

Special Report

The German Utility Model — The Ambush Weapon

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National Patent Systems

The practice of filing a patent application for a “European patent”, at least in almost all of the relevant countries, by filing in the European Patent Office and designating the countries of interest is well-known. This follows the rules laid down in the European Patent Convention, which have become noted around the world.

However, in all European countries, there also exist national patents, i.e. patents that can be filed in national patent offices and are granted by these offices just as before 1978, the time when the EPC came into effect. While the national laws in Europe have been harmonised to a large extent as regards substantive patent provisions, national traditions still dominate the individual national patent laws, as well as the individual patent practices and case law.

Differing European Traditions

Continental European patent traditions essentially comprise the following:

- German(ic) tradition;
- Romanic tradition.

The “Germanic tradition” involves the concept of not burdening competition with the issue of a patent monopoly right for an individual patent owner before the underlying patent application has being thoroughly examined by the patent office as to novelty and inventive merit. Prominent countries that follow this tradition include Germany, Austria, the Netherlands and the Nordic countries (Denmark, Norway (not a member of the EPC), Sweden and Finland).

This means that if a national patent is filed in one of the Germanic tradition countries, it would be subject to an examination very similar to that of the EPO before it can be granted, with a subsequent possibility of opposition by third parties, so as to bring into the examination additional prior art material that the examiner did not have available during examination, or may have overlooked, etc. Only then will the patent fully come into force. It is however, always open to a revocation or nullity procedure.

This results in strong patents, but a patentee can threaten competitors only with scope left after examination and any opposition. The patent is expensive to obtain and the grant does not last a long time.

The “Romanic tradition” involves a totally different con-

cept, simply that patents are registered as they are filed (unless excluded by law or the like), then as the patent owner tries to enforce the patent, allowing the alleged infringer the defence of invalidity. Prominent examples of countries following the Romanic tradition are Italy, France, Spain and Belgium. The patent offices of these countries consequently do not need substantive examiners or search material for substantive search or examination, and thus may operate at largely reduced costs. In the course of European harmonisation, and also as a response to the large amount of cases going through the EPO, amendments to these traditions have occurred. For example the inclusion of a mandatory search in France (with the assistance of the EPO in The Hague), or in the Netherlands where there is a tendency to vary from one tradition to another (Germanic to Romanic). In essence however, it is still the case that in the Romanic tradition countries, one can easily obtain a patent grant (or rather have the patent registered), leaving it to the patentee’s competitors to find out what is valid in the patent and what is not.

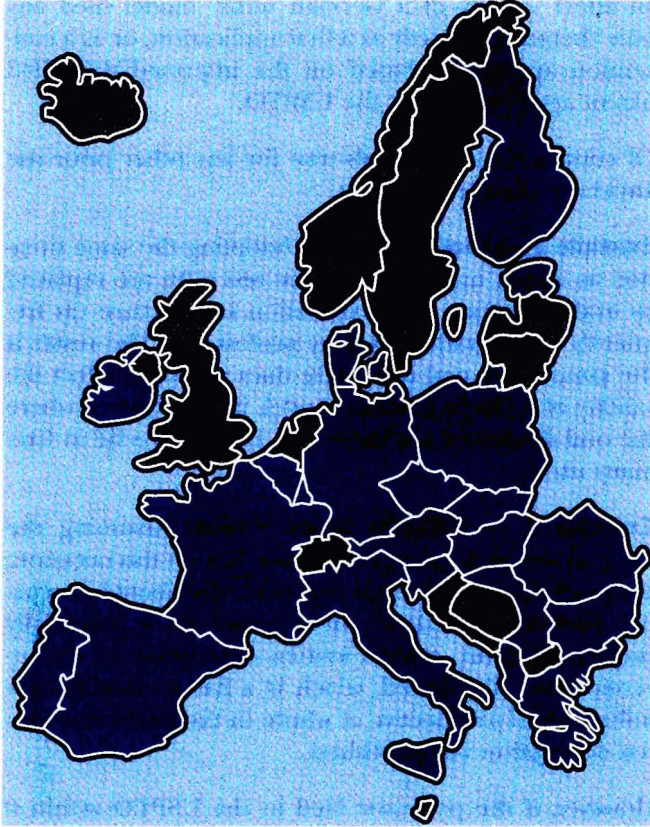
Under this tradition, patentees can obtain their “dream” patents (normally) in a short time and at minimum cost. Competitors can be threatened with such a patent, but the patentees may not know what is the valid “core” of its scope until it is tested in court (nor would the competitor, however).

