

LMU CIPLITEC

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**OPEN INNOVATION
A REFORM FOR THE GERMAN
UTILITY MODEL SYSTEM
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New Use of Patents

September 2017: Seattle & Bay Area

Interviews with IP Counsels

- Defensive use
 - Deterring patent assertion
 - Sharing technologies through cross-licensing
- Trading currencies
 - Selling and buying technologies in the market



All Our Patent Are Belong To You

Elon Musk, CEO • June 12, 2014

Apr. 03, 2019



Toyota Promotes Global Vehicle Electrification by Providing Nearly 24,000 Licenses Royalty-Free

News Release, Innovation, CASE, Electric



Press Releases

Facilitate adoption of HFC-32 by pledging free access to more patents

Patent Non-Assertion Pledge for Equipment Using Low GWP Refrigerant HFC-32

1 July 2019

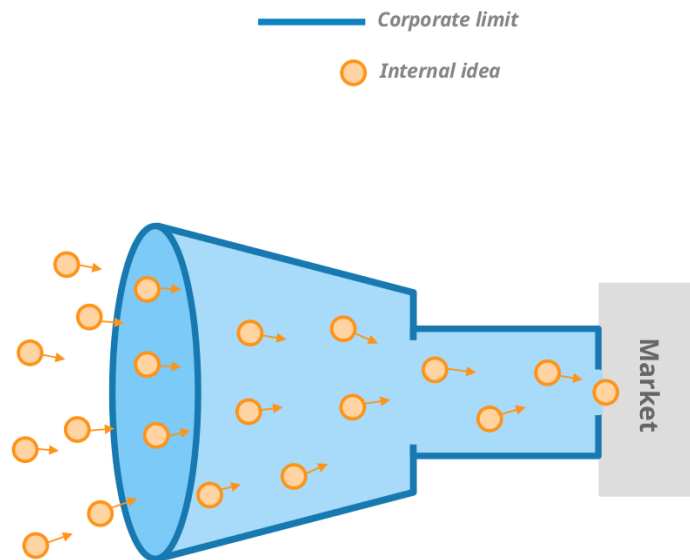


Microsoft donates 60,000 patents to open source as it joins Open Invention Network

