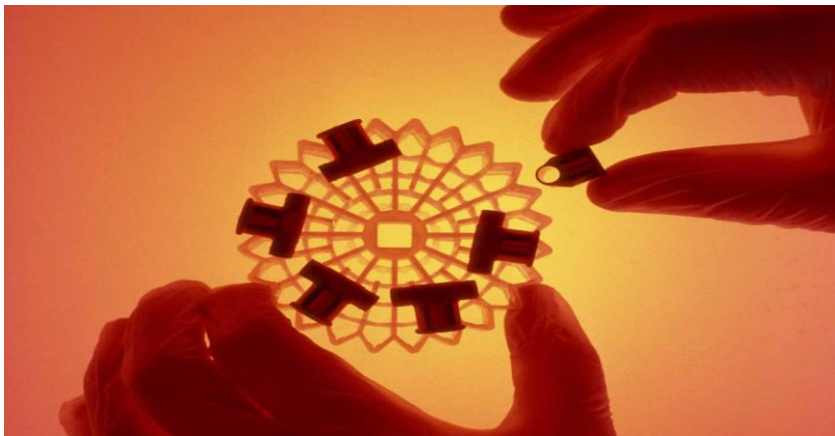


# Clifford Chance Patent Law Series

## Complementary patent protection by design and trade mark registration – Chances and risks



### Apple vs. Samsung

As the ongoing court proceeding between Apple and Samsung impressively shows, the protection of innovative technical products by means of design rights in addition to the usual protection as patents is significantly gaining in importance. The only question the court is dealing with in the pending case for a preliminary injunction is whether the design of the Samsung tablet computer violates certain design rights the competitor Apple holds. Software or technology patents are of no relevance for the case.

#### 1. Background

As early as in 2004, Apple registered certain features of the design of a tablet computer as a community design, thereby ensuring the protection of those features throughout the EU. It is now for the court to assess whether Samsung's Tablet Galaxy 10.1 is too similar to Apple's famous iPad® as far as the registered features are concerned that a violation of property rights may be assumed.

On 9 August 2011, Düsseldorf district court of first instance assumed that such a violation had occurred and issued a sales ban for the Galaxy Tab 10.1 in the EU. The decision reached high levels of media attention. In the opposition proceedings initiated by Samsung, the District Court reaffirmed its decision with regard to the most significant aspects. In the hearing of 25 August 2011, Samsung was ordered by an extension of the preliminary injunction not to show the new Galaxy Tab 7.7 during the IFA in Berlin in addition to the previously issued sales-ban. Subsequently, the fair stands had to be removed.

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Furthermore, Amazon stopped offering the Galaxy Tab 8.9, which is also similar in design, and cancelled pre-orders already made through Amazon during the last months.

The outcome of the proceedings is eagerly awaited. The appeal hearing will take place before the Higher Regional Court of Düsseldorf on 20 December 2011.

## 2. Importance of Design Protection

Apple's lawsuit against Samsung demonstrates that it may be useful to consider the registration of a design and, possibly, a three-dimensional trademark, for a product design, in addition to the registration of the technical property rights. Not only a violation of the technical features of a product but also the imitation or adaptation of a well-known and highly coveted product design of a competitor can lead to serious legal difficulties. As in the case of Samsung, it can even prevent the market launch of a new product and consequently entail significant losses in revenue.

Furthermore, the registration of such rights enables companies to improve the protection of their products against the various types of counterfeiting.

## 3. Requirements of Design Protection

The protection of a design is similar to a protection by means of copyright law and provides the owner with the right to use an aesthetic form, i.e. a certain design. It grants its owner the same rights regarding prohibition and claims of damages as a patent if the design is used abusively by third parties.

The requirements for protection are novelty ("**Neuheit**") and an individual character to demonstrate originality, the so-called "**Eigenart**". The requirement of novelty may be assumed if no identical design has been disclosed prior to the first application. The required originality has to be determined by considering the overall impression of an informed user of the model in comparison to the overall impression the same user has of a different model. As a result, the crucial criterion is not the amount of creativity or originality, but the distinctive character differentiating the model from other models.

In this context it is necessary to distinguish between a national and a community design. The German design requires registration in the register of the German Patent and Trade Mark Office ("**DPMA**"). Such an entry grants a maximum protection of 25 years, whereas a maintenance fee has to be paid every five years. The DPMA does not examine the protectability of the design.

The requirements for a registration of a community design are almost identical. The initial period of protection is five years and may be extended up to 25 years. Apart from this, it is possible to obtain protection of a design as a so-called "unregistered design" at the community level. Protection is granted for an initial period of three years from the time of first possible public access.

The registration of a design is possible at the moderate charge of 70 Euros for a single national registration (including a protection period of five years). For a summary application –up to 100 models can be submitted in one application– costs of only 7 Euros per design are stipulated. From the 6th year onwards the maintenance fees increase step by step from 90 up to 180 Euros per year. At a fee as low as 230 Euros, a community design may be registered. The annual maintenance fees rise over the years.

In addition, there is the possibility of an international registration based on the Hague Agreement. Until now, this has rarely been used by German companies. Registration takes place at the World Intellectual Property Organization ("**WIPO**") in Geneva and contains a bundle of independent national design registrations granting the same protection as a national design in the relevant signatory state to the Hague Agreement. The requirements for protection are identical to those of the respective national regulations. The advantage is obvious. All you need is a single application at the WIPO or a national office which is forwarded to the relevant national authorities. Furthermore, the administration takes place at the WIPO while significantly reducing the costs of maintaining protection in several states. Even the international registration is less expensive than an individual national application, because administrative fees are lower and there is the possibility to apply for protection in several countries with just one application. Moreover, there is no need for different national representatives, at least as far as the submission of the application is concerned.

