

# **Protection of Rights to Utility Model in Germany and Ukraine: Comparative Analyzes**

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## **Abstract**

The purpose of the article is to conduct a comparative analysis of the problem of protection of the rights to utility model in Ukraine and Germany in order to gain best practices on the subject. The subject of the study. The subject is the study of individual aspects of protection of rights to utility model in Ukraine and Germany. Methodology. Research methods are chosen based on the object, subject and purpose of the study. The study used general scientific and special methods of legal science. Among them: dialectical, logical, method of system analysis, comparative-legal, normative-dogmatic and legal modeling methods. The results of the study. Based on a study of the relevant legislation, it has been determined what might be considered utility model and what might not in the countries under consideration in order to provide adequate legal protection for this object of intellectual property. It has been established what actions a person must undertake to secure his (her) utility model rights. It has been examined which remedies can be applied in case of infringement of the rights of the patent holder. Practical implications. As a result of a study of relevant German legislation, it has been found out what amendments should be introduced to the Draft Law of Ukraine, aimed to improve the protection of the individual's rights to utility model. Value / originality. On the basis of the conducted research, proposals have been formulated on the necessity of adopting a separate Law on utility model in Ukraine.

## **Keywords**

Utility Model, Registration, Patent, Patent Holder, Protection, Ukraine, Germany.

## **Introduction**

The issue of protection of inventions, utility models, and other patent objects is quite relevant in a market economy.

According to the Handbook on Industrial Property Information and Documentation "*utility model*" is a protective title provided for in several national laws in order to protect a minor invention, upon application, normally through mere registration, by a government office, of the description, drawing or other picture, or also by the filing of a model, in accordance with requirements somewhat less strict than those for obtaining patent protection (e.g., lower fees, only in certain technical fields, in some countries not requiring inventive step), but also protected to a lesser extent (e.g., shorter duration). Otherwise, the rights conferred by a utility model are similar to those conferred by a patent (World Intellectual Property Organization, 2013).

Currently, legal protection of utility models is provided in 64 countries. Thus, all EU countries provide legal protection for utility models except the UK, Sweden and Luxembourg. There is no legal protection for utility models in the United States and Canada. Legal regulation of relations related to the acquisition and use of utility model rights is carried out either on the basis of general industrial property law (Spain, Portugal, China, Poland, the Russian Federation, etc.) or on the basis of special laws (Germany, Denmark, Italy, Finland, Uruguay, Japan, etc.), which are very similar to the patent law. Conditions for providing legal protection for utility models are very different, even within the EU. However, it is common for the laws of most countries to issue a security document without substantive examination (Androshchuk & Rabotiahova, 2001).

The legislation of Germany on the protection of utility models has served as a model for many European (and not only) countries. The researchers of the history of intellectual property law claim that the world's first utility model law was enacted in Germany in 1891, when the Imperial Court determined that legislation should contain rules on legal protection and technical solutions that are new, but do not have sufficient inventive step. Subsequently, German patent law has been revised and amended many times, but the postulate remains: "small inventions" are subject to legal protection (Vallie, 2010).

Therefore, since German legislation is considered to be a benchmark in protection of utility model rights, and Ukrainian one needs an improvement in this area, because it does not meet the requirements of domestic inventors, we turned to the experience of this country.

## Material and Methods

Research methods are chosen based on the object, subject, purpose of the study. The study used general scientific and special methods of legal science. Thus, the analysis and synthesis method as well as the logical method were used to formulate a holistic view on utility model, as well as what might be regarded as a utility model and what might not. The comparative method was used when analyzing the relevant legislation of Ukraine and Germany regulating the issue under consideration, as well as scientific categories, definitions and approaches. Using the normative-dogmatic method, the content of normative-legal acts of domestic and foreign legislation governing the investigated issue was analyzed. The legal modeling method has been applied to develop proposals for improving the regulatory framework governing the problems of protection of rights to utility model in Ukraine.

The materials studied are the laws and regulations of Ukraine and Germany, governing the issues, related to utility model protection, scientific works of domestic and foreign scientists on the problems of protection of the rights to this object of intellectual property.

