra costs for the applicant to perform a substantive examination of the intellectual property as demanded by the public

c. The Patent Agency workload will drop because the number of filed utility model applications will be less

d. Patent examination quality will improve because the increasing number of applications requiring substantive examination will be more demanding for the examiner as regards his qualification.

The suggested path of reforming the patent system will reduce the level of speculations with and abuse of patent rights in Ukraine. Therefore, I propose to consider the above-stated concept while developing the next revision of the Law of Ukraine "On Protection of Rights in Inventions and Utility Models".

27.04.2012