Hence, an application for registration of a design generally is less cost-intensive than a patent application but may nonetheless prove to be a worthwhile investment –as the above mentioned case demonstrates.

Since a design protection requires novelty, a product design which is already on the market may subsequently not be registered as a design. If appropriate, this gap can be filled by the registration of a three-dimensional mark and by the provisions of the Act against Unfair Competition ("**AAUC**").

The AAUC prohibits certain unfair commercial practices which are inconsistent with good manners. In particular, identical or almost identical replica, so-called slavish copying ("**sklavische Nachahmung**"), is prohibited.

Pursuant to paragraph 4, figure 9 lit. a) “unfairness [is assumed to have] occurred in particular where a person offers goods or services that are replicas of goods or services of a competitor if he causes avoidable deception of the purchaser regarding their commercial origin”. It is, however, in general difficult to substantiate that those requirements have been fulfilled.

A possible solution may be to obtain trademark protection.

#### 4. Requirements of Trademark Protection / What is a three-dimensional Trademark?

A trademark is a sign or symbol distinguishing the goods and services of one trader from those of other traders. Most common types of trademarks consist of words and figures or the combination of words and a figure. In addition, such marks consist of colours, sounds or even three-dimensional designs. In particular the latter provide a good opportunity to protect the shape of products or of their packaging (see § 3 para 1 Trademark Law (“**MarkenG**”). For instance, in *Porsche Boxster* the Federal Court of Justice (“**Bundesgerichtshof**”) ruled that the shape of a Porsche Boxster is eligible for registration as a three-dimensional trade mark. Further, the shape of Toblerone® packaging, the Schwan-Stabilo® highlighter, the Ferrero Nutella® glass, as well as the classic Coca-Cola® and the Almdudler®-bottle have been registered as three-dimensional marks. Novelty is not a requirement.

The possibility of an indefinite extension of the maintenance period of a trademark is an additional advantage. The oldest registered trademark in the register of the DPMA is the well-known logo of crossed swords of the Staatliche Porzellan-Manufaktur Meissen GmbH. It dates back to 1875.

Similar to a design, protection of a trademark can be obtained both through registration and by means of frequent use. National trademark protection requires registration. The DPMA charges fees of approximately 300 Euros (including an initial protection period of ten years) for such a registration. In addition, there is the possibility to apply for a community trademark registration based on EC Regulation No 40/94 on the Community trademark (“**CTMR**”) which allows for a uniform protection in all Member States of the EU and which is registered with the Office for Harmonization in the Internal Market (“**OHIM**”) in Alicante, Spain. Furthermore, there is an international registration for trademarks under the Madrid Agreement and the Protocol relating to the Madrid Agreement. Such a registration is administered by the WIPO as well.

Apart from the application, it is required that the trademark is able to distinguish the goods and services from a company from those of other traders in order to be protected. The registration further requires that no absolute grounds for refusal exist. Absolute grounds for refusal may be trademarks consisting exclusively of signs or indications which serve, in trade, to designate the nature, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or rendering of the service, or other characteristics of the goods or services. Trademarks which are devoid of any distinctive character, trademarks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade, or which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or services do not qualify for registration (see § 8 para 2 Trademark Law). Further, the registration will be rejected if there is a likelihood of confusion with an older trademark.

It should further be noted that signs which consist exclusively of the shape of goods necessary to obtain a technical result are not eligible for protection (see Article 7 CTMR). Regarding the famous shape of a Lego toy brick, the European Court of Justice (“**ECJ**”) dismissed an action brought by the proprietor of the Community three-dimensional trademark. After the expiration of the 20-year validity of the patent protection of the Lego toy brick, the company filed an application for registration as a three-dimensional Community trademark. Whilst it was first registered as a trademark with the competent OHIM, it was later deleted due to a request from a competitor. The appeal filed against the decision of the Court of First Instance was rejected by the ECJ (Judgement of 14 September 2010, C-48/09). The Court ruled that the shape of the Lego toy brick was necessary to obtain a technical result and that protection was therefore impossible. The ECJ, however, mentioned that an action might be available under unfair competition rules, in particular slavish copying.

#### 5. Chances and Risks

As complementary or sole protective measure, design protection by means of a design or a three-dimensional trademark offers good opportunities to protect a product from various forms of counterfeiting, at least if the character of the proposed mark does not solely consist of the technical shape of the product. It also offers more possibilities to act against potential counterfeiters.

Traders should watch the market closely before offering a product, or even already during the development process of the product. In particular with regard to the design of the product, extensive research has to be carried out with regard to existing patents, registered designs and trademarks in order to avoid claims or orders of competitors and to possibly jeopardize the launch of a new product.

## 6. Practical Consequences / Recommendations

Apple vs. Samsung shows that it may be worthwhile not to lose track of property rights other than just technical industrial property rights and to ensure a comprehensive protection by means of the very effective registration rights.

In order to avoid claims one should carry out careful investigations regarding existing industrial property rights. In certain circumstances it may be very helpful to timely oppose pending applications for the registration of trademarks and/or designs. Besides, you may wish to consider building up a solid strategy of market monitoring for future cases, e.g. the closest competitors or, if already in existence, to extend such monitoring to design rights.

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