## Results

On September 17, 2018, the Draft Law of Ukraine no. 9088 "*On Amendments to Certain Legislative Acts of Ukraine on Enhancing the Protection of Intellectual (Industrial) Rights and Improving Public Administration in the Intellectual Property Sphere*" (hereinafter-the Draft Law) was registered. The Draft Law is aimed at creating an optimal, high-quality and efficient state-owned intellectual property law system capable of generating, implementing a transparent public model to overcome existing challenges and risks, and offering effective intellectual property tools as stimulus for the development of related economic and social factors, harmonization of the provisions of the legislation of Ukraine in the area of intellectual property with the EU directives and regulations and implementation of the relevant provisions of the Association Agreement, including the introduction of institutional and organizational changes in the public administration of intellectual property in order to implement the provisions of this Agreement properly in the area of protection of inventions, utility models, industrial designs, trademarks.

The Draft Law is really progressive, largely in line with European standards and, in particular, German law, which is considered to be a benchmark in regulating utility model issues. Thus:

1. The draft law greatly expands the list of objects that cannot be considered a utility model and therefore are not protected;
2. The possibility for any person to submit to the office (the central executive body implementing state policy in the area of intellectual property) a reasoned application for examination of the utility model for compliance with the conditions of patentability (the conclusion on the compliance of the utility model with the conditions of patentability);
3. Securing the right of the person willing to obtain utility model patent, to divide his (her) application into two or more applications, provided that the essence of the utility model of the selected application does not go beyond the content of the divided application.
4. The possibility to file the documents for patent in electronic form.

However, some questions rise concerning the Draft Law, including:

1. The status of the newly created National Intellectual Property Authority, which is “an authority of the State system of legal protection of intellectual property, recognized at national level, which exercises the powers in the area of intellectual property” is not clearly defined;
2. The Draft Law requires the registration of intellectual property rights to utility model, but not the relevant objects. Consequently, it is difficult to understand what is the subject matter of registration (Hudzynski, 2018).

As we can see, Ukrainian legislation in the area of intellectual property rights is ready for reform, but many questions remain. Therefore, let us turn to the experience of Germany, which has served as a model for many European countries in the area of utility model rights protection.

## Discussion

According to Article 1, Part 1, Paragraph 3 of the Law of Ukraine “*On Protection of Rights to Inventions and Utility Models*” (Law of Ukraine, 1993) invention (utility model) is the result of human intellectual activity in any sphere of technology. Legal protection is granted to the utility model, which is not contrary to public policy, to the principles of humanity and morality and meets the conditions of patentability.

Utility model is considered appropriate for the acquisition of intellectual property rights to it if it is new and suitable for industrial use. The object of the utility model, the legal protection of which is provided under this Law may be: product (device, substance, strain of microorganism, cell culture of plants and animals, etc.); process (method), as well as a new application of a known product or process.

Legal protection under this Law does not cover the following technology objects:

1. Plant varieties and animal breeds;
2. Biological processes of reproduction of plants and animals that are not related to non-biological and microbiological processes;
3. Topographies of integrated microcircuits;

#### 4. Results of artistic design.

Priority, authorship and a title to a utility model are certified by a patent. Patent (declarative patent for utility model, declarative patent for secret utility model) is a security document certifying priority, authorship and a title to the utility model. The patent for utility model is valid for 10 years from the date of submission of the application to the central executive body implementing State policy in the area of intellectual property (Ministry of Economic Development and Trade).

Under the patent protection system, protection of intellectual property rights is granted against any unauthorized use by another person of the utility model. Such actions are considered to be infringement irrespective of whether the utility model was deliberately used by another person or these objects were created by another person as a result of his (her) own creative activity, but after the publication of the information on the grant of the corresponding patent for their protection. Therefore, any unauthorized use of intellectual property rights to these objects by other persons is an established fact of extra-contractual infringement of patent rights, which, according to the law, is not proved when considering the case (paragraph 82 of the Legislation of Ukraine, 2012).

At the request of the patent owner, such infringement should be terminated, and the infringer should be obliged to compensate the patent owner for the losses incurred. In accordance with the provisions of Article 22 of the Civil Code of Ukraine (Law of Ukraine, 2003) losses are:

1. Losses suffered by a person in connection with the destruction or damage of a thing, as well as the costs that a person has made or should make to restore their violated right (real damages);
2. Income that a person could actually receive in ordinary circumstances if his (her) right were not violated (loss of profit).

Losses should be compensated in full if the contract or the law does not provide for a smaller or larger compensation. However, in the legal case under consideration, the patent owner can only claim damages (real damages and loss of profit) and cannot demand compensation for illegal benefit obtained by the infringer of his (her) rights.

The protection of the rights to the utility model shall be exercised in court and in accordance with the procedure established by law.

The jurisdiction of the courts extends to all legal relationships arising from the infringement of the patent owner's rights to the utility model. Courts, according to their competence, resolve, in particular, disputes about: authorship for utility model; establishing the fact of use of the utility model; establishment of the patent owner; infringement of the rights of the patent owner; conclusion and execution of license agreements; the right of prior use; compensation.

According to Article 432 of the Civil Code of Ukraine, in cases and in accordance with the procedure established by law, the court may order, in particular:

1. To take immediate measures to prevent the infringement of intellectual property rights and preserve relevant evidence;
2. Suspension of transit of goods imported or exported in violation of intellectual property rights across customs borders of Ukraine (carried out in accordance with section xvi "promoting the protection of intellectual property rights during transit of goods across the customs border of Ukraine" of the customs code of Ukraine);
3. The removal of goods manufactured or introduced in the civil turnover in violation of intellectual property rights from the civil turnover and the destruction of such goods;

4. The removal of materials and tools, which were used mainly for the manufacture of goods with infringement of intellectual property rights, from the civil turnover or the removal and destruction of such materials and tools;

5. The use of one-time monetary penalty in lieu of compensation for damages for the misuse of the intellectual property object.

The amount of compensation is determined in accordance with the law, taking into account guilt of the person and other circumstances of significant importance. Despite the legislative instruction on the possibility of payment of compensation in disputes on the protection of rights to utility model, the procedure and mechanism for its payment are not provided by law. Therefore, such method for protection as compensation is not applicable for patent disputes. However, the use of a one-time monetary penalty in lieu of compensation for damages for misuse of utility model could be an effective method for protection. This method for protection is also provided for in Paragraph 5, Part 2, Article 432 of the Civil Code of Ukraine. The amount of penalty should be determined in accordance with a special law, taking into account guilt of the person and other circumstances of significant importance. The court is obliged to proceed from the essence of the violation, property and moral damage caused to the subject of intellectual property right, and the potential income that this person could receive in determining the amount of damages to be compensated. Court and lawyers' costs may be additionally included to the total amount of compensation.

In determining the amount of one-time monetary penalties, the court is also obliged to take into account the extent of the offense and (or) the intentions of the offender.

In order to properly protect the rights of the utility patent owner, it is advisable to introduce this protection method by amending the Law of Ukraine "On Protection of Rights to Inventions and Utility Models". Compensation for infringement of intellectual property rights is a penalty that applies irrespective of the existence of damages. The amount of such compensation shall be determined by law. There is no corresponding provision in the Law of Ukraine "*On Protection of Rights to Inventions and Utility Models*" (Tarasenko, 2013).

Publication of information about infringement of intellectual property rights and the content of the court decision on such infringement in the mass media.

Now let's turn to the experience of Germany. The patent for utility model was obtained for the first time in 1891 in Germany. In order to register a utility model and obtain a patent in those days, the product only had to meet the minimum level of novelty. Thus, in 1891, two patent procedures began to co-exist in Germany-examination (for inventions) and registration (for utility models) (Vallie, 2010).

The German Utility Model Law (hereinafter-the Law) was enacted in 1986 and entered into force in January 1987. Following the adoption of the Reform Act 1990, the Law has been brought into line with patent law, although some and significant exceptions. The last changes to this legal act were introduced in July 2017 (Federal Ministry of Justice and Consumer Protection, 2017).

The Law states that legal protection as the utility model is provided only to a limited group of technical innovations. Therefore, utility models cannot be subdivided into categories of technical solutions as is the case for the invention (device, method, substance). The requirement to the spatial form of the product has long been established in judicial practice.

According to Article 1 of the Law, utility model protection shall be afforded to inventions that are new, involve an inventive step and are susceptible of industrial application. The novelty of a utility model is usually determined by the priority date or filing date. However, there is no requirement for the absolute novelty of the utility mode in German law, unlike the invention, to which this criterion

is strictly applied. Less stringent requirements are put forward to the novelty of the utility model, which could be decisive when choosing the form of legal protection of this kind of technical solution.

