

# Registration without Examination: The Utility Model – A Useful Model?

Karsten Königer

*Joseph Straus*, having spent decades studying the field of intellectual property protection, has always advocated the development of an international patent system. However, to my knowledge, he has never advocated, at least not with the same intensity, the German concept of a utility model for technical inventions. This fact alone is reason enough to take a closer look at the role and justification of utility models.

## 1. ‘Utility models’ in International Intellectual Property Law

The term ‘utility model’ pretends to be English. However, the intellectual property laws of England and the United States do not know ‘utility models’. In Germany, the term ‘utility model’ was introduced by the enactment of the *Gebrauchsmustergesetz* (‘Act on Utility Models’) of 1891. Apparently, the word ‘utility’ was chosen to express the difference of the ‘beauty model’ or ‘taste model’, meaning the design right, which protects the appearance of a product.<sup>1</sup>

The utility model was internationally recognized by being introduced into the Paris Convention as ‘*modèle d’utilité*’<sup>2</sup> by the Revision Conference of Washington in 1911.<sup>3</sup> However, the Paris Convention does not explain what a utility model might be. A hint can be found in Article 4 E. It reads:

‘(1) Where an industrial design is filed in a country by virtue of a right of priority based on the filing of a utility model, the period of priority shall be the same as that fixed for industrial designs.

(2) Furthermore, it is permissible to file a utility model in a country by virtue of a right of priority based on the filing of a patent application, and vice versa.’

Paragraph 2 shows that the utility model in terms of the Paris Convention has similarities to the patent.<sup>4</sup> However, as Paragraph 1 shows, a utility model application can also give rise to the right of priority of a (later filed) industrial design.

---

<sup>1</sup> GOEBEL, *Der erfinderische Schritt nach § 1 GebrMG*, 24 (2005).

<sup>2</sup> The authentic language of the Paris Convention is French, Art. 29(1)(c).

<sup>3</sup> Cf. STRAUS, *Der Beitrag Deutschlands zur Entwicklung des internationalen gewerblichen Rechtsschutzes*, 2003 *Gewerblicher Rechtsschutz und Urheberrecht, Internationaler Teil* (GRUR Int.) 805, 807.

<sup>4</sup> Confusingly the Paris Convention seems to use the term ‘*modèle d’utilité*’ not only for the right, *i.e.* corresponding to ‘patent’, but also for the subject matter of the right (*cf.* Art. 11(1)), *i.e.* corresponding to ‘invention’. Thus, according to the Paris Convention’s terminology the utility model protects a utility model.

The Patent Cooperation Treaty applies for utility models, too. The applicant of an international patent application may indicate that his international application is for the grant of a patent and a utility model, if possible, under the national law of the respective designated state (Articles 43, 44).

The TRIPS Agreement,<sup>5</sup> however, does not mention utility models. Accordingly, the TRIPS Agreement does not oblige the WTO-members to introduce utility models.

As indicated by *Joseph Straus*, today's discussion on the issue of international harmonization of utility model law is perhaps best demonstrated by the developments within the International Association for the Protection of Industrial Property (AIPPI). AIPPI was not able to achieve agreement or adopt resolution at their executive Committee Meeting in Copenhagen in 1994, and neither at the Congress of Montreal in 1995.<sup>6</sup>

Today a significant number of countries and regions provide the option of utility model protection in addition to or as an alternative to patent protection.<sup>7</sup> In its basic definition, which may vary from one country to another, a utility model is similar to a patent. As the patent, it is an exclusive right registered for an invention, which allows the right holder to prevent others from commercially using the protected invention, without his authorization, for a limited period of time. In most countries where utility models are available, the main differences between utility models and patents seem to be the following: The requirements for acquiring a utility model may be less stringent than for patents. For example, the requirement of 'inventive step' or 'non-obviousness' may be lower. The patent offices do not examine applications as to substance prior to registration. This means that the registration process is often significantly simpler and faster, taking only a few months. The maintenance fees are lower. The maximum term of protection for utility models is shorter than for patents (usually between 7 and 10 years).

