



Doing Business in Germany

How to protect your Intellectual Property

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A. Intellectual Property and copyright

Technical inventions, works of art, famous trademarks and special know-how would not be possible if it were not for the extraordinary performances of the people behind those achievements. Intellectual property and copyright protection serve to safeguard the intellectual achievements that make progress possible.

The economic importance of intellectual property has increased considerably due to technological progress in all industry sectors and the growing orientation of society towards consumer goods and information. Intangibles influence the value of a company and its capacity to survive in international competition, both now and in the future.

Research and innovation require investment. The intellectual property rights make it possible by law to protect the results of such investments. Anyone not seizing these opportunities or attempting to seize them too late acts unwisely and will often have to watch others benefit from his labor.



B. Intellectual Property in Germany

I. Patents and Utility Models

The legal framework of patents and utility models is set down in the Patent Act and the Utility Model Act. Patents are registered rights for technical inventions, granting to the patentee the exclusive right to use the corresponding invention as determined by the claims of their patent. Utility models are similar registered rights for technical inventions of a lower importance.

1. Subject matter

For the grant of a patent, the technical invention has to meet three conditions: the product or process being subject of the invention has to be new, has to involve an inventive step, and it has to be capable of industrial application. Novelty requires an invention beyond the state of the art, while an inventive step will be confirmed if the invention is not obvious to an expert having knowledge of the prior art. Utility models require identical conditions, although the substantive requirements for the inventive step are lower.

Patentable subject matters do e.g. not include discoveries, scientific theories, business models, and aesthetic creations. Software is patentable if what is claimed results in a technical effect.

2. Registration

The registration of a patent is based on a formal and substantial examination of the application by the German Patent and Trademark Office (DPMA). Germany's patent law relies on the "first-to-file" principle. Any application will be published within 18 months after its priority date. Within 3 months from the publication, anyone may file an opposition arguing that the requirements are not met.

Utility models are registered after formal examination only. As the substantive requirements have not been examined during the registration procedure, the validity of utility models may be challenged via a revocation procedure.

3. Legal effects

A patent grants a monopoly for 20 years starting with the day following the application day. The patentee can prohibit any other commercial use in Germany. There are six kinds of use listed in the Patent Act: (1) making, (2) offering, (3) using, (4) putting on the market, (5) importing and (6) possessing for these purposes. However, a patent does not protect against any non-commercial use.

Reflecting the lower importance of the inventive step required, utility models are granted for a maximum of 10 years.

4. Enforcement

Any infringement claim will be brought before special chambers of certain Landgerichte (District Courts); appeals are heard before the Oberlandesgerichte (Courts of Appeals) and the Bundesgerichtshof (Federal High Court of Justice). The patentee or owner of the utility model is entitled to sue the infringer for a final injunction, damages and disclosure of the scope of an infringing use. It is also possible to obtain an interim injunction, which can be granted in speedy ex-parte proceedings. Damages may be calculated either as the profit of the infringer, the loss directly incurred by the patentee or owner of the utility model or a reasonable royalty based on a notional license contract. Furthermore, patent infringement is prosecuted as a criminal offence. Claims for the invalidation and/or nullification of patents are heard before the Federal Patent Court.

5. European patent system and Patent Cooperation Treaty

Germany is a signatory of the European Patent Convention. Based on a single procedure for the grant of patents of a uniform body of substantive patent laws, an applicant may also seek protection in one or more member states. A European Patent, granted by the European Patent Office, confers on the patentee in each state the same rights as the corresponding national rights.

Furthermore, Germany is a member of the Patent Cooperation Treaty since June 17, 1970.



II. Designs

Patterns and models, two and three-dimensional designs may be protected by a registered design right based on the Act on Designs and Models. A design right protects the aesthetic aspects of industrial products, such as color and shape. This includes inter alia ornaments, textiles, devices, motor vehicles, labels, brochures, and other essentials creating the aesthetic difference between products in competition.

1. Subject matter

To be protected as a registered right, the design must be industrial, novel and original. Novelty will be granted if, upon its priority date, the design was not known in the relevant branches of industry, however, generally only prior art of

the developed countries is deemed to be relevant. Originality requires a work beyond the average daily work of a designer.

2. Registration

Designs are registered by the German Patent and Trademark Office based on a review of the formal aspects of the application only. Any application will be published in the official bulletin.

A registered design right is granted for a maximum of 20 years starting with its application.

3. Enforcement

The owner of a registered design right is protected against any imitation of its overall aesthetic appearance being used for a commercial purpose. He may sue for a final injunction, damages and disclosure of the scope of an infringing use. However, if a specific product covered by the design registration is marketed with the consent of the owner within the EU, the owner's rights with regard to the subsequent distribution of that product are exhausted.

