



# German Utility Models: A Useful and Affordable Tool for Global IP Portfolios

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A unique form of intellectual property in Germany is the utility model. A utility model functions almost like a patent and conveys many of the same rights — i.e., cease and desist claims, damage claims, claims to render account, and even destruction claims. But unlike a traditional patent, the claims of a utility model are not examined by the Patent Office before the rights are granted. This expedited process allows an applicant to obtain enforceable rights — including the right to injunctive relief — with a fraction of the time and expense required to prosecute a patent application.

A utility model is an IP right created under German law (the “Gebrauchsmustergesetz”). Enforcement of Germany utility models is limited to Germany, without application to the rest of Europe.

Utility models are registered through the German Patent and Trademark Office (the “Deutsches Patent- und Markenamt” or “DPMA”). These applications can be filed by themselves, or branched off from pending German, European, or PCT patent applications. As long as the applications meet the DPMA’s formal requirements, they will be registered as utility models within two to three months.

This registration process is one of the principle advantages of utility models over patents. Like their U.S. counterparts, German and European patent applications may remain pending for years before enforceable rights are granted. Utility models can be registered in a fraction of that time because they are not examined for novelty and inventiveness. The utility model will be registered as long as the filing is in the proper form, granting the owner presumptive authority to enforce the claims as originally filed.

Utility models are also much cheaper to obtain than traditional patents. The application fee for a utility model is 30 Euros, and the maintenance fees for the whole lifetime of the right are below one thousand Euros.

Although German utility models carry many of the same rights as traditional patents, they do have important limitations. Their duration is 10 years from the date of filing, as opposed to 20 years for a patent. Another major limitation is that the utility model law precludes claims to methods or processes. It is worth noting, however, that the case law

of the Federal Supreme Court provides some flexibility with this limitation. For example, in the “Recording Storage Medium” (“Aufzeichnungsträger”) case, the Court upheld the patentability of a product claim containing method features on the ground that the method features indicated how to implement the structural features of the product. Although this decision was not based on a utility model, it suggests that utility model claims could potentially include method features under appropriate circumstances.

## ENFORCING GERMAN UTILITY MODELS

Once an applicant has registered a utility model it can file an infringement suit to enforce the claims, just as if the applicant had an issued patent. The remedies against infringement of a utility model are the same as for a patent, including both injunctive relief and monetary damages.

An important distinction between utility models and traditional patents is the availability of validity challenges in enforcement suits. In Germany, patents are enforced in the district courts, whereas validity challenges proceed separately through the Federal Patent Court. In contrast, because the utility model claims are unexamined by the Patent Office, the infringement court may reject claims it concludes are not patentable. The burden is on the registrant to prove that the unexamined claims of a German utility model are patentable.

A more limited scope of prior art applies to Germany utility models than to traditional patents. Only information that was “made available to the public by means of a written description or by use within [German] territory” is considered prior art to a utility model. In contrast, the scope of prior art that can be asserted against a German patent is “all knowledge made available to the public by means of a written or oral description, by use or in any other way,” plus information disclosed in previously filed patent applications that have not yet been published. The impact of this distinction is that significant categories of prior art are excluded from consideration for utility models, including the use of the invention in other countries such as in the United States. In addition, an applicant’s own publications or use of the invention will not be prior art to a utility model filed within six months of the disclosure. While this six-month grace period is shorter than the year allowed by U.S. patent law, it is a significant

advantage over German and European patents – which have no such grace period. Thus, utility models may provide the only avenue for obtaining rights in Germany when an inventor has already published the invention prior to seeking patent protection.

Another key distinction from patent law is that the owner can amend the unexamined claims of his utility model during the infringement proceeding itself. This feature allows the owner to strengthen the utility model right with respect to new prior art raised by the accused infringer in a parallel cancellation proceeding – without the expense or delay associated with a traditional patent reexamination.

### IP PROTECTION STRATEGIES – COORDINATED PROSECUTION AND LITIGATION

Utility models provide IP holders with flexibility to adapt their claims to developments in litigation. Utility models can be quickly “branched off” from pending patent applications (and from issued patents that remain in opposition) to provide the IP holder with new claim sets. This may be particularly useful where an infringing party changes its product to avoid originally-issued claims – a utility model can be branched off in order to cover the design-around. Insofar as the newly-sought claims are supported by the original patent specification, this can provide a mechanism to adapt to changes in the accused product.

In an infringement proceeding the owner can amend the unexamined claims of his utility model, which may be important for circumventing prior art. Or, the owner can quickly register for a more narrowly-drawn utility model. The speed of registering for these utility models thus provides IP holders with a mechanism to buttress their enforcement strategies during the course of litigation.

### DAMAGES

The utility model applicant can claim damages as soon as the utility model has been registered. The registration of the utility model can thus trigger the accrual of damages without having to wait for issuance of a patent or the publication of a pending application. Moreover, the damages accruing based on the registered utility model may be higher than the provisional remedies that would pertain based on publication of a pending patent application.

Utility models are available in a few other countries, particularly those whose patent systems are modeled on Germany's, including China and Japan. As an example of the enforcement of these utility models, one of the largest damages cases in China was based on the assertion of a utility model, when the Schneider Electric was found to infringe a utility model of the Zhengtai Group, resulting in a \$22 million settlement.

### CONCLUSION

This article has given a brief overview of some of the unique features and applications of German utility model rights. Because of their low cost, fast availability, and powerful protection, these rights can be very valuable assets to companies whose competitors do business in Germany (or in other countries such as China or Japan that follows the German system). The utility model system and other aspects of patent enforcement in Germany are discussed in greater detail in the book “Patent in Germany and Europe: Procurement, Enforcement, and Defense.” This book is commercially available on Amazon.com. For companies with particular interest in enforcement of IP rights in Germany, please feel free to contact the authors.



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