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U.S. Implementation of The Hague Agreement – What You Need to Know

By **Darrell G. Mottley**¹

On Dec. 18, 2012, U.S. President Barack Obama signed the Patent Law Treaties (PLT) Implementation Act of 2012 into law. The Hague Agreement Implementation section of the act adds a new Chapter 38 to the patent provisions of Title 35 of the U.S. Code. The Hague Agreement, administered by the World Intellectual Property Office (WIPO), provides only a simplified procedural avenue to obtain industrial design protection in selected member countries. The provisions directly pertaining to the U.S. Hague Implementation will become effective one year from enactment or when the U.S. deposits its implementing legislation to the WIPO.

Hague System Generally

To understand the context of the Hague Industrial Design system, a short review of the operation of the system is in order. National intellectual property industrial design regimes are based generally on two types - a substantive design examination structure or a non-examination scheme. The substantive examination structure reviews the proposed design against prior art designs (prior art) for novelty and non-obviousness. If the proposed design passes successfully through examination, upon publication, the design is enforceable against third parties. In a non-examination system, the design is not substantively examined against any prior art. The publication and registration of the design enables the design rights to be enforced under the country's national laws. In general, the non-examination systems allow substantive validity of the design rights to be challenged during litigation or other judicial proceedings.

Early versions of the Hague Agreement in the 20th century only dealt with non-examination systems, e.g., only national intellectual property design regimes having a simple registration process. In contrast, the 1999 Geneva Act of the Hague Agreement was created to accommodate national intellectual property regimes which have substantive examination. As a result, the Hague Agreement using the Geneva Act provides for an administrative global interface for coordination of both examination and non-examination systems for industrial designs.

United States Enactment

Following the enactment of U.S. patent reform with the Leahy-Smith America Invents Act of 2011, the PLT Implementation Act creates a new international design application that entitles U.S. applicants to file a design application in the 45 member countries that are Contracting Parties of the Geneva Act of the Hague Agreement. Likewise, applicants whose countries or regional systems are members of the Geneva Act can file applications in their home country, designate the U.S. for examination and receive an examination on the merits from the U.S. Patent and Trademark Office (USPTO). During substantive examination of the design application, the applicant will need to engage local U.S. counsel to respond to Office Actions issued by the USPTO.

Some noteworthy changes in the law include the term of design patents increasing from 14 years from issuance to 15 years², and enabling domestic³ and foreign⁴ priority claims arising from the international design application.

Expected Changes

Provisional Rights

Notably, the new PLT Implementation Act provides for the first time provisional rights⁵ resulting from publication of the international design application designating the U.S. Assuming a U.S. design patent eventually issues substantially similar to a published design in the international application, this provision sets forth that a patent owner may be entitled to a reasonable royalty for any person who makes, uses, offers for sale or sells in the U.S. the claimed invention, or imports the invention into the U.S., during the period between publication of the patent application and the date the patent issued. The accused infringer must have had actual notice of the published patent application⁶ and a court enforcement action must be brought no later than six years after the patent issued.⁷

While provisional rights will be now available for design patents that mature for international design applications, 35 U.S.C. § 289 remains unchanged and sets forth a unique remedy only available for the infringement of a design patent. This statute focuses the infringement inquiry on whether or not the claimed design has been applied to an article of manufacture. Section 289 infringer profits solve the problem of apportionment for design patents.⁸ With respect to damages, the patent holder will need to access how much in the damages pertains to provisional rights versus Section 289 total infringer profits.

U.S. Examination of International Design Applications

While the USPTO has not issued any new rules of practice for international design applications, in accordance with the Geneva Act and the new PLT law, international design applications designating the U.S. will have the same legal effect as a regularly filed design patent application.⁹ There have been some questions about whether a design patent could mature from an international design application designating the U.S. and not be examined by the USPTO. The Geneva Act provides that any designated Contracting Party may refuse, in part or in whole, the industrial designs that are the subject of the industrial design registration "where the conditions for grant of protection under the law of the Contracting Party are not met."¹⁰ However, in light of Article 14(2)(a) of the Geneva Act, if a refusal has not been communicated to WIPO by the Contracting Party prior to expiration of the designated refusal period, the "international registration shall have the same effect as a grant of protection of the industrial design under the law of the Contracting Party." This provision would appear to mean that if there is no Office Action issued by the USPTO within the refusal period (mostly likely within 12

