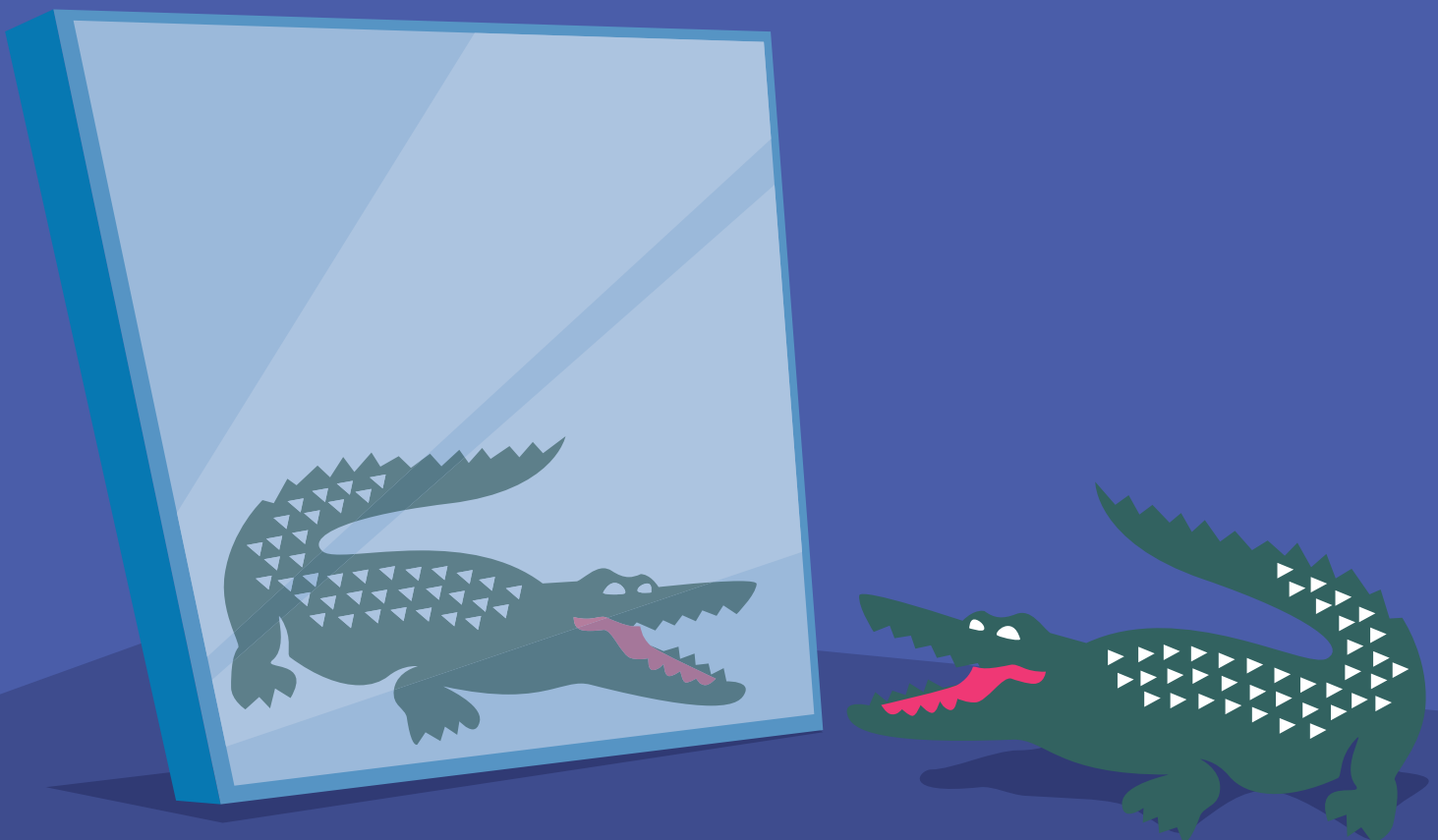


Imitation – permitted, unfair, or both?

Where freedom of imitation ends and protection under the »UWG« begins

Imagine the following scenario: A successful product is established on the market, and then competitors launch a strikingly similar design. There is no patent, design, or trademark protection, or such protection has already expired. In such cases, companies are regularly faced with the question of whether they must accept the imitation or whether, in Germany, the German Act against Unfair Competition (Gesetz gegen den unlauteren Wettbewerb – »UWG«) offers protection.



It is precisely at this juncture that the protection against imitation under the law of unfair competition comes into play: on the one hand, there is the principle of freedom from imitation as an expression of general freedom of trade and as a driving force behind price competition. On the other hand, there are the interests worthy of protection of the entrepreneur who has achieved an innovative result through substantial investment in research, development, and market launch.

Now that the German Federal Court of Justice (Bundesgerichtshof – BGH) has made a recent terminological shift by referring to »unfair competition law protection against imitation« rather than »supplementary competitive performance protection« in the *Kerrygold* decision¹, it is worth taking a current look at the fundamentals, recent developments in case law, and the comparative positioning of this protective instrument within the European context.

Legal basis, structure and purpose of protection

Protection against imitation under unfair competition law is primarily regulated in Section 4 No. 3 UWG. The provision does not protect companies against every instance of imitation of a successful product. It only applies where the specific imitation exhibits particular elements of unfairness, e.g., where a competitor not only adopts a technical or functional solution but also closely follows the specific design, presentation, or other distinguishing features of a product.

For original manufacturers, the key risk lies in the presentation of their case. Anyone invoking Section 4 No. 3 UWG must be able to demonstrate specifically which features constitute the product's distinctive character, how the product stands out from the market environment, and which elements the competitor has copied. It is therefore advisable to document product development, market launch, advertising, market position, and the relevant market environment at an early stage.

The term »supplementary protection of performance«, which is still commonly used in practice, is misleading in this respect. Section 4 No. 3 UWG does not replace any lack of specific legal protection and does not protect the product idea or the result of the performance as such, but only certain unfair forms of product copying.

The relationship with special laws and practical protection strategies

As a matter of principle, German unfair competition law is based on the freedom to imitate: where the legislature has not granted specific intellectual property protection, competitors are in principle free to adopt solutions, designs, and product concepts, provided that they do not cross the line into unfair imitation, as defined in Section 4 No. 3 UWG.

In cases of product imitation, it must first be examined whether special rights such as patents, designs, trademarks, or copyrights apply. Section 4 No. 3 UWG does not replace these rights and must not effectively extend their scope. However, protection under unfair competition law may be considered as a supplementary measure if the specific imitation exhibits particular elements of unfairness, such as deception as to origin, exploitation of reputation, or dishonestly acquired know-how.

The starting point therefore remains: the imitation of a product that is not, or is no longer, protected by special rights is, in principle, permissible.² The relationship to patent law is particularly relevant in practice: according to established BGH case law, claims arising from unfair competition law protection against imitation may exist independently of the existence of patent law claims. Such claims depend only on the existence of specific accompanying circumstances that lie outside the scope of the specific statutory provisions. A product may still possess distinctive character for the purposes of competition law even after the expiry of patent protection, including where this arises from an element that was formerly protected by patent law. Technically necessary features, on the other hand, cannot constitute distinctive character for the purposes of competition law. Technically necessary features that are freely interchangeable without compromising quality may, however, (co-)justify such distinctiveness, provided that the public attaches importance to the origin from a specific company on account of these features. Unlimited protection under competition law for products for which the German Patents Act (Patentgesetz – PatG) or the German Copyright Act (Urheberrechtsgesetz – UrhG) deliberately grant only limited protection would contravene these principles and, at the same time, prevent imitation and price competition, which is precisely not the purpose of the law on unfair competition.

¹ BGH GRUR 2023, 736.

² BGH GRUR 2022, 160 para. 65 *Flying V*; BGH GRUR 2016, 725 para. 18 *Pippi Longstocking Costume II*.

In practical terms, this means that simply taking inspiration from another company's product is generally permitted, as long as no competitively distinctive design elements are adopted in such a way that they create a risk of deception, reputation exploitation or unfair use of know-how. The situation only becomes problematic if the competitor models their product so closely on the »original« that there is a risk of misleading consumers as to the competitor model's origin, exploiting the original's reputation, or dishonestly appropriating know-how. Section 4 No. 3 UWG therefore does not protect against competition from similar products, but rather against particularly unfair forms of product imitation.

Current case law developments: practical guidelines for businesses

The German Federal Court of Justice's case law in recent years has identified and elaborated on several key principles.

Flying V³: No protection merely on the grounds of close resemblance to the »original product«. Companies must specifically demonstrate which element of unfairness is present.

Practical implication: The allegation of »free-riding« should not be raised in isolation, but must be supported by specific circumstances such as misleading as to origin or exploitation of reputation.

Kerrygold⁴: As already mentioned, the German Federal Court of Justice has recently set an important new course in terms of terminology: it now refers to »protection against imitation under unfair competition law« and distances itself from the concept of »supplementary competitive performance protection«. The German Federal Court of Justice clarifies that product packaging may also be subject to protection against imitation under the law of unfair competition. A packaged product may possess distinctive character if its specific design or individual packaging features are capable of indicating the commercial origin of the goods.

Practical implications: Particularly in the case of consumer goods, companies should document not only the product's form and technical features, but also the packaging, color scheme, visual language, designation, and the interplay of these features.

³ BGH GRUR 2022, 160.

⁴ BGH GRUR 2023, 736.

⁵ BGH GRUR 2023, 421.

⁶ BGH GRUR 2004, 941 – Metal board.

⁷ BGH GRUR 1991, 223 – Finnish jewellery.



Rahmenmodule⁵: The German Federal Court of Justice's decision is particularly significant for litigation practice, as it places the burden of proof regarding manufacturer status on the claimant. According to this, the manufacturer is the party responsible for the production process and the market launch of the original. Contract manufacturing by third parties does not preclude manufacturer status. In addition to the manufacturer, an exclusive distributor may also acquire an independent right of protection under competition law.⁶ By contrast, a mere trader, barring narrow exceptions, has no standing to bring proceedings under Section 4 No. 3 UWG.⁷

Practical implication: In cases of division of labor in production, contract manufacturing, or group structures, companies should document at an early stage who acts as the manufacturer or exclusive distributor.

