

# Industrial strength

Banner & Witcoff's **Darrell G Mottley** offers a fresh perspective on the US implementation of the Hague Agreement for industrial design protection

## **US design patents have taken center stage as essential IP assets in litigation clashes between Apple and Samsung, and in the fashion world, between Lululemon Athletica and Calvin Klein.**

In December 2012, US President Barack Obama enacted the Patent Law Treaties (PLT) Implementation Act of 2012. The Hague Agreement Implementation section of the act adds new design provisions to the patent provisions of Title 35 of the US Code. The US Hague Implementation provisions will go into effect as early as December 2013.

### **Introduction to the Hague system**

The Geneva Act of the Hague Agreement, administered by the World Intellectual Property Organization (WIPO), provides a global interface for coordination of both examination and non-examination industrial design protection regimes in member countries. National industrial design regimes are based generally on two types – a substantive examination system or a non-examination system. The publication of a Hague international design registration by WIPO starts an examination refusal process. In substantive examination systems, the proposed design is reviewed against prior designs for novelty and non-obviousness. If the proposed design passes successfully through examination, 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. Generally, the theory behind non-examination systems is that novelty is best addressed by interested parties through invalidity proceedings in litigation or other judicial proceedings.

### **US enacts legislation to join Hague system**

The PLT Implementation Act creates a new international design application that entitles US applicants to request design protection in the territory of the European Union and 44 contracting parties of the Geneva Act of the Hague Agreement. Likewise, applicants of countries or regional systems that are contracting parties can file a Hague design application, designate the US for examination and receive an examination on the merits from the US Patent and Trademark Office (USPTO). During substantive examination of the application, the applicant will need to engage US counsel to respond to office actions issued by the USPTO.

Particular noteworthy changes in the law include the term of design patents increasing from 14 years from issuance to 15 years,<sup>1</sup> and enabling US domestic<sup>2</sup> priority and foreign<sup>3</sup> priority entitlements arising from the international design application.

### **New law offers provisional rights**

The PLT Implementation Act provides for the first time provisional rights<sup>4</sup> resulting from publication of the international design application designating the US. Assuming a US 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 US the claimed invention, or imports the invention into

the US, during the period between publication of the patent application and the date the patent was issued. While provisional rights will be now available for design patents that mature from international design applications, 35 USC § 289 remains unchanged and sets forth a unique remedy only available for the infringement of a design patent.<sup>5</sup> This statute focuses the infringement inquiry on whether or not the claimed design has been applied to an article of manufacture. The Section 289 infringer profits provision solves the problems of apportionment for design patents. With respect to damages, the patent holder will need to access the damages emanating from provisional rights opposed to Section 289 total infringer profits.

### **New law incorporates America Invents Act changes**

Compliant with the Geneva Act, international design applications designating the US will have the same legal effect as a regularly filed design patent application.<sup>6</sup> The America Invents Act (AIA) amends the US patent laws applicable to the conditions of patentability to convert the US 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 16 March 2013, will be examined under FITF provisions. There is no doubt that international design applications will be examined under this new scheme.<sup>7</sup>

### **No automatic grant of a design patent**

There is a line of thought that a design patent will automatically grant from an international design application if no office action is issued by the USPTO within the refusal period. 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".<sup>8</sup> 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 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". However, the view of automatic grant cannot be the case or the intent of the new law. The PLT Implementation Act provides that "[t]he director shall cause an examination to be made ... of an international design application".<sup>9</sup> 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.<sup>10</sup> 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.<sup>11</sup>

### **New law continues focus on single design inventions**

An international design application allows a maximum of 100 designs to be included in the industrial design registration under a single Locarno Class. The Geneva Act enables a contracting party to notify WIPO that the country's laws have a requirement of a unity of design.<sup>12</sup> In the US, a design patent must be directed to a single design invention.<sup>13</sup>

However, the design application can contain multiple embodiments directed to the same inventive concept.<sup>14</sup> Nevertheless, if more than one patentable 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 successfully rebutted by the applicant. Hence, divisional applications will need to be filed to receive examination on the non-elected designs. As a result, while an applicant may situate many designs in one international design application and designate the US, they may find themselves filing multiple divisional applications in the US, or possibly filing additional fees for each design divided from the international design application.<sup>15</sup>

### USPTO should address information disclosure requirements

US examