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The Draft of the new Spanish Patent Act: utility models for chemical inventions. But also for pharmaceutical inventions?

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One of the most salient aspects of the draft of the new Spanish Patent Act which Spain's Parliament will be discussing in the coming months is the dramatic modification of the legal regime governing utility models. Although there were rumours that the Spanish government would perhaps eliminate them from the new draft (since within some circles they are considered a bit of an anachronism), in reading the draft finally approved by the Council of Ministers, it transpires that utility models are here to stay. The new provisions introduced in the draft affect mainly the relevant state of the art, the type of inventions which can be protected via a utility model and the conditions for enforcing the utility model against third parties.

In relation to the state of the art, whereas, according to the 1986 Patent Act, the novelty and inventive step must be examined taking into account the state of the art "*divulged in Spain*", according to the new draft, the state of the art will be the same as for patents. However, the inventive step threshold continues to be lower (not "*very obvious*") than in the case of patents ("*obvious*").

Moving on to the type of inventions which can be protected through a utility model, the relevant norm is Article 134, which is likely to spark a huge amount of controversy:

Article 134. ***Inventions which can be protected as utility models.***

1.- Those inventions which, being new and implying inventive step, consist of giving an object or product a configuration, structure or composition from which some practically appreciable advantage for its use or manufacture may be gained, can be protected as utility models, as indicated in the title of this article.

2.- In addition to the subject matters and inventions excluded from patentability in application of Articles 4 and 5 of this law, neither inventions of procedure, nor those which involve biological matter or pharmaceutical substances and compositions, can be protected as utility models.

As the readers will have noticed, the wording of paragraph 1 is sufficiently broad as to cover chemical inventions, which cannot be patented via the utility model route under the 1986 Patent Act. The drafters of the new Patent Act have deliberately crafted paragraph 1 in very broad terms to open the door to the protection of inventions which, although they may be "small", they may still add good value in areas such as the chemical sector, where Spain has a sizable industry.

However, those who were hoping that this would also benefit the pharmaceutical industry have seen the door shut in their face, as paragraph 2 excludes "*biological matter and pharmaceutical substances and compositions*." This raises an interesting question, which is whether this exclusion amounts to a discrimination of the pharmaceutical industry, contrary to Article 27 of the TRIPS Agreement.

And this raises, in turn, another interesting question, which is whether the TRIPS Agreement applies to utility models in the first place. Although they are not explicitly mentioned in Sections 1 to 7 of Part II, which govern the categories defined under the term "intellectual property" in Article 1.2 of the TRIPS Agreement, this does not appear to end the discussion. In some countries, utility models are called "petty patents". And according to Article 27.1 of the TRIPS Agreement *"[…] patents shall be available for any inventions, whether products or processes, in all fields of technology […]*." Likewise, the last sentence of Article 27.1 highlights that *"[…] patents shall be available and patent rights enjoyable without discrimination as to the place of invention, the field of technology and whether products are imported or locally produced*." So, according to a purposive interpretation of the TRIPS Agreement, it is possible to argue that the rights conferred by utility models or petty patents are part of the "patent rights" subject to the non-discrimination principle enshrined in Article 27.1 of the TRIPS Agreement.

In addition, Article 145.1 of the new draft Patent Act states in very clear terms that "*The utility model protection confers upon its holder the same rights as a patent*." So, at the end of the day, the theoretical debate as to whether or not the TRIPS Agreement applies to utility models is irrelevant, for it is Article 145.1 which introduces the non-discrimination principle through the backdoor. What this article states is that if patent owners have "*the same rights*" (the right not to be discriminated against, *inter alia*), then so will the owners of utility models.

The third most relevant amendment introduced by the draft of the new Patent Act refers to the conditions for their enforcement. The change here is that, as a condition precedent to enforcing the utility model against third parties, the applicant must have requested from the Patent Office a report on the state of the art. The defendant will be entitled to request the interruption of the deadline to file the statement of defence until this report has been provided. This is the price the utility model owner must pay for having obtained a title which has not been examined.

As mentioned in the introduction, for the time being this is only a draft which is expected to go through the parliamentary process in the months to come. Time will tell whether we will end up having utility models for chemical inventions, and also for pharmaceutical inventions, or perhaps no utility models at all.

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