Different Types of Patents

There are also various kinds of national patents in many countries, the most prominent being the petty patent or utility model. The chart below shows the European countries (in blue) that have utility models.

While the demand for European harmonisation has up to now concentrated on patents in the proper sense (duration of 20 years from filing date), utility models have only now attracted attention as regards the needs and possibilities for harmonisation — presently, there is no majority for harmonisation. Such utility models primarily for local SMEs should retain their national characters. At any rate, up until the present, utility models have, as regards substantive rules, remained substantially unaffected by harmonisation and form special technical industrial property rights in each country, with, however, vastly different details from country to country. German utility models will be examined in more detail below.

These utility models may take the form of a pure fall-back position for patent applications which are doubtful as regards patentability and this being an alternative; or they may, as in Germany, constitute a second possibility to cover the same technology by a second right in the same country.



Prominent Example — German Utility Model

Since Germany is a country of central interest in Europe with respect to many patent applications, we will examine in further detail the utility model in Germany, to demonstrate the potential for protection by this device, even in cases where patent protection, national or European, is no longer available in or for Germany.

Characteristics of a German Utility Model

- A German utility model is available for all subject matter eligible for patent protection, including substances, circuitry, etc. but not methods or uses.
- Registration without substantive examination within approximately 6–8 weeks (i.e. potentially becoming available as the basis for an infringement suit while the complaint is still being drafted).
- Official search option is available at low flat fee and at the proprietor's discretion.
- Maximum duration 10 years.
- Allows “branching-off” of one or even a plurality of utility model applications from a pending patent application.

If a patent application is on file, a utility model application (or even a plurality thereof) may be “branched-off” from this patent application at any time while it is pending, and even within 2 months after grant or rejection, or after the conclusion of an opposition procedure. This is an easier way to have a utility model as subsidiary means for a patent application, as was the former “auxiliary utility model application”.

Important Note: The “branching off” of a utility model

application may be done from a pending German patent application, but as well as from a pending European patent application, even if not prosecuted in German as an official language of the EPO, so long as Germany is designated. In other words, if an applicant has a pending European patent application designating Germany and need an early vehicle to sue infringers in Germany (on the basis of claims other than method claims), the applicant may simply branch off a utility model application by filing a German translation of the European application with the German Patent Office, together with a copy of the European application, and have this registered as a German utility model (usually within weeks), to form a basis to sue infringers. Also, an applicant may add an amended version of the papers for registration and thus update (and/or adapt) the papers to be registered against the original European papers in material respect.

This system works even if the patent application (whether German national or European) was filed as a PCT application, and is still in the international phase. In such a case, branching off from a European application is always possible as all countries of the EPO are designated for the EP case in the international phase (even though you possibly did not intend to designate Germany in the regional phase before the EPO).

Thus, a branched-off utility model is a unique means of obtaining very early and very quick protection in Germany on the basis of German or European patent applications (or PCT applications designating those offices), even if filed only a very short time ago and not yet published at all.

- The 6-month grace period for one's own non-prejudicial disclosure.

For German patents, the 6-month grace period was limited to cases of publication due to evident abuse by a third party. This means that somebody must “steal” the invention, or act in a clear breach of confidence, to avoid the prejudicial character of the disclosure. No voluntary disclosure by the inventor himself, for whatever reason, will be excused. Thus, applicability of the previous grace period was reduced to less than 5% of the cases where it previously helped the inventor.

For utility models, there is still a 6-month grace period for any sort of disclosure originating from the inventor, typically including voluntary disclosure, e.g. by test sales. Even more, this grace period now precedes the priority date, not only the filing date, and thus may also be of practical benefit to utility model applications of foreign origin.

- The 6-month priority period from display of an invention at a trade fair or other exhibition is recognised as basis for such priority by the German Government.

For patents, the priority from trade fairs was changed to a grace period of 6 months starting from display at an “official or officially recognized international exhibition in accordance with the terms of the Convention on International Exhibitions, signed at Paris on November 22, 1928”. This recognition was awarded to all World Exhibitions and a few other exhibitions, but not one of the

dozens of customary German trade fairs qualifies for such recognition. Since, however, inventions typically are not exhibited for the first time at a World Exhibition, but rather at one of the usual trade fairs of the industry concerned, the previous priority has not only been degenerated to a mere grace period, but has lost most of its practical importance.

For utility models, the old German provisions for priority from fairs is still applicable. There are proclamations of recognised fairs by the German Government which is published every few months in the German Patent Office Journal. This priority for utility models still has considerable practical importance. It is much more than the grace period of same length, since it actually “predates” the utility model. For utility models filed before July 1, 2004, such priority may be claimed at any time during the lifetime of the utility model, usually much to the surprise of an adversary. Since July 1, 2004, the priority must be claimed within 2 months of filing.

- Prior use prejudicial only if within Germany, not worldwide.

For patents, absolute novelty requirements were introduced extending prejudicial disclosure worldwide to any kind of disclosure in writing, orally, or otherwise. Also prior use anywhere in the world has to be considered prejudicial for a German patent.

For utility models, worldwide prejudicial disclosure is till restricted to “written description” (not orally or otherwise), whereas prior use must be in Germany to be prejudicial.

- Conflict with an earlier, not pre-published application in Germany is solved on the basis of the prior claim approach (not the whole contents approach).

For patents, in a conflict between a later and an earlier, not pre-published German application, the whole contents approach is used, with no remedies left in case of so-called self-conflict.

For utility models, the prior claim approach still governs. If the earlier patent is granted (or the utility model registered), claims of different scope as compared to the granted or registered claims must be set up in the later utility model. Moreover, if the earlier case does not mature to grant or registration, there is no bar whatsoever.

Usefulness of the German Utility Model in Practice

Protection Where a Patent is Unavailable

There is a variety of situations where a German utility model is able to protect an invention, while a German (or European) patent is not. The examples below will highlight this.

Example 1 — Prior Use Abroad: Let us assume there is an American inventor who, prior to filing with the USPTO, tested the money-earning capability of his invention by test sales. These test sales, if the invention became public thereby, as usual, are an absolute bar against a valid European or German patent. However, such test sales constituting prior use in the US do not at

all affect validity of a German utility model filed any time thereafter directly as a first application, or as a convention application based on the intermediately filed patent application with the USPTO.

Of course, the same holds true for any other prior use anywhere outside Germany.

Example 2 — Oral Disclosure: Adopting the same situation as above, only this time the test sales are replaced by oral disclosure of the invention in a lecture (as frequently occurs with university professors). The result is the same, since oral disclosure does not at all affect the validity of a German utility model, irrespective of where the oral disclosure was made (i.e. it may even be in Germany itself).

Example 3 — 6-Month Grace Period: Assuming the same situation as Example 2 above, but on this occasion, the professor’s lecture has also been distributed in a paper concurrently. Here, there would be a potentially prejudicial event, since a written description of the invention was distributed, which is a bar to validity of a utility model irrespective of where in the world this written description was published.

However, if the professor filed in the USPTO within 6 months after the publication of the paper, he may subsequently even wait until the end of the convention year and, claiming the priority of the patent application filed with the USPTO, subsequently file a German utility model application which would be valid in view of the 6-month grace period of one’s own non-prejudicial disclosure preceding the priority year.

It should again be emphasised that in all these situations, invalidity of a European or German patent is clear, whereas the utility model remains unaffected.

Example 4 — Exhibition Priority: Say for example a new product is shown for the first time at a trade fair in Vienna, and subsequently it appears that this new product qualifies for patent protection and should be protected. Since typically, the trade fair is not one recognised by the Paris Exhibition Convention, display on the trade fair is a definite bar to validity of any European or German patent. However, the display is prior use and as it was held abroad, the bar is not applicable at all against a utility model.

However, assuming in addition that 18 months later, it became clear that a competitor had filed for a German patent for the same invention a few days after the exhibition, and, under the prior claim approach, such patent would jeopardise the inventor’s utility model filed later.

Now, it could be argued that this is not a problem because the inventor’s display at the exhibition is prejudicial for the German patent application filed thereafter, so that this patent would never issue (or would be invalidated in opposition or nullity).

Yet under these circumstances, the competitor could branch off a utility model from the patent application, let the patent application go abandoned and claim valid-

ity of the utility model, in view of the non-applicability of prior use abroad. So the advantage would return to the competitor.

However, if the inventor is fortunate enough that this specific trade fair is one of those recognised by the German Government, the priority of the display at the exhibition could be claimed (if the utility model was filed before July 1, 2004), even if the trade fair was never mentioned in the utility model filing. As there are no formal requirements except for evidence of the display, the inventor can, for utility models filed before July 1, 2004, claim such priority any time during the lifetime of the utility model. This brings the inventor's title with the priority of the exhibition ahead of the utility model of the competitor who filed after the exhibition, so that now, the inventor has the earlier utility model and may challenge the competitor's under the prior claim approach. In this way, the final victory would be with the inventor because it is possible to claim the exhibition priority in the utility model.

Incidentally, the result would be the same if the fair was recognised under the Paris Exhibition Convention. In that case, it would typically also be included in the German proclamation, and thus be available to be claimed for the utility model at any time during its lifetime. Here, a patent filed instead of (or in addition to) a utility model could have, in the first place, been valid also, as it may benefit from the grace period applicable for patents displayed at such fairs. However, this would require early notification to the GPO of this claim to the grace period, with the benefit being lost if such notification were not filed in time. In addition, it would not bring the patent ahead of the competitor's utility model, since the grace period is not prioritised. This would mean that the inventor would be restrained from using the invention in Germany for the lifetime of the competitor's utility model.

Example 5 — Avoiding Self-Conflict: Let us assume that an inventor filed a German patent application, claiming say, the convention priority of a Japanese basic application, and thereafter a series of patent applications covering further details and development steps in this field, as would be customary in many cases. Now the German examiner threatens to reject one of the subsequent applications for the reason that, in the body of the specification of an earlier one of these applications (though not pre-published), there is disclosure insufficient to claim the new invention there, but sufficient to deny novelty of the new invention in the later application (for example, in the earlier application a variety of individual compounds or alloys has been disclosed that fall within the scope of the claim of the later application, but the earlier application does not disclose any limits for a reasonable claim language).

This situation is well-known as the so-called self-conflict under the whole contents approach. It might well spell the end of protection for the invention in Germany, since in fact the earlier application, even though not pre-published, could be an insurmountable bar to validity of the later application.

In this situation, the inventor could branch off from the

later application a utility model application and have this registered. Against the utility model thus registered, the earlier patent application is a bar only under the prior claim approach, and since the disclosure concerned is in the body of the specification, and not the subject matter claimed (otherwise, the new application would not be needed anyway), this prior disclosure is completely inapplicable against the utility model.

It would not be difficult to find quite a number of additional examples where a patentee may be encountering a dead-end, with the result that no protection is available, or worse, that there is protection only for the competitor, but in which the differing prerequisites for validity of a German utility model may save the protection for at least the 10-year maximum duration of a utility model.

Adding to Patent Protection

Where valid patent protection is available, the utility model may also be of considerable assistance by allowing the patentee to obtain an early injunction.

A very practical example could be as follows. A patent was filed just a few years ago, with substantive examination applied for or not yet applied for. At any rate, it is well before patent grant, and an infringer is discovered. Even if patentee had the decision of grant in hand, issuance of the patent will still take many more months. Thus, in this situation, it could take much more than a year to obtain a patent with which to sue the infringer and seek an injunction.

This is a very typical situation where it would be highly advisable to "branch-off" a utility model and have this registered (possibly with different claims, taking into account the prior art developed and/or the stage of the examination of the patent application reached in the meantime). This utility model would typically be registered in less than 2 months, and gives the patentee the desired title to sue the infringer. The suit may additionally be based on the patent for further support once granted.

If concurrently, a patentee is fortunate enough that the examination procedure of the parallel patent application has shown that validity is clear, this may serve as some sort of official opinion for the utility model (with identical or narrower claims, of course), even while the patent issuance is still some way off in the future. In such a situation, it *may* even be possible to obtain a preliminary injunction against the infringer on the basis of the utility model (which normally is excluded as it is unexamined and thus completely uncertain as to validity), since validity (to be "predominantly probable" according to more recent case law) may be demonstrated with the aid of the parallel patent examination procedure.

Therefore, the utility model may assist enforcement of the patent in a much shorter timeframe than the actual patent. This may make a decisive difference in actions against the infringer.

As already mentioned above, this advantage of potentially decisive importance may also be obtained if the patentee has a European patent application designating Germany (regardless of language used), and even where

the patentee only has a PCT application still in the international phase designating the EPO or the GPO.

Thus, the utility model, though it need not replace the patent if this is available, may very efficiently assist the quick enforcement of an invention to be patented.

Conclusion

While Germany is by definition a Germanic tradition country as regards patents, it does in a sense, provide Romanic tradition options also. Taking the form of the utility model, plus a variety of specialties able to save protection (albeit for only a 10-year duration), these become particularly important options where patent protection under specific circumstances is not available at all, or could otherwise be powerfully supplemented. In the hands of an experienced German practitioner therefore, the German utility model is an extremely sharp

weapon against infringers, and one which can take most foreign entities completely by surprise (especially if branched off and enforced long before the patent would take effect).

The Kuhnen & Wacker Intellectual Property Law Firm is a boutique firm based in Freising, near Munich, and specialises in all aspects of intellectual property. The patent section has expertise in the fields of mechanics, electronics and chemistry/biotechnology/pharmacology. It is complemented by an experienced trademark section and general law section.

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