Beintrainer⁸: This decision clarifies that protection against imitation under the law of unfair competition does not automatically apply if both parties distribute products from the same source. Where the claimant and the defendant obtain identical products from the same supplier, the entrepreneurial achievement and any competitive distinctiveness typically lie with that supplier, not with one of the downstream traders. If the claimant and the defendant obtain the product from the same supplier, claims for unfair imitation can therefore only be considered if the claimant can demonstrate a sufficiently robust exclusive distribution right or a comparable legal position that allows the entrepreneurial performance to be clearly attributed to them.⁹

Practical implications: Companies should ensure that distribution rights, exclusivity agreements, and supply chains are clearly documented. Anyone who, as a mere trader, relies on another party's product design without being able to demonstrate their own status as a manufacturer or an exclusive distribution position will find it difficult to enforce claims under Section 4 No. 3 UWG, especially where the products originate from the same source.

In practice, claims for protection against imitation under unfair competition law often fail not because of the product's fundamental eligibility for protection, but because of the inadequate substantiation of the specific allegation of imitation. Anyone relying on Section 4 No. 3 UWG should specifically identify which design features constitute the product's distinctive character, how the product stands out from the market environment, and which elements the competitor has copied. General allegations of »imitation« are generally insufficient. This also applies to the claim itself: it must identify the specific design features at issue.¹⁰ If, in addition, special rights such as trademarks, designs, copyright, or patents are asserted, these claims must be clearly distinguished from protection against imitation under the UWG.

Interfaces with the German law on the Protection of Trade Secrets and tort law

In Germany, there is an important interface between the UWG and the Act on the Protection of Trade Secrets (Gesetz zum Schutz von Geschäftsgeheimnissen – GeschGehG). Whilst Section 4 No. 3 lit. c) UWG treats the dishonest acquisition of knowledge or documents necessary for imitation as an element of unfairness, any breach of trade secrets is assessed in accordance with the German Act on the Protection of Trade Secrets, which generally operates as a *lex specialis* in its field. This may become relevant in its own right, in particular where not only the imitation as such, but also the mere acquisition, use, or disclosure of protected information is challenged.

⁸ GRUR 2023, 651.

⁹ BGH, GRUR 1998, 477 – *Traditional jacket*; BGH GRUR-RS 2021, 33502 – *Coffee maker*.

¹⁰ BGH GRUR 2022, 86 – *Leaf stapler*; BGH GRUR 2007, 795 – *Handbags*.



In addition, claims under general tort law, found in the German Civil Code (Bürgerliches Gesetzbuch – BGB), may be considered in individual cases, for example under Section 824 BGB in the case of factual allegations that jeopardize creditworthiness, under Section 826 BGB in the case of intentional immoral harm, or under Section 823(2) BGB in conjunction with criminal protection laws. Recourse to Section 823(1) BGB on the grounds of interference with an established and operating business remains subsidiary to more specific provisions of unfair competition law.

European comparison: No consistent B2B harmonization

A look at Europe shows that protection against product imitations is not fully harmonized across the continent. Whilst comparable protective mechanisms exist in many legal systems – for example, in French law regarding »agissements parasitaires« or »risque de confusion«; in Austrian law under Section 1 of the Austrian »Bundesgesetz gegen den unlauteren Wettbewerb«; and in Swiss law under Article 3(d) of the Swiss »Bundesgesetz gegen den unlauteren Wettbewerb«. However, there is no uniform EU-wide protection against imitation in B2B relationships. In the case of cross-border product launches or instances of imitation, one should therefore always examine which national grounds for claims are available in the relevant market and whether, in addition to special rights, claims under unfair competition law may also be considered.

Conclusion and takeaways

The protection against imitation under unfair competition law pursuant to Section 4 No. 3 UWG remains a dynamic legal concept that is frequently relevant in practice. In recent years, case law has established several important guidelines that must be observed in day-to-day practice.

The distinctive character in competition and the specific elements of unfairness must always be specifically set out and proven; the claimant bears the full burden of proof. Protection under unfair competition law and protection under patent law exist independently of one another; after the patent has expired, competitive distinctiveness may continue to exist provided there is no technical necessity for the features in question. Claims must specifically identify the features justifying competitive distinctiveness and be carefully distinguished from any claims under special laws.

Looking ahead, it is to be expected that the question of distinction between permissible imitation and unfair copying, particularly in the field of technical products following the expiry of patent protection, will continue to occupy the courts. It also remains to be seen whether, and to what extent, greater harmonization of protection against imitation under unfair competition law will develop at the European level.

Until then, the following applies: the principle of freedom from imitation is the starting point, and proof of particular unfairness is the end point. For companies, the success of any action against imitations is usually not decided in court, but rather at the stage of documenting product development, the market environment, and the design features adopted.



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