## 2. The Developments on the Level of the European Union

In Europe, there is neither a 'European utility model' corresponding to the European patent granted by the European Patent Office nor a 'Community utility model' corresponding to the Community Design registered by the European Union. There are only national utility model systems that are not harmonized. The United King-

<sup>5</sup> STRAUS, Implications of the TRIPS Agreement in the Field of Patent Law, in: BEIER/SCHRICKER (Eds.), From GATT to TRIPS, 160 (1996).

<sup>6</sup> Cf. STRAUS, The Present State of the Patent System in the European Union, As Compared with the Situation in the United States of America and Japan, 51 (1997).

<sup>7</sup> According to WIPO's website [http://www.wipo.int/sme/en/ip\\_business/utility\\_models/where.htm](http://www.wipo.int/sme/en/ip_business/utility_models/where.htm) (August 13, 2008): Australia, Argentina, Armenia, Austria, ARIPO, Belarus, Belgium, Brazil, Bulgaria, China, Colombia, Costa Rica, Czech Republic, Denmark, Estonia, Ethiopia, Finland, France, Georgia, Germany, Greece, Guatemala, Hungary, Ireland, Italy, Japan, Kazakhstan, Kenya, Kyrgyzstan, Malaysia, Mexico, Netherlands, OAPI, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Moldova, Russian Federation, Slovakia, Spain, Tajikistan, Trinidad & Tobago, Turkey, Ukraine, Uruguay and Uzbekistan.

dom has no utility model law at all. A national utility model right conferred by the law of a Member State of the European Union provides protection only on the territory of that state. Given the differences that exist at present, companies have to familiarize themselves with a number of different systems and have to get expensive advice in each of the European countries concerned. This is not only true for companies who seek utility model protection in several European countries, but also for companies who want to sell products in several European countries.

In 1995 the European Commission, the executive branch of the European Union, that is responsible for proposing legislation, presented a 'Green Paper' on 'The Protection of Utility Models in the Single Market'.<sup>8</sup> The Purpose of the Green Paper was to stimulate a debate on the need for Community action in this area, and to propose various options for a possible Community initiative. Among the options were the approximation of the national systems of protection and the creation of a Community system of protection. As a result, in 1997 the European Commission submitted a Proposal for a European Directive 'approximating the legal arrangements for the protection of inventions by utility model'.<sup>9</sup> The European Parliament adopted a legislative resolution on the proposal, and on June 28, 1999, the European Commission presented an amended proposal.<sup>10</sup> Pursuant to Article 1 (1) of this amended proposal, utility model protection should cover 'new inventions involving products or processes that involve an inventive step and are suitable for industrial application'. Article 6 of this amended proposal read as follows:

#### Article 6

##### Inventive step

1. For the purposes of this Directive, an invention shall be considered as involving an inventive step if, compared with the state of the art, it presents an advantage and is not very obvious to an expert in the field.
2. The advantage referred to in the previous paragraph must be a practical or technical advantage for the use or manufacture of the product or process in question, or another benefit to the user, such as an educational advantage or an entertainment value.

The word 'very' in 'not very obvious' was to indicate that the inventive step is not as great as that required for a patent.<sup>11</sup> Pursuant to Article 15(3) of the amended proposal the 'competent authority' should not carry out any examination to establish whether the requirements of novelty, inventive step and industrial application have been met, *i.e.* the harmonized national utility model had to be registered without examination. However, Article 6 (4) of the amended proposal read as follows:

<sup>8</sup> Document COM(95) 370 final of July 19, 1995.

<sup>9</sup> Document COM(97) 691 final, submitted on December 12, 1997, [1998] OJ C 36/13 of February 3, 1998.

<sup>10</sup> European Commission, Amended Proposal for a European Parliament and Council Directive approximating the legal arrangements for the protection of inventions by utility model, Document COM(1999) 309 final, submitted on June 28, 1999, [2000] OJ C 248 E/56 of August 29, 2000.

<sup>11</sup> *Id.*, at 7.

In the provisions which they adopt in order to comply with this Directive, Member States shall provide that a search report is compulsory in the event of legal proceedings being brought to enforce the rights conferred by the utility model, unless it has already been subject of a previous search report.

Thus, the proprietor who wanted to enforce his utility model by means of legal proceedings, had to request (and pay) a search regarding the state of the art by the 'competent authority'. The enforcement – the purpose of any intellectual property right – was not possible before the Patent Office finished its search report.

Work on this amended proposal was suspended in March 2000, 'because of the difficulty of reaching agreement on some basic problems raised by the proposal and the priority which the majority of the Member States attached to a Community patent'.<sup>12</sup> However, in 2001 the European Commission started a consultation on the possibility of a Community utility model.<sup>13</sup> Nevertheless, progress has not been reported. In 2005, the European Commission announced that it would withdraw its proposal for a (harmonizing) Directive on utility models.<sup>14</sup> Therefore, a harmonization of the national utility model systems is not on the European Union's agenda anymore.

The European Council Regulation concerning custom's action against goods suspected of infringing certain intellectual property rights<sup>15</sup> does not apply for (national) utility models.

Also with respect to criminal sanctions the European Union is not seeking harmonization: In 2007, in the context of the deliberation of a European directive on criminal measures aimed at ensuring the enforcement of intellectual property rights, the European Parliament agreed that such a directive should not apply for utility models.<sup>16</sup>

In the absence of any unification of the law, therefore, the holder of such right can prevent third parties from importing protected goods that have been produced and marketed without his consent. Thus the intellectual property rights conferred by the Member States can of their nature be used to hinder the free movement of goods. Given the differences that exist at present, companies have to familiarize themselves with a number of different systems or take expensive advice in each of the Member States concerned regarding unexamined utility model rights.

---

<sup>12</sup> European Commission, Document SEC(2001)1307 dated March 1, 2002. Waiting for the Community Patent requires having a lot of patience. See STRAUS, *supra* note 6, at 51 (1997); SCHNEIDER, Die Patentgerichtsbarkeit in Europa – Status quo und Reform 14 *et seq.* (2005).

<sup>13</sup> European Commission Staff Working Paper dated July 26, 2001, Document SEC(2001) 1307.

<sup>14</sup> Document COM(2005) 462 final of September 27, 2005; formally withdrawn on March 17, 2006, [2006] OJ C 64/3 of March 17, 2006.

<sup>15</sup> Council Regulation (EC) No 1383/2003 of July 22, 2003.

<sup>16</sup> European Parliament legislative resolution of April 25, 2007 on the amended proposal for a European directive on criminal measures aimed at ensuring the enforcement of intellectual property rights (COM (2006)0168), Document P6\_TA(2007)0145.

### 3. The Situation in Germany

In Germany on December 31, 2006, there were 104,117 utility models in force, compared to 467,166 patents.<sup>17</sup> Pursuant to the German Act on utility models, utility models are registered for inventions. The invention should be new, involve an inventive step and be susceptible of industrial application. (These qualities of the invention, however, are not examined before registration.) As in patent law, Article 52(2) EPC, certain subject matter is not regarded as an invention within that meaning.<sup>18</sup> There is one fundamental difference as to protectable subject matter between patent law and German utility model law: Utility models are not registered in respect of methods.

As to novelty and inventive step, the ‘state of the art’ in terms of German utility model law is different from the ‘state of the art’ in terms of patent law. The state of the art in terms of the German utility model law comprises knowledge made available to the public by written description (anywhere) or by use in Germany before the date of filing. It does not comprise oral description and public prior use outside Germany.<sup>19</sup> Thus, the state of the art in terms of German utility model law is limited compared to the state of the art in terms of German and European patent law which comprises ‘everything made available to the public by means of a written or oral description, by use, or in any other way’.<sup>20</sup> However, more important is the fact that the German utility model law provides a grace period:<sup>21</sup> A disclosure of the invention shall not be taken into consideration if it occurred no earlier than six months preceding the filing and is based upon a description or use by the applicant. These differences between German patent law and German utility model law are due to fact that the provisions in the German Act on Utility Models concerning the novelty requirement have outlasted the reforms of patent law in the course of international harmonization.<sup>22</sup> In this respect, one could consider the German utility model law as a museum for German patent law – showing that some things were better in the past.<sup>23</sup>

A utility model application looks like a patent application: claims, description and possibly drawings. It is filed with the German Patent and Trademark Office. The utility model is registered without examination as to the novelty and inventive step. The German Patent and Trademark Office publishes a utility model specifica-

<sup>17</sup> Jahresbericht des Deutschen Patent- und Markenamts (Annual Report of the German Patent and Trademark Office) 2006, 63, 60, 17.

<sup>18</sup> Regarding the question of patentable subject matter *see* NACK, Die patentierbare Erfindung unter den sich wandelnden Bedingungen von Wissenschaft und Technologie, 147 (2002).

<sup>19</sup> Cf. KLICZNIK, Neuartige Offenbarungsmittel des Standes der Technik im Patentrecht, 125 (2007), discussing the classification of *e.g.* publications in the internet.

<sup>20</sup> Article 54(2) EPC.

<sup>21</sup> In this respect *Joseph Straus* acknowledges the German utility model law, *see* STRAUS/KLUNKER, Harmonisation of International Patent Law, 38 IIC 907, 934 (2007).

<sup>22</sup> *E.g.* by the Strasbourg Convention of November 27, 1963, on the Unification of Substantive Law on Patents for Invention.

<sup>23</sup> STRAUS, Grace Period and the European and International Patent Law, IIC Studies, Vol. 20, 2001.

tion which, regarding its structure, is identical to a patent specification. The maximum term of protection is 10 years from the application date.

Upon registration the utility model gives rise to injunctive relief. The extent of protection is determined by the claims according to the same rules that apply for patents.<sup>24</sup>

A German utility model right can also be created by ‘branching off’ from a German or European patent application or even from a granted German or European patent as long as the opposition proceedings are pending. The following example may illustrate this: Someone files an opposition to a European patent granted by the European Patent Office. The Opposition Division of the European Patent Office is convinced that, having regard to the state of the art, the invention was obvious to a person skilled in the art, and revokes – five years after the application date – the European patent. The (former) patent proprietor – using the specification of the revoked patent – applies for a German utility model and claims as a filing date the filing date of the European patent application. The novelty grace period is applicable, too.

The utility model is registered without examination. According to the German law this utility model registration gives rise to injunctive relief for the proprietor if the utility model is infringed.

At the request of the applicant or any other interested party the German Patent and Trademark Office conducts a search regarding the state of the art. The request can be made at any time. However, this search by the Patent Office is not a precondition for injunctive relief. The search report contains the numbers of the documents found and symbols indicating if the Patent Office deems the documents relevant. However, no reasons are given. The numbers of the documents found are published in the utility model register, which is available online. In 2006, the number of utility model applications being 19,766, the number of search requests was 2,952 regarding applications and 445 to registered utility models.<sup>25</sup>

In utility model infringement litigation, the defendant can allege nullity of the utility model as a defence. Unlike under German patent law, this defence is admissible, *i.e.* the defendant is not forced to file a separate nullity action before another court or authority (the Patent Office or the Federal Patent Court). This admissibility of the nullity defence corresponds to the non-examination before registration. However, the defendant bears the burden of proof.<sup>26</sup> Thus, it is the defendant who has to make the effort to prove that the invention did not meet the requirement of inventive step.

The German Act on Utility Models also provides for custom’s actions against goods ‘evidently’ infringing a utility model.<sup>27</sup> It is, however, unclear how the Ger-

<sup>24</sup> German Federal Supreme Court (Bundesgerichtshof, BGH), May 31, 2007, X ZR 172/04, 2007 Gewerblicher Rechtsschutz und Urheberrecht (GRUR) 1059 – *Zerfallszeitmessgerät*.

<sup>25</sup> Jahresbericht des Deutschen Patent- und Markenamts (Annual Report of the German Patent and Trademark Office) 2006, 63, 60, 17.

<sup>26</sup> Cf. LOTH, *Gebrauchsmustergesetz*, 544 (2001).

<sup>27</sup> § 25a GebrMG (*Gebrauchsmustergesetz* – Act on Utility Models); for details *see* LOTH, *id.*

man legislator considered it possible that the customs authorities adjudge the validity of a utility model, *i.e.* if its subject matter involves an inventive step.

Furthermore, the German Act on Utility Models provides for criminal measures: It threatens the infringer with imprisonment for up to five years. However, no case of imprisonment is reported. It is unclear how the German legislator thought a criminal court would decide on the validity of a utility model.

### 3.1 The Justification for the German Utility Model System

In 1985, in its proposal for a new Act on Utility Models (which was later enacted) the German Government had given the following reasons for the utility model:

The utility model is mainly to quickly and inexpensively make available a manageable (easy to handle) industrial property right for sole inventors and small and medium-sized enterprises for their everyday life inventions.<sup>28</sup>

These reasons given by the German government reflect what had been claimed for nearly one hundred years to be the advantages of the utility model compared to the examined patent. The concept of the utility model was supported by (parts of) the *Max Planck Institute*, too:<sup>29</sup>

[T]here will still be a need for a minor industrial property right for individual inventors, small and medium-sized industry, and for short-lived inventions which need immediate protection against imitation. This must be an entitlement which can be acquired simply and cheaply, for which a costly and lengthy preliminary examination of protectability would be prohibitive.<sup>30</sup>

### 3.2 Is There an Inner Correlation between the Supposed Features of the Utility Model?

Until quite recently (see below), the main features and aims of the utility model were, according to the legislator's given reasons, supposed to be:

- (1) protection for technical inventions which involve only a small inventive step,
- (2) protection to be obtainable simply,
- (3) protection to be inexpensive,
- (4) protection to be obtainable rapidly.

The correlation between the lower degree of inventiveness, *i.e.* a low threshold for protection, and the shorter term of protection seems plausible. The correlation between a lower degree of inventiveness, however, and the waiver of examination appears unclear. One could just as well argue that the determination of a small inventive step is more difficult, so that primarily small inventions should be exam-

<sup>28</sup> Document BT-Drs. 10/3903 dated September 26, 1985, at 16.

<sup>29</sup> BEIER, *Gebrauchsmusterreform auf halbem Wege: Die überholte Raumform*, 1986 GRUR 1, 2.

<sup>30</sup> BEIER, *The Future of Intellectual Property in Europe – Thoughts on the Development of Patent, Utility Model and Industrial Design Law*, 32 IIC 157, 166 (1991).

ined before their registration which gives rise to injunctive relief. Especially for competitors it might be more difficult to adjudge if a certain small invention is protected or not.

The correlation between the lower degree of inventiveness and the lower costs, however, on closer examination, appears questionable. Does the law want to subsidize ‘small’ inventions at the expense of ‘big’ inventions? The reason for this correlation seems to be the widespread belief that small inventions are made by small companies whereas big inventions are made by big companies. And, of course, the legislator wants to encourage small companies. In 2001, for example, the European Commission published a ‘Staff Working Paper’ in which it is stated:

Moreover, because of their limited financial and human resources, these [small and medium-sized] companies’ research and development activities often lead to technical inventions involving only a minor inventive step which do not necessarily meet the conditions for patent protection.<sup>31</sup>

To me it is unclear on which evidence such assumptions are based.<sup>32</sup> The question, whether a person finds a technical solution that is not obvious to a person skilled in the art, should hardly depend on the size of the company for which the person works.

### 3.3 The Abandonment of the ‘Lower Threshold’ Doctrine by the German Federal Supreme Court

All the discussed – anyway doubtful – correlations of the lower threshold for protection and the other features of the utility model are now challenged by a ruling of the German Federal Supreme Court. In the year 2006, the German Federal Supreme Court held that regarding the requirement of inventive step in utility model law the same principles apply as in patent law.<sup>33</sup> Thus, apart from the different definition of the state of the art (*e.g.* oral description, prior use outside Germany, grace period) only those inventions can be protected by a German utility model that would meet the requirements of patentability, too.

This decision can be regarded as a revolution insofar as the fundamental justification of the utility model, namely to provide protection for technical inventions that do not meet the criteria of patentability, was disregarded. The Court stated that it could not find a capable criterion for (utility model) protectability that lies between non-obviousness in the sense of patent law and novelty. Thus, an invention that is obvious will not be protectable neither by a patent nor by a utility model – except that the state of the art in the sense of utility model law differs relevantly from the state of the art in the sense of patent law.

---

<sup>31</sup> European Commission Staff Working Paper, dated July 26, 2001, Document SEC(2001) 1307.

<sup>32</sup> According to *Goebel*, the unpublished study by the ifo Institut München ‘Die wirtschaftliche Bedeutung des Gebrauchsmusterschutzes für Unternehmen in der Europäischen Union, Abschlussbericht im Auftrag der Europäischen Kommission, GD XV, erstellt von Günter Weitzel (1994) did not supply evidence, either. See *GOEBEL*, *supra* note 1, at 150.

<sup>33</sup> German Federal Supreme Court (Bundesgerichtshof, BGH) June 20, 2006, X ZB 27/05, 2006 GRUR 842 – *Demonstrationsschrank*.



### 3.4 Is the German Utility Model Manageable?

As mentioned above, the German legislator had the idea that the utility model was, compared to the patent, manageable, *i.e.* easy to handle. In the legal literature, one can find the imagination that the utility model was an intellectual property right 'geared towards inexperienced applicants'.<sup>34</sup>

In reality, however, the utility model application is as difficult as a patent application. Moreover, unlike in the patent granting procedure it is not possible to correct certain mistakes. The German utility model application has the same structure as a patent application: claims, description and possibly drawings. The scope of protection is determined by the claims as it is for patents.<sup>35</sup> This structure requires that a utility model application is written by a person that is as competent as an educated patent agent.<sup>36</sup> There are two legal commentaries on the German Act on Utility Models, which both comprise nearly one thousand pages each. This fact alone may show that utility model law is not geared towards inexperienced applicants.

An inexperienced inventor who writes and files a utility model application by himself – no matter how valuable his or her invention is – will most probably end up with a registered but worthless utility model.<sup>37</sup> Although not creating any protection, the publication of the utility model will most likely make it impossible to get protection by an improved second application. The competitors will be informed about the applicant's invention 'for free'. The idea that a utility model application needs less care and competence than a patent application, can have fatal consequences especially for sole inventors. 'Inexperienced applicants', towards whom the utility model system is supposed to gear, must be warned of filing a utility model application by themselves.

The non-examination of utility model applications can also lead to peculiar registrations. For example, the claims of the German utility model No. 20 2006 008 809.1 read as follows:

Schutzansprüche [Claims]

1. Folgende Schutzansprüche sind gekennzeichnet durch: [Following claims are characterized by]
2. Die Darreichungsform des Honigs in Scheiben (variabel in Dicke und Form) [The presentation form of the honey in slices (variable in thickness and form)]
3. Das Beimengungsverhältnis an Verdickungsmittel [The mixture ratio on thickening agent]

It is hard to imagine how a court would construe these 'claims'. Whatever the invention might have been – this utility model will most probably not give rise to an

<sup>34</sup> Cf. KERN, Towards a European Utility Model Law, 25 IIC 627, 637 (1994).

<sup>35</sup> German Federal Supreme Court, May 31, 2007, X ZR 172/04, 2007 GRUR 1059 – *Zerfallszeitmessgerät*.

<sup>36</sup> Cf. BAYER, Der Patentanwalt – Stellung und Funktion im Rechtssystem, 122 (2002).

<sup>37</sup> Cf. NEWMAN, Circuit Judge, United States Court of Appeals for the Federal Circuit, in *Hilton Davis Chemical v. Warner-Jenkinson Co. Inc.*, 62 F.3d 1512, 1536 (Fed. Cir. 1995) regarding the general difficulty in drafting claims.

injunction granted by a court. It might, however, discourage inexperienced competitors.

### 3.5 Is the German Utility Model Cheaper than a Patent?

#### 3.5.1 The Costs Paid by the Applicant

The application fee for a German utility model is 40 Euros. The application fee for a German patent application is 60 Euros (50 Euros when filed online). The fee for the (optional) state-of-the-art search for the utility model is 250 Euros. The fee for the examination of a German patent application is 350 Euros. The request for this examination (of the German patent application), however, can be made within 7 years from the filing date. The total maintenance fees for the utility model for 10 years are 1,090 Euros. The total maintenance fees for the first 10 years of a German patent or patent application are 1,420 Euros. Thus, the differences between the German utility model and the German patent application as to official fees are rather symbolic.

The significant costs for the utility model application and the patent application are the attorney's fees, anyway. As shown above, a utility model application should be written by a specialized person like a patent agent. Even in case of a 'simple' invention, it will be hard to find a German patent agent who writes a utility model application for less than 2,000 Euros. The time and effort required by the patent agent, and thus the costs, for the drafting of the patent application and the utility model application should be identical. The utility model might be cheaper insofar as there are not office actions that need to be responded to by the patent agent. The response to office actions in the course of the granting procedure should not be regarded as burdensome duties, but as opportunities to draft useful claims. As shown above, especially if the applicant is inexperienced, the risk is high that the first draft of the claims fails.

The German utility model, supposed to be inexpensive, can even become an extremely expensive experience for the applicant when somebody else files a request to cancel the utility model. Such a request can be filed by any person at any time. As in German civil proceedings, the losing party has to bear the costs including the costs incurred by the other party.<sup>38</sup> These costs can easily add up to 10,000 Euros. By contrast, in German and European patent opposition proceedings each party bears its own cost.<sup>39</sup>

Thus, from the financial point of view, there should be no reason for an applicant to prefer a German utility model to a (German) patent application. Besides, German patent law provides legal aid<sup>40</sup> for poor applicants in the granting procedure and even the assignment of counsel to the assisted applicant.<sup>41</sup>

---

<sup>38</sup> § 17(4) GebrMG.

<sup>39</sup> § 62 PatG (Patentgesetz – Patent Act); Article 104 EPC.

<sup>40</sup> § 129 PatG.

<sup>41</sup> § 133 PatG.

Regarding the costs and the value of utility models the costs of enforcement have to be considered, too. An inventor who has to avoid the costs for a patent agent will hardly seek the help of lawyers to enforce his utility model. In addition, there is the risk of failed litigation. Thus, without sufficient resources to pursue lengthy litigation, probably against wealthier organizations, the value of a registered right is limited, anyway.

### 3.5.2 The costs paid by the competitors

The German utility model causes not only costs that have to be paid by the applicant. Probably higher are the costs that have to be paid by competitors who are confronted with the registration of the unexamined right. This confrontation can be caused by freedom-to-operate searches by the competitor, or by warning letters received by the proprietor of the utility model. Also, advertising with the claim ‘protected by utility model’ is allowed.<sup>42</sup> Since the utility model has not been examined by the Patent Office, the competitors are forced to examine the validity of the often unclear claims. These costs are especially high for small and medium-sized enterprises (SME) who are not used to receiving warning letters. They need more (expensive) advice. The German law provides, under certain circumstances, a damage claim in case of an unjustified warning letter.<sup>43</sup> Most companies, however, want to avoid lengthy litigation. Thus, especially the SMEs can be discouraged by unjustified warning letters – and might stop selling or producing the alleged infringing products because they think they do not have sufficient resources for lengthy litigation. In other cases, companies cannot sell their products anymore because their customers, like trading companies, received warning letters and thus do not want to buy the product from the company anymore. Thus, in many cases, SMEs are not the beneficiaries of the fact that the utility model is unexamined, but the victims.

## 3.6 Injunctive Relief upon Registration

### 3.6.1 The rights conferred by the registration of a German utility model

The German utility model is registered within a few months after the application date. In this respect, the utility model meets the expectations of the German legislator. The registration gives rise to injunctive relief.

Apparently, there are no statistical data available about the number of German utility model infringement lawsuits. The number of new patent infringement cases in Germany in the year 2000 was 579.<sup>44</sup> Considering the fact that the number of patents in force in Germany is about five times as high as the number of utility models, one could estimate that the number of utility model infringement cases per year is about 100. Another indication of the number of infringement conflicts is the number of cancelation proceedings. In the year 2006, 230 motions for cancelation of a util-

<sup>42</sup> Cf. BÜHRING, *Gebrauchsmustergesetz*, 712 (7th ed. 2007).

