IP Alert: The U.S. and Japan Join the Hague System

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On May 13, 2015, the United States and Japan will become contracting parties to the Hague System for the International Registration of Industrial Designs. The Hague System allows the filing of a single international design application that can lead to design protection in more than 50 jurisdictions, including the European Union, Korea and now the U.S. and Japan.

A U.S. applicant may file a Hague application directly through the World Intellectual Property Organization, which administers the Hague System, or indirectly through the US Patent and Trademark Office. After a formalities review, WIPO records and publishes the Hague application as an international registration. Jurisdictions designated for protection then have as long as 12 months to refuse protection, but only on substantive grounds. With some minor exceptions, the USPTO will examine a US-designating Hague application like a traditional U.S. design application, with official action being taken within the 12-month refusal period, and a U.S. design patent issuing if

warranted. As an aside, U.S. design patents issuing from U.S. or international applications filed after May 13 will have a 15-year term instead of the current 14-year term.

ADVANTAGES AND DISADVANTAGES OF THE HAGUE SYSTEM

The most tempting aspect of the Hague System is its territorial scope, which now includes, among others, the U.S., EU, Japan, Korea, Switzerland, Turkey, Norway, Singapore, Ukraine, Morocco, Egypt and the 17 West African member states of the African Intellectual Property Organization (OAPI). Canada, China, Malaysia, Russia and others are also expected to join soon. In theory, a single Hague application filed by a single law firm could lead to protection in all of these jurisdictions. The Hague System also offers centralized payment of foreign maintenance fees.

New U.S. laws implementing the Hague System also offer advantages. For example, under certain conditions, WIPO international registration publications can give rise to pre-grant reasonable royalties for infringement in the U.S. as soon as a few weeks after filing.

However, many caveats to the Hague System remain. Here are a few considerations:

- **Varying "Unity" Requirements:** In traditional EU applications, for example, designs that do not look alike, such as a hammer and a screwdriver, can be prosecuted in the same design application. By contrast, the U.S. only allows multiple designs to be prosecuted together if they appear "patentably indistinct." The net result is that a multiple-design Hague application satisfying EU unity standards will receive a restriction requirement in the U.S. if the designs are not patentably indistinct. Moreover, *Pacific Coast Marine Windshields v. Malibu Boats*, a 2014 U.S. patent appeals court case, creates serious concerns in the event certain restricted designs are not pursued. Conversely, crafting Hague applications to satisfy the more rigid U.S. unity standard ignores protection for additional designs that could have been included elsewhere.
- **Other Harmonization Limitations:** In theory, the Hague System harmonizes formalities, but exceptions remain. For example, Japan declared that six "orthographic projection" figures are still required. Other Hague jurisdictions do not have these requirements. There is also some concern that Hague jurisdictions will continue to reject on old formalities grounds (*e.g.*, inclusion of figure shading) until the Hague System becomes more familiar.
- **Reduced Publication Control:** If, for example, a Hague application designates the U.S., traditional means for controlling the date of first publication are no longer available. Thus, it may be more difficult to use the Hague System when it is desirable to avoid publication before a product launch.
- **Prolonged Pendency and Timing Uncertainty:** Directly pursuing design protections in many Hague jurisdictions is typically faster than using the Hague System, although some delays may be negligible to some applicants (*e.g.*, moving from two weeks to one or two months in the EU). Relatedly, some Hague jurisdictions "wait out" the six- or 12-month refusal period instead of formally acknowledging protection, and enforcement uncertainty may arise during this interim period.
- **Official Fees are Not Necessarily Cheaper:** As of May 12, 2015, the official fees due at the time of indirectly U.S. filing a single-design, 7-figure Hague application designating only the U.S., for example, are approximately US$1400 — compared to US$760 for filing a traditional large-entity U.S. design application. The US$1400 amount includes WIPO fees and U.S.-to-WIPO transmittal fees; the U.S. filing fee component is a comparable US$790. If the U.S., EU, Japan and Korea are designated, the official fees are approximately US$2400, which is

jurisdictionally more cost-effective. If the EU, OAPI and every non-EU member state jurisdiction is designated (approximately 40 jurisdictions total), the official fees are approximately US$4600, or US$120/jurisdiction.

- **Multiple Counsel Fees May Still Be Incurred:** If, for example, a Hague applicant seeks protection for a recently disclosed design in Japan or Korea, jurisdiction-specific papers must still be filed promptly to excuse the lack of absolute novelty of the design. This may require the assistance of counsel in multiple jurisdictions at filing, which can reduce anticipated cost savings. Generally speaking, rejections also need to be addressed by counsel in corresponding Hague jurisdictions.
- **Ownership Limitations:** As the Hague System is a "closed system," meaning that not everybody is entitled to use it, some limitations on, for example, transfers of ownership of design protections obtained through the Hague System may exist.
- **Legal Uncertainty:** As with any new intellectual property rights regime, U.S. design protections arising from Hague applications are untested, although the maintaining of the *status quo* of the U.S. design patent system suggests that current U.S. precedent remains largely applicable in the U.S.

CONCLUSION

The good news is that the Hague System framework is established and major jurisdictions have joined or are planning to join. The above caveats, while significant, can be viewed as obstacles in the framework's road that can be mitigated or even entirely removed. Unilateral action by Hague jurisdictions and efforts by WIPO, the Hague Working Group and others will help address these obstacles. Time, empirical experience, increased territorial scope and an increased applicant pool will also likely work in the Hague System's favor.

One interim strategy is to file multiple Hague applications, perhaps divided foremost along unity lines, with the intent of protecting the most designs possible, in multiple territories, for the best price. For example, an "EU-Plus" Hague application featuring five designs (35 figures) in the same Locarno Class could designate the EU, Switzerland, Turkey, Norway, Iceland and Ukraine, and would cost approximately US$2500 in official fees to file (with the hope that attorney fees and additional costs would be limited). Additional "Plus" Hague applications could be filed for "similar" Hague jurisdictions.

The Hague System has great potential, but currently is far from perfect. However, even now, it should still be carefully considered when seeking design protection.

Please see the Banner & Witcoff Issues page on the Hague Agreement for more information.

Posted: May 13, 2015