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months from publication of the international design application), a design patent will grant automatically from an international design application. This view cannot be the case or the intent of the new law. The U.S. PLT Implementation Act provides that "[t]he Director shall cause an examination to be made ... of an international design application."¹¹ And "[a]ll questions of substance and ... procedures ... regarding an international design application designating the United States shall be determined" as regularly filed design applications.¹² It is submitted by the writer that "conditions for grant of protection" in the Geneva Act should include any Office Action transmitted from the USPTO to WIPO, such as unity of invention restriction/objection to a Notice of Allowance.¹³

U.S. Patent Reform - America Invents Act

The America Invents Act (AIA) amends the U.S. patent laws applicable to the conditions of patentability to convert the U.S. patent system from a "first-to-invent" system to a "first inventor-to-file" (FITF) system. A patent application with at least one claim having an effective filing date on or after March 16, 2013, will be examined under FITF provisions.¹⁴ There is no doubt that international design applications will be examined under this new scheme.¹⁵ The provisions for conditions for patentability including novelty and obviousness will be changed. The AIA enables U.S. patents and U.S. patent application publications to be prior art of their earliest effective U.S., foreign or international filing date. As discussed, international design applications designating the U.S. will be deemed published under 35 U.S.C. § 122(b).¹⁶ International design applications will be prior art as U.S. published applications per changes in the law.¹⁷ Furthermore, international design applications will be subjected to new post-grant review (PGR) procedures.¹⁸

In the Geneva Act, the applicant must be provided an opportunity to defend against invalidation of the industrial design application.¹⁹ Under the FITF system, PGR allows the Patent Trial and Appeal Board (PTAB) (which replaces the Board of Patent Appeals and Interferences) to review the patentability of a patent on any invalidity ground that could be raised under novelty, non-obviousness, written description except best mode within the first nine months after grant of a patent.²⁰ A third party may challenge a patent based on evidence of public use, on-sale activity or other public disclosure, as well as failure to comply with written description, enablement or patentable subject matter requirements. PGR is available only for patents that issue with a priority date on or after March 16, 2013. Hence, it is certain that design patents maturing from international design applications will be subjected to PGR proceedings if challenged by a third party.

Multiple Designs in One International Design Application

An international design application allows a maximum of 100 designs to be included under a single Locarno Class. The Geneva Act enables a Contracting Party to notify WIPO that the country laws have a requirement of a unity of design.²¹ In the U.S., a design patent must be directed to a single design invention.²² However, the design application can contain multiple embodiments directed to the same inventive concept.²³ Nevertheless, if more than one patentably distinct design is shown in the drawings in a design application, the USPTO will issue a restriction requirement and the applicant must select one of the designs to pursue in the application unless the restriction requirement is successful rebutted by the applicant. Hence, divisional applications will need to be filed to receive examination on the non-elected designs. As result, while an applicant may situate many designs in one international design application and designate the U.S., they may find themselves filing multiple divisional applications in the U.S., or possibly filing additional fees for each design divided from the international design application.²⁴

Expedited Examination for Designs

One major benefit of filing a regularly filed design application is the benefit of the expedited examination process. Expedited examination is available to all design applicants who first conduct a preliminary examination search, file information disclosure statement, have proper drawings and file a request for expedited treatment accompanied by a special fee.²⁵ While the USPTO has not issued any new rules of practice for international design applications, it does not appear likely that an international design application will be able to use the expedited examination procedure initially. There appears to be no explicit provisions in the new law nor within the Geneva Act to accomplish this procedure at the present time.

Duty of Candor

There is no substantive examination conducted by WIPO for industrial design applications. U.S. examination requires that each person substantially involved with the preparation and prosecution of a patent has a duty of candor and good faith in dealing with the USPTO, including a duty to disclose information that is material to patentability.²⁶ Failure of duty of disclosure can render a patent unenforceable for "inequitable conduct" in a judicial proceeding. The most common procedure for providing information to the USPTO is by way of an Information Disclosure Statement and within certain timeframes and fees (if applicable) for consideration by the Examiner.²⁷ It is expected that the USPTO will need to issue new rules of how these statements may be submitted in international design applications designating the U.S.

Inventor Oath or Declarations

Recent changes to the U.S. inventor's oath or declaration (declaration) requirements allow filing by the assignee as the applicant, postponing filing until the application is otherwise in condition for allowance, reusing previous declarations and providing an alternative to the declaration in situations where the declaration cannot be executed. The declaration can now be made in an inventor's assignment recorded with the USPTO. There is no process at this stage for submission of inventor declarations neither to WIPO nor to the USPTO for industrial design applications. Furthermore, the inventor declarations must be submitted prior to issuing a notice of allowance, otherwise the application runs the risks of abandonment. This issue brings to light additional risks to industrial design applications without proper U.S. local counsel support. The USPTO will need to release new rules concerning how the declaration requirement will be handled.