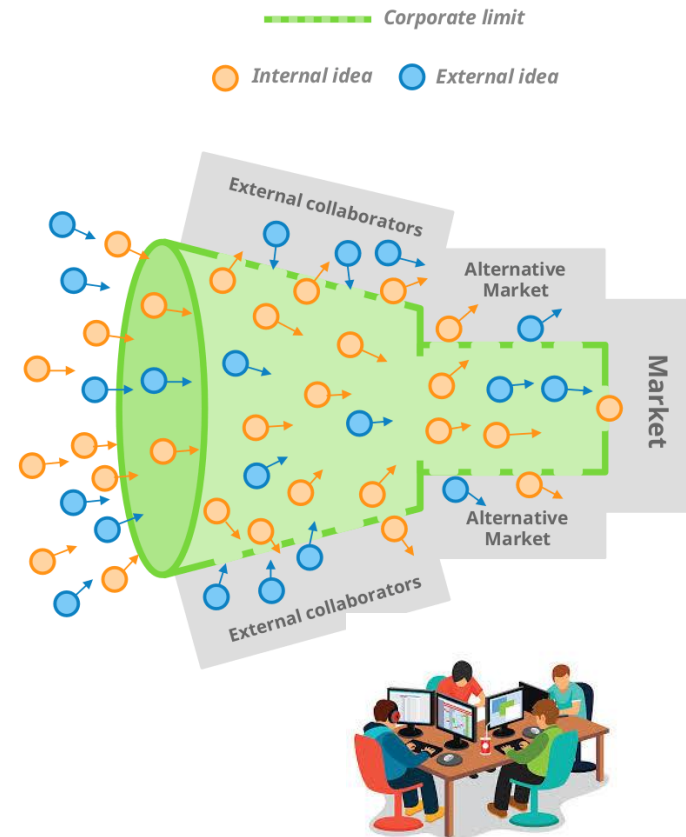
What a difference a decade makes

Innovation Models

Closed Innovation



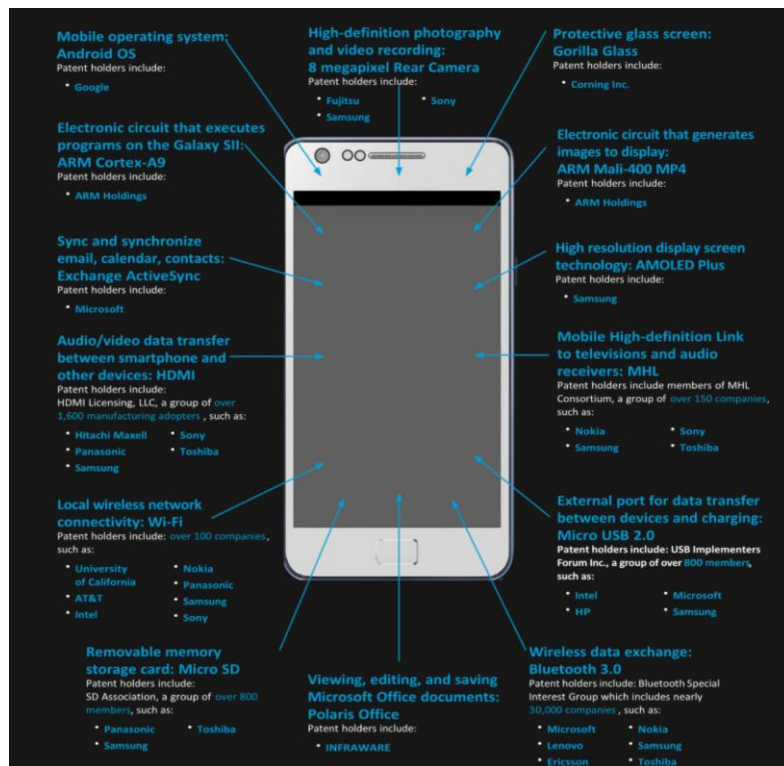
Open Innovation



Industry 4.0 Technologies

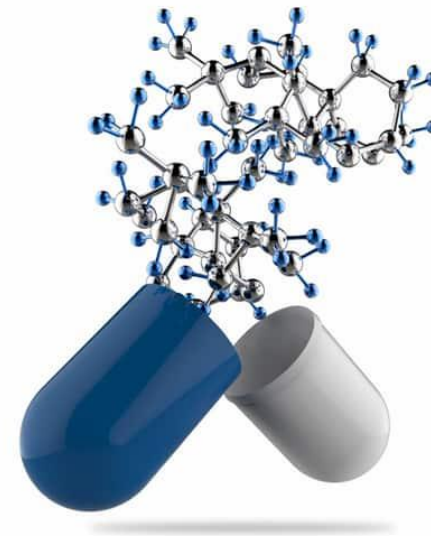
Complex & Cumulative

• ICT Products



Discrete

• Pharmaceutical Products



Patent Rights: Exclusive Rights

US Constitution Art. 1, Sec. 8, Cl. 8

- To promote the progress of science and useful arts, by securing for limited times to authors and inventors the **exclusive right** to their respective writings and discoveries.
 - Incentive to invent
 - Incentive to disclose

Traditional Use: Incentive to Invent

- Outdated Assumptions
 - Patents = Monopoly power
 - Innovators = Firms selling products
- Industry 4.0 Reality
 - Patents \neq Monopoly power
 - Innovators \neq Firms selling products
 - ✓ OSS communities

Traditional Use: Incentive to Disclose

- Outdated Assumption
 - Concealment = Profitable
 - Disclosure = Harmful
- Industry 4.0 Reality
 - Concealment \neq Profitable
 - ✓ Increased cost for concealment in open innovation
 - Disclosure \neq Harmful
 - ✓ Increased benefits for open innovation

New Patent Uses in Open Innovation

Exclusive	<ul style="list-style-type: none"> Deterring patent infringement assertion Bargaining chips for sharing Facilitating transaction Trading currencies in technology market Financing tools for venture capitalists
Inclusive	<ul style="list-style-type: none"> Right to practice – Compulsory license Right to grant a license - Sharing
Disclosure	<ul style="list-style-type: none"> Preventing others from obtaining a patent Signaling to possible stakeholders Facilitating collaboration through patent recording
Codification	<ul style="list-style-type: none"> Facilitating knowledge transfer
Patent Data Mining	<ul style="list-style-type: none"> Government – Policy making Industries – R&D directions Economists – Empirical research

Patent Rights: Inclusive Rights

- Converting IP Rights for Sharing via Contracts
 - Séverine Dusollier, *Sharing Intellectual Property through Private-Ordering* (2007)
 - Geertrui Van Overwalle, *Inventing Inclusive Patents. From Old to New Open Innovation* (2014) – A patent reform proposal of semi-codified regime
- My Proposal: Fully-codified regime
 - Toshiko Takenaka, *Inclusive Patents for Open Innovation* (Forthcoming 2020)

German Utility Model Reform Proposal

- Provisional Application – Defensive Publication
 - No claim
 - Any language
 - Simplified disclosure
 - Machine assisted disclosure drafting
 - Electronic prototypes – Software, 3D print files etc.
 - Immediate publication

German Utility Model Reform Proposal

- Non-provisional Application
 - Within 1 year from Filing
 - Claims and translation – Regular utility model rights
 - Claims without translation – Inclusive utility model rights

German Utility Model Reform Proposal

- Inclusive Rights – Fully Codified Regime

Option to regular utility model

- Limited exclusive rights

- A statutory defense: Right to use the protected invention with a grant back license of current and future blocking patents and improvements – Such right is retroactively eliminated when the person who used the protected invention asserts infringement

- Enhanced inclusive rights

- A right to practice the invention and grant a license to others
- A right to request a compulsory license on blocking patents

German Utility Model Reform Proposal

- Annual fees
 - Waiver or marginal fees - Comp: Licenses of right 50% discount
- Conversion
 - Conversion to regular utility model rights or patents
 - Any time before expiration
 - Intervening rights –Absolute and equitable
 - Encouraging those who want to use inventions to get a formal license
 - Conversion from regular utility model rights or patents
 - Any time before expiration
 - Licenses of right

German Utility Model Reform Proposal

- Subject Matter
 - Processes
- State of Art
 - Non-written prior art

German Utility Model Reform Proposal

- Advantages

- German industry

- Attracting more patent disclosures through the DPMA
 - Attracting applications from non-traditional innovators
 - Ensuring German firms' open access to protected technologies without any transaction cost

- Applicants

- Reduction of prosecution and maintenance costs
 - An additional advantage for non-German applicant:
Translation cost

Final Remark

- Intellectual Property – Territorial
 - German utility model has no effect outside Germany but can function as a bargaining chip
- Contracts (Licenses) – Non-territorial
 - IP plus contract – Joining patent commons for world wide cross-licenses

VIELEN DANK!

If you have questions or comments,
Email me at Toshiko@uw.edu