

# Can a Tiger Change its Stripes? China is Joining the Hague System, but Quirks Remain and Caveats Abound

**By Richard Stockton**

The World Intellectual Property Organization, which administers the Hague System for the International Registration of Industrial Designs, announced that China will join the Hague System on May 5, 2022. The Hague System allows the filing of a single international design application that can lead to design protection in more than 90 jurisdictions. The application only requires a single set of figures for each design, official fee payments are centralized and separate counsel in each jurisdiction of interest is not needed to file.

China is the biggest “missing piece” of the Hague System’s jurisdictional footprint. The remaining “ID5” jurisdictions (US, European Union, Japan, Korea), UK and many other major jurisdictions are already members. Chinese joinder further increases the Hague System’s potential efficiency over filing separate national applications.

However, key aspects of design law and procedure remain unharmonized between China and other jurisdictions, magnifying quirks that continue to counteract the Hague System’s effectiveness. Chinese joinder also has the potential to unleash a tsunami on WIPO and national offices, leaving applicants adrift if authorities are unprepared.

## Chinese Design Quirks

Although China amended its design law last year to allow portion claims ( i.e., design protection for desired parts of articles instead of the entire article) like most major jurisdictions, other aspects of Chinese design law remain idiosyncratic.

For example, China’s absolute novelty requirement remains inconsistent with the 12-month grace period of most major jurisdictions. Accordingly, if an applicant wants to use the Hague System to obtain enforceable design protection in China, the applicant needs to file before any disclosure despite the availability of grace periods elsewhere. China’s amendment procedures for designs also remain less robust than other jurisdictions, which could mean that the Chinese filing strategy may disproportionately shape the Hague System filing strategy.

China will also require specific figures of designs.<sup>[1]</sup> Given prior Chinese practice, China may require up to six orthographic figures (similar to what Japan required until 2019). By contrast, the US and most other major jurisdictions do not have minimum figure or orthography requirements (thus perspective-introducing photographs, and figures drawn therefrom, are not per se objectionable). Even if the specific figure requirements are palatable, the Hague System still allows national offices to reject figures that “are not

sufficient to disclose fully” the design under Rule 9(4), a requirement that is sometimes perceived to be subjectively interpreted among Hague System jurisdictions. Either way, any refusal delays registration and likely requires the hiring of Chinese counsel to respond (mitigating the Hague System’s efficiency for the applicant).

Furthermore, China will require a “[b]rief explanation of the characteristic features” of the design. While a short textual statement describing novel aspects of the design might seem benign, it could haunt corresponding enforcement elsewhere more than if Chinese design protection was pursued separately.

A possible coup is that China has not yet declared any exception to the Hague System’s 30-month publication deferment period. Currently, China does not allow official publication deferment and has a relatively fast prosecution period (six months, versus 24 months on average in the US). Thus, the threat of unwanted disclosure, e.g., before a commercial launch, could be significantly reduced. China may later declare an exception, but if that happens then it is puzzling why China did not include this simple single sentence declaration outright.

### Strategies for Pursuing Hague System Applications That Designate China

Consequently, the Hague System’s increased efficiency still comes at a price, namely conforming to quirks in Chinese and other desired jurisdictions’ design laws and procedures—likely at the expense of best practices elsewhere. Currently, the trick to squeezing the most juice out of the Hague System orange is to assess which quirks matter and which do not—and then formulate a filing strategy accordingly.

One strategy is to file a US application first and then pursue Hague System applications later, thus avoiding some US quirks (e.g., separate foreign filing licenses and no official deferment of publication—which by rule dooms deferment everywhere else too) and better preserving the status quo of US prosecution and enforcement precedent. Especially with post-Brexit UK and now China in the mix, it might be most cost effective to file multiple Hague System applications according to groups of quirks, e.g., a first application directed to the EU, UK, Switzerland and Singapore, which allow many more disparate designs inexpensively in a single application and a second application for China, Japan and Korea.

### Caveats to Chinese Joinder

One concern is whether Chinese Hague System applicants might overwhelm WIPO and designated national offices. According to WIPO, nearly 70% of the world’s industrial design applications have been filed in China since 2010. Chinese applicants file more than 95% of these applications (a much higher percentage than other major jurisdictions), and it seems Chinese applicants will be able to file Hague System applications through CNIPA designating China and other jurisdictions.

To the point, Chinese applicants file more than 700,000 design applications annually in China—more than 100 times the current number of Hague System applications annually. Accordingly, even if a small percentage of applications are instead filed as Hague System applications, e.g. 3 percent, the resulting application load would be many times what WIPO is reviewing now. If WIPO is unprepared, the Hague System could be overwhelmed and long prosecution delays will undoubtedly result (making it better to pursue protection directly at least in “fast” jurisdictions like the European Union and UK). China’s national office (CNIPA) must be prepared also, as Rule 13(3)(i) only allows CNIPA one month to

transmit a Hague System application to WIPO until the international filing date is potentially jeopardized (a particularly bad result for any last-minute filers in an absolute novelty jurisdiction).

The US Patent and Trademark Office should remain vigilant too. According to USPTO data, Chinese applicants received approximately 5400 US design patents in 2020 (approximately 15 percent of the total). As with WIPO, even if a small additional percentage of Chinese applicants use convenient CNIPA to file Hague System applications designating the US, the additional application load could overburden the already burdened design examination unit of the USPTO. Because of Hague System treaty obligations that require the US to examine Hague System applications within 12 months of publication of the underlying Hague System registration, these applications could take precedence over US national applications. The combined effect could push the average time to first action and issuance for US national applications well beyond their current 16 and 20-month averages, which may be one reason why the USPTO has begun hiring more than 80 new design examiners (the design examination unit's largest single expansion ever). Even with the new hiring push, US national application filers should monitor pendency times closely and have a Hague System contingency plan formulated in case US national application pendency soars.

There is also a possible red flag to making US design protection more accessible to Chinese applicants through CNIPA and the Hague System. According to a 2021 USPTO Report, Chinese authorities have offered more than 70 subsidies for obtaining various types of intellectual property protection overseas. The subsidy amounts often exceed filing costs. Accordingly, profiteering Chinese applicants recently began flooding the USPTO with bogus trademark applications. These applications have damaged the integrity and operation of the US trademark system.

Although the US design system has not yet experienced the same problem, increased accessibility could tip the scales in favor of profiteers. USPTO "micro entity" fees for filing and issuance paid through WIPO are currently just \$176 more than a single-class US trademark application, and profiteers could change applicant and inventor names to avoid the USPTO's four-application "micro entity" limit. Unlike US trademark applications, there is no proof of use requirement and meaningless designs could be conjured up in order to obtain design patents (and thus collect subsidies).

To make matters worse, filing for meaningless designs in order to obtain subsidies may not violate any USPTO rules (by contrast, falsifying proof of use definitely violates USPTO rules) at least so long as the accompanying declaration of the "inventor" is truthful. Regardless, because it is possible for a Chinese applicant to file and receive a US design patent through the Hague System without ever engaging US counsel, the USPTO's Office of Enrollment and Discipline and US state bar authorities may be powerless to take any action.

### The Future of the Hague System

Despite Chinese joinder, the Hague System's full potential remains hobbled by unharmonized design laws and procedures. With some exceptions, most advanced users seeking multinational design protection still seem wary of the Hague System. Moreover, Hague System applicants of all types are frustrated by what they see as jurisdictional "gotchas," including varying interpretations of sufficiency of disclosure requirements.

A great next step to harmonization is jurisdictional conformance to as many provisions as possible in the ID5's "Recommended Design Practices" project, which reinvigorates the substance of WIPO's politically stalled Design Law Treaty. ID5 consensus pressure on China to recognize a one-year grace period (something that lies outside the ambit of the Hague System) would be another welcome step. Japan and Korea recently made a similar transition from a six to 12-month grace period, although smaller quirks in their grace period rules remain.

WIPO could possibly help harmonization in another way. In 2015, and largely in response to what was perceived as finicky US sufficiency of disclosure requirements, WIPO's Hague Working Group considered a proposal for "simultaneous limitation." Under simultaneous limitation, a Hague System applicant could designate sets of figures for a design to correspond to particular jurisdictions (the only way to do this now is to file and pay for a separate Hague System application for each set of figures).

The concept of simultaneous limitation could be adapted to accommodate advanced Hague System applicants who want the best of both worlds—Hague System efficiency and deference to quirks and precedents in various Hague System jurisdictions. However, there are many IT challenges at WIPO and elsewhere to handling "flavors" of a design, and simultaneous limitation has been criticized as enshrining the very disunity that the Hague System is supposed to overcome.

## Conclusion

Chinese joinder is the cherry on top of the Hague System sundae. With the jurisdictional footprint of the Hague System now encompassing the ID5 and many other major jurisdictions, the Hague System is an increasingly attractive vehicle for multinational design protection. However, many quirks remain, and these quirks must be carefully navigated until WIPO and other authorities can further harmonize design law and procedure. Moreover, there are potential negative consequences from Chinese joinder if WIPO and national offices are unprepared, and the situation should be monitored closely.

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[1] In response to the author's written request for a copy of China's actual instrument of accession and corresponding declarations, which would provide more information about this and other requirements, WIPO redirected the author to its announcement until it releases more information