<sup>43</sup> Cf. German Federal Supreme Court (Bundesgerichtshof, BGH), July 15, 2005, GSZ 1/04, 2005 GRUR 882 – *Unberechtigte Schutzrechtsverwarnung*.

<sup>44</sup> SCHNEIDER, *supra* note 12.

ity model were filed with the Patent Office.<sup>45</sup> Considering these numbers, it can be assumed that the number of infringement conflicts that lead to legal proceedings is less than 300 per year.

Although the law provides injunctive relief upon registration, the probability that a German court would grant a preliminary injunction based on a utility model is very low. The courts know about the nature of the utility model as an unexamined right. Thus, the German courts in most cases would grant an injunction only after proceedings on the merits. In reality, this means that it would take at least half a year, more realistically one year, until a first decision is rendered.<sup>46</sup>

Besides such factual obstacles to quick protection, the fact that the registration without examination gives rise to injunctive relief seems inconsistent, considering the rights that are conferred by a published (European) patent application.

### 3.6.2 The rights conferred by a published European patent application

The European Patent Office publishes a European patent application after the expiry of a period of eighteen months from the date of priority, or at the request of the applicant, before the expiry of that period.<sup>47</sup> Pursuant to Article 67(1) EPC, from the date of such publication, a European patent application provisionally confers on the applicant such protection as an examined and granted European patent in the contracting states designated in the application as published, *i.e.* the same rights as would be conferred by a national patent granted in those states. Pursuant to Article 67(2) EPC, however, contracting states may confer protection which is less than that of a national patent. That protection may not be less, though, than that which would result from publication of an unexamined national patent application. The applicant must at least be given the right to claim compensation reasonable in the circumstances from an unauthorised user. This means, the contracting states are not obliged to confer injunctive relief if their national law does not provide injunctive relief in case of an infringement of a national patent application. Apparently, all the contracting states have chosen to lower the level of protection of a European patent application to the level of the national patent application.<sup>48</sup> This implicates that *e.g.* in Germany, the UK and the Netherlands there is no injunctive relief in case of an infringement of a European patent application. Most of the national laws of the contracting states provide only compensation, whereby often the court hearing the infringement stays proceedings until the patent is granted<sup>49</sup>. Obviously, the majority of the European national legislators were skeptical to provide injunctive relief as long as the European patent application has not been examined and found to meet the criteria of novelty and inventive step.

---

<sup>45</sup> Jahresbericht des Deutschen Patent- und Markenamts (Annual Report of the German Patent and Trademark Office) 2006, 63, 60, 17.

<sup>46</sup> By that time, the examination of a patent application could be finished.

<sup>47</sup> Article 93 EPC.

<sup>48</sup> EUROPEAN PATENT OFFICE, National Law relating to the EPC, 59-65 (13th ed. 2006).

<sup>49</sup> *Id.*

In view of this valuation of an unexamined European patent application by the German legislator it is questionable why the applicant is given the opportunity to have a utility model registered and to seek injunctive relief.

#### **4. Conclusion**

The German utility model does not meet the expectations the German legislator apparently had. Apart from rare exceptions, the German utility model does not provide protection for technical inventions that do not meet the criteria of patentability. The German utility model application is as difficult to handle as a patent application. The fact that the German utility model gives rise to injunctive relief without examination seems inconsistent with the fact that the publication of a European patent application does not. Utility models cause a lot of legal uncertainty for competitors, especially for SMEs.

There certainly is a need for harmonization of utility model law in Europe. One element of such a harmonization, however, should be that a utility model may not give rise to injunctive relief unless it has been examined.

Patents and Technological Progress in a Globalized  
World

Liber Amicorum Joseph Straus

Prinz zu Waldeck und Pyrmont, W.; Adelman, M.J.;

Brauneis, R.; Drexler, J.; Nack, R. (Eds.)

2009, XXX, 910 p., Hardcover

ISBN: 978-3-540-88742-3