With respect to the novelty of the utility model, the so-called “novelty benefit” is provided. If the applicant or any third party, with the consent of the applicant, has used a utility model in the country, or made a publication about the utility, such disclosure will not be considered to be novel.

Concerning the term “*inventive step*”, the Law does not contain a legal definition of this concept. However, this term was deliberately chosen for the Utility Model Law, as opposed to the term “*inventive activity*” used in German patent law. Based on the above, the concept of the legislator (“*small*” patent, “*small*” inventions, etc.) and long-standing jurisprudence the view has been established in the scientific literature that the inventive step is a lower level of inventive activity. However, more recent jurisprudence considers the inventive level of utility models as equivalent to inventive activity in patents for inventions (Bocharov, 2009).

The requirement for inventive step requirement is met if it is obvious to the average person skilled in the art, but the latter is at a loss to fully comprehend it based solely on his general subject knowledge and routine monitoring.

The criterion of “*industrial application*” is fulfilled if the subject matter of a utility model can be made or used in any kind of industry, including agriculture (Article 3 of the Law).

Besides, article 1 of the Law, as well as Articles 52 (2) and 53 of the European Patent Convention (European Patent Convention, 2001), contain a list of objects that cannot be protected as utility models. Thus, the following shall not be regarded as the subject matter of a utility model:

1. Discoveries, scientific theories and mathematical methods;
2. Aesthetic creations;
3. Schemes, rules and methods for performing mental acts, playing games or doing business, and programs for computers;
4. Presentations of information.

The priority, authorship and the right to utility model in Germany is certified by the state protection document-registration certificate, which in patent practice is called a patent. Such a document is registered with the German Patent Office (Deutschen Patent- und Markenamts (DPMA)).

The patenting procedure is, figuratively speaking, the transformation of the right to utility model into ownership by State registration of a patent for utility model: a patent gives its owner an exclusive right to use the utility model, to permit or prohibit its use.

An application for a utility model patent shall be made in writing to the Patent Office. A separate application is submitted for each invention. The application must include:

1. A request for registration of the utility model, which must designate clearly and concisely the subject matter of the utility model;
2. One or more claims in which shall be specified what is to be protected by the utility model;
3. A description of the subject matter of the utility model;
4. The drawings to which the claims or the description refer (article 4 of the law).

If a patent application is filed in any other foreign language (except German), then a German translation of this application must be filed to DPMA within 3 months. In other case, the application will be considered withdrawn.

After a patent application is filed with the German Patent Office, State experts carry out a patent examination. A protection document (patent, certificate) for utility model is registered based on the results of a formal examination of the application, that is, without checking the patentability of the utility model (novelty, inventive step and industrial applicability). Such registration of the right to utility model is indispensable in a market economy: it is a real opportunity to quickly (within 2-3 months) obtain an exclusive right to utility model in the most developed country in Europe and with comparatively lower financial costs. This is particularly important in cases when utility model must be implemented in the market in the near future.

Utility model protection is given for a term of ten years.

As of today, the German Patent and Trade Mark Office's application fee is EUR 40 and includes the maintenance fee for the first three years. The maintenance fees for subsequent periods are currently EUR 210 for years 4 to 6, EUR 350 for years 7 to 8, and EUR 530 for years 9 to 10 (German Patent and Trademark Office, 2019).

The result of the utility model registration is to create an exclusive right for the patent owner. Third parties are prohibited from producing, selling, distributing, or using the utility model item. The owner of the utility model may claim compensation from the party, which has violated his (her) rights. If the mental element of the offense is a simple negligence of the guilty person, the court may order recovery of losses instead of compensation, which include true loss and wrongfully profit achievement.

The general rules of patent protection in Germany are identical to the international one. Thus, without the permission of the patent owner, it is prohibited to produce, sell or use the product that is the subject of the patent, as well as to import or create stocks of such a product for these purposes (§139-142b PatG "*Rechtsverletzungen*" infringements). The issued patent can be challenged (Patentstreitigkeiten-patent disputes) and declared invalid due to the lack of signs of patentability, especially novelty. Patent infringement cases (§65-72 PatG "*Patentgericht*"-patent court; §73-99 PatG "*Abschnitt Verfahren vor dem Patentgericht*"-patent proceedings; §100-122 PatG "*Abschnitt Verfahren vor dem Bundesger*"-the procedure for applying to the court, §143-145 PatG "*Verfahren in Patentstreitsachen*"-procedural actions on patent disputes; §43 Arbeitnehmererfindungsgesetz "*Übergangsvorschrift*"-order to transfer the case to the competent court) are considered by the land courts.

The final decisions on lawsuits are most often made by the courts of first instance. Approximately 1/3 of cases are considered in the courts of the second instance -the Supreme Land Court, and 1/6-in the Supreme Court as an audit court.

One of the important advantages of legal protection of utility model is manifested not only in the prompt registration of rights to it, but also in the fact that the owner can quickly start exercising his rights. The owner of utility model rights can fully protect them from the moment of registration of the item. Third parties are prohibited from producing, selling, distributing, or using the utility model item. In case of infringement of the rights to utility model, its owner may claim compensation from the party, which has violated his rights, and to request the discontinuation of actions, which violate these rights. The owner may also request the destruction of goods that were created though the illegal use of utility model item.

In addition to traditional injunctions, seizure of infringing goods by customs agents is a powerful remedy in Germany. Without even having to prove that an infringement is given, a patentee can obtain

a seizure order, putting considerable pressure on the accused infringer. In subsequent court proceedings, it will then be decided whether the goods should remain seized. Monetary damages are also available in Germany under three theories, though Germany does not award enhanced damages (Steven & Carlson, 2009).

There is also the concept of indirect infringement of utility model rights in German law, which means that third parties are prohibited from offering or selling a product that is the object of utility model or its essential components. At the same time, the crucial reason for declaring such acts to be infringing is the fact the perpetrator should know or it should be obvious to him that these products or components are suitable or are designed to the utility model use. Thus, indirect infringement of utility model rights can be committed only intentionally.

Despite the advantages of protecting the invention as a utility model, it should be kept in mind that the legal protection to it is granted through the registration system without conducting a substantial examination of the application. Therefore, utility model patent is less secure than a patent for an invention, which is granted only after examination of the application for conformity with the requirements for the eligibility.

The competent authority for utility model infringement litigation is the specialized civil chamber in each of the twelve district courts which also have jurisdiction for patent litigation. Where an appeal is lodged against a decision of the court in utility model litigation, the parties may also be represented before the Court of Appeal by attorneys-at-law admitted to practice before the Provincial High Court that would have heard the appeal (Article 27 of the Law).

## Conclusion

Thus, the utility model under German law provides a number of advantages that should be taken into account when considering different options for protecting intellectual property rights to each particular innovation. Thus, the registration of the utility model results in establishing exclusive rights for the patent holder. Third parties are prohibited from producing, selling, distributing, or using the utility model item. In case of infringement of the rights to utility model, its owner may claim compensation, to request the discontinuation of actions, which violate these rights or the destruction of goods, which were created through the illegal use of utility model item. Deliberate infringement of the rights of the patent holder on a commercial scale is considered a criminal offense and is punishable by imprisonment or a significant fine. Judicial protection is the primary remedy for violated rights on utility model.

The Ukrainian Draft Law of Ukraine “*On Amendments to Certain Legislative Acts of Ukraine on Enhancing the Protection of Intellectual (Industrial) Rights and Improving Public Administration in the Intellectual Property Sphere*” is largely in line with European practice and already provides for the possibility of applying for a patent for utility model in electronic form, enshrines the right of the person willing to obtain a utility model patent, to divide his (her) application into two or more applications, and to evaluate the utility model in terms of its patentability. In our opinion, it is additionally necessary to separate the issue of utility model protection into a separate section of the reformed Law “*On Protection of Rights to Inventions and Utility Models*” and to separate them from inventions. This would eliminate confusion in the legislation, allowing inventors to use utility model patents more actively for the protection of their rights.

Thus, it is the German model that has become the template for enshrining the concept of “*utility model*” in the legislation of most countries of the world, and its 130 years of experience was very useful for many states that reformed this institution of intellectual property rights. We believe that Ukraine should take advantage of it as well.

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