4. European Community Design

Based on the Regulation on Community Design, the Office for Harmonisation in the Internal Market (OHIM) in Alicante is registering Community Designs. Registered Community Designs enjoy protection in all fifteen Member States. The protection can last for up to 25 years, provided the registrations are renewed every five years. Since March 6th 2002, unregistered Community Designs will be protected automatically upon disclosure. However the unregistered Community Design will be protected only for a maximum period of three years. Also the levels of protection are different. A registered Community Design is protected against both deliberate copying and the independent de-

velopment of a similar design. An unregistered design is protected only against deliberate copying.

In addition, Germany is a member state of the Hague Agreement concerning the International Deposit of Industrial Designs. Thus a corresponding registration also confers protection in Germany.



III. Trademarks

Trademarks serve to distinguish goods or services from one enterprise (manufacturer, merchant or company providing services) from goods and services of others. Hence, a trademark is an indication of the origin of the goods from one source. Pursuant to the Trademark Act an exclusive right can be granted for trademarks, business designations and designations of geographic origin.

1. Subject matter

In order to be protected under the Trademark Act a mark has to be capable of distinguishing one company's goods and services from those of other companies. The scope of signs which may be protected is very broad and includes e.g. personal names, designs, letters, numerals three dimensional shapes of goods or their packaging, sounds, even smells.

However, signs consisting exclusively of a shape which results from the nature of the goods themselves, which is necessary to

obtain a technical result or which gives substantial value to the product are not capable of being protected as trademarks.

2. Registration

The common way to obtain ownership of a trademark is to file an application at the German Patent and Trademark Office (DPMA). Thus, rights in a trademark originate in its registration but not in its use. The DPMA will examine the trademark application under formal and material aspects.

As an exception to the registration process trademark protection may accrue from the use of a sign in the course of trade, provided that the sign has acquired prominence as a trademark in the relevant trade circles. Further, well-known trademarks within the meaning of Section 6*bis* Paris Convention (e.g. Coca Cola, McDonalds etc.) are protected automatically without the need for an actual registration.

3. Legal effects

The protection will last for an indefinite period of time. However the registration has to be renewed every ten years. The owner of a trademark has the exclusive right to exploit the trademark by placing it in its registered form on the goods or for the services, which are the subject of the registration. Hence, he is entitled to prevent any third party from using any signs in the course of trade, which are identical or similar to his trademark. Furthermore, he is entitled to prevent any use of such signs if the third party takes unfair advantage of, or is detrimental to, the distinctive character or the reputation of the trademark.

4. Enforcement

The owner of a trademark is entitled to sue the infringer for a final injunction, damages and disclo-

sure of the scope of an infringing use. It is also possible to obtain an interim injunction, which can be granted in speedy ex-parte proceedings. Damages may be calculated either as the profit of the infringer, the loss directly incurred by the owner or a reasonable royalty based on a notional license contract.

Trademark infringement is also prosecuted as a criminal offense.

The rights conferred by a trademark are exhausted in relation to goods, which have been put on the EC market under the trademark by the proprietor or with his consent.

4. Community Trademark and Madrid Agreement

In 1994 the Community Trademark Regulation came into force. The Community trademark is obtained by registration. When registered, transferred or allowed to lapse, the effect of such action is Community-wide. It is valid for a period of 10 years and may be renewed indefinitely.

As Germany is a signatory of the Madrid Agreement, protection may also be obtained by an international registration with WIPO.



IV. Internet domain names

DENIC eG registers Internet domains under the German top level domain ".de", provided the domain is not already registered to a third party. However, a reserva-

tion without use is no longer possible. The registration exists without termination for an indefinite period of time.

Since the domain name registration is based only on a private agreement, all parties are still bound to the general statutory law such as unfair competition or trademark law in the event that a registration violates the rights of third parties.

UDRP arbitration rules do not apply for .de domain names, disputes will therefore be heard before ordinary courts.



V. Copyrights

Works of authorship are protected under the German Copyright Act. In addition the Copyright Act contains specific provisions about intellectual rights related to copyright, so-called "neighboring rights".

1. Subject matter

Protected works within the meaning of the Copyright Act are personal intellectual creations. The protected work must exhibit a minimal amount of creativity. This minimal creativity standard is not difficult to satisfy. The originality is required either in the form or content of the work. The copyright protects the expression of an idea rather than the idea itself. However, the copyright law does not contain the requirement of novelty or priority.

The Copyright Act provides a non-exclusive list of categories of protectable works of authorship. These categories include e.g. literary works, musical works and artistic works, as well as computer programs and databases. However, sound recordings or movie productions will only be protected as neighboring rights.

There is no registration process required to obtain protection under the Copyright Act.

2. Legal effects

Copyright protection is limited in time and expires seventy years after the death of the author.

The copyright owner has the exclusive right of reproduction, distribution, exhibition, public recitation, public performance, public presentation, making available to the public, broadcasting, cable retransmission, communication by video or audio recordings and communication of broadcasts.

As well as these economic interests, the Copyright Act grants the author certain moral rights, which cannot be assigned.

3. Enforcement

The author of a copyrightable work and the owner of a neighboring right are entitled to sue an infringer for a final injunction, damages and disclosure of the scope of an infringing use. It is also possible to obtain an interim injunction, which can be granted in speedy ex-parte proceedings. Damages may be calculated either as the profit of the infringer, the loss directly incurred by the owner or a reasonable royalty based on a notional license contract.

If the protected work is put on the German market by the proprietor or with his consent the distribution right will be exhausted.

4. International conventions

Germany is a signatory to a number of international agreements, in particular the Revised Berne Convention and the Agreement on Trade Related Aspects on Intellectual Property.



VI. Unfair competition

The concept of unfair competition has several statutory sources with the Act Against Unfair Competition as its main source. But there are also a number of special regulations such as the Act on Foodstuffs and Goods in Daily Use or the Drug Act. By the Act against Unfair Competition the extremely strict spirit has been abolished.

Unfair competition claims may complete the protection of intangible assets.

1. Subject matter

Unfair competition encompasses, in particular, the concept of passing-off, impeding free competition, violation of statutory and contractual obligations, slander, libel, deceptive advertising as well as other deceptive acts or practices such as exploiting the naive or inexperienced.

Even if a product is not protected by an intellectual property right, its imitation can be prohibited as unfair competition under certain circumstances. Misappropriation through imitation, especially avoidable deception as to the commercial origin, exploitation of reputation and obtaining know-how under false pretences are prohibited as unfair competition.

Furthermore, any slavish imitation leading to an impediment of a competitor is forbidden. Even if there is no confusion of origin, a so-called "parasitic exploitation of another's achievements" can result in a violation of the general unfairness clause of the Act.

Furthermore, an unauthorized disclosure and/or use of trade secrets and industrial secrets are prosecuted as a criminal offense under this Act.

The Act against Unfair Competition has no antitrust implications, which are regulated by the Act on Restraints on Competition.

2. Legal Effects

The law of unfair competition seeks to protect the interests of competitors, suppliers, consumers and the public at large by ensuring freedom and fairness of competition. Any act, which is contrary to these interests, can be prevented.

3. Enforcement

As well as the competitors whose interests were violated, there are associations that can bring proceedings for unfair competition. These associations act on behalf of the public at large and its interests in fair competition. Most disputes on unfair competition are initiated by ex parte preliminary injunctions even though a claim for a final injunction, damages and disclosure of the scope of an infringing use is also possible. As with the other intellectual property rights, damages may be calculated either on the profit of the infringer, the loss directly incurred by the owner or a reasonable royalty based on a notional license contract, as this is a general concept of Germany's intellectual property law.



TaylorWessing

Our offices

Berlin

Jägerstrasse 51
D-10117 Berlin
Tel. +49 (0) 30 88 56 36 0
Fax +49 (0) 30 88 56 36 46
berlin@taylorwessing.com

Brussels

Trône House
4 Rue du Trône
B-1000 Brüssel
Tel. +32 (0)2 289 6060
Fax +32 (0)2 289 6070
brussels@taylorwessing.com

Cambridge

24 Hills Road
GB-Cambridge CB2 1JW
Tel. +44 (0) 1223 446400
Fax +44 (0) 1223 446401
cambridge@taylorwessing.com

Düsseldorf

Königsallee 92 A
D-40212 Düsseldorf
Tel. +49 (0) 211 83 87 0
Fax +49 (0) 211 83 87 100
duesseldorf@taylorwessing.com

Frankfurt

Senckenberganlage 20-22
D-60325 Frankfurt
Tel. +49 (0) 69 97130 0
Fax +49 (0) 69 97130 100
frankfurt@taylorwessing.com

Hamburg

Am Sandtorkai 41
D- 20354 Hamburg
Tel. +49 (0) 40 36 80 3 0
Fax +49 (0) 40 36 80 3 280
hamburg@taylorwessing.com

London

Carmelite
50 Victoria Embankment
GB-London EC4Y 0DX
Tel. +44 (0) 20 7300 7000
Fax +44 (0) 20 7300 7100
london@taylorwessing.com

München

Isartorplatz 8
D-80331 München
Tel. +49 (0) 89 21 03 80
Fax +49 (0) 89 21 03 83 00
muenchen@taylorwessing.com

Paris

42 Avenue Montaigne
F-75008 Paris
Tel. +33 (1) 72 74 03 33
Fax +33 (1) 72 74 03 34
paris@taylorwessing.com

Representative Offices

Alicante

Paseo Explanada de España No. 1
E-03002 Alicante
Tel. +34 (0) 96 51 42 805
Fax +34 (0) 96 52 00 248
alicante@taylorwessing.com

Shanghai

15th Floor United Plaza
Unit 1509
No. 1468 Nanjing West Road
PRC-200040 Shanghai
Tel. + 86 (21) 6247 7247
Fax + 86 (21) 6247 7248
shanghai@taylorwessing.com