Observations on Use of the Hague System

While the Hague System enables a simplified filing procedure to member countries, it is not a "one-size-fits-all" approach. To accommodate the simplified processing, a single set of drawings is used in the application for all of the designated countries. Various provisions are limited to the most restrictive country law that is designated in the application. For example, there is no provision in the Geneva Act to designate *only certain designs* to a subset of contracting parties. It is an all or nothing approach, so to speak. For example, maybe a design owner wants to defer publication in the European Union for design/business strategy reasons and also designate the U.S. in the international design application? While the Geneva Act allows deferment of publication up to 30 months, the U.S. patent law has no provision for deferment of publication. Other contracting parties, such as Singapore, have no deferment period under their national laws. As a result, the applicant will need to directly file a national application in the target country to get the desired national treatment or file multiple industrial design applications with the desired designated countries.

The aim of most global patent systems, like that of the U.S. patent system, is to promote progress and innovation in science and technology. Many jurisdictions have geo-specific patent principles similar to those of the U.S., but each design system also has various nuances and implementations. Under the Hague system, the local substantive examination process remains unchanged and the legal standard for obtaining a design patent is not affected. Hence, the applicant's country selection and drawings should be based on dynamics, including strategies to maximize design rights, and whether the intellectual property rights (IPR) regime of

the member country accepts partial designs, shaded or unshaded figures, the strength of IPR enforcement, where the product would be sold, potential copying, design prosecution and examination cost, and the like. Because there is no substantive examination by WIPO, the applicant's quality of design drawings, including shading, contouring and further features of the drawings, will still need to be addressed and customized prior to filing a design application under the Hague Agreement.

The next few years may be "undiscovered country" for patent lawyers as the new law is implemented. Applicants should carefully navigate the legal issues to obtain desired design protection when using the Hague System.

Endnotes

¹ Darrell G. Mottley is a shareholder of the intellectual property law firm of Banner & Witcoff, Ltd., focusing on patent, trademark and copyright cases, including opinions, licensing and litigation. He blends combinations of design patent, utility patent, trademark and copyright intellectual property tools for creative, driven-design clients.

² 35 U.S.C. § 173.

³ 35 U.S.C. § 386(c).

⁴ 35 U.S.C. §§ 386(a)-(b); See also Geneva Act, Art. 6(1)(a)-(2)(Priority under Paris Convention must be recognized by the Contracting Party).

⁵ 35 U.S.C. § 154(d)(1).

⁶ 35 U.S.C. § 154(d)(1)(B).

⁷ 35 U.S.C. § 154(d)(3).

⁸ See generally *Nike, Inc. v. Wal-Mart Stores, Inc.*, 138 F.3d 1437 (Fed. Cir. 1998) (discussing of the genesis of statutory infringer profits remedy for design patent infringement).

⁹ Geneva Act, Art. 14(1); See 35 U.S.C. § 385.

¹⁰ Geneva Act, Article 12.

¹¹ 35 U.S.C. § 389(a).

¹² 35 U.S.C. § 389 (b); See 35 U.S.C. §§ 171(a)-(c), 173 which incorporates the provisions of patent law of title 35 for design patents.

¹³ 35 U.S.C. § 389 (d)(a patent may issue from an international design application designating the United States *in accordance with the provisions of Title 35*). 35 U.S.C. § 151 governs issuance of a patent which requires a written notice of allowance and payment of a fee within three months.

¹⁴ The PLT Implementation Law for the Hague Agreement will be effective at least after Dec. 18, 2013.

¹⁵ The first-to-file provisions become effective on March 16, 2013.

¹⁶ 35 U.S.C. § 390.

¹⁷ 35 U.S.C. § 102(a)(2) (effective on March 16, 2013).

¹⁸ 35 U.S.C. § 321.

¹⁹ See Geneva Act, Article 15.

²⁰ See 35 U.S.C. § 282(b)(2) or (3) for any grounds to challenge the validity of patents.

²¹ See *generally*, Geneva Act, Article 13(1) (provisions for special requirement concerning unity of design by contracting parties).

²² See MPEP § 1502.01(D).

²³ See MPEP § 1504.05; See also *In re Rubinfield*, 270 F.2d 391, 395 (CCPA 1959) (discussing that a design application can disclose more than one embodiment of the design).

²⁴ See Geneva Act, Article 13(3).

²⁵ See 37 C.F.R. § 1.155.

²⁶ See 37 C.F.R. § 1.56.

²⁷ See 37 C.F.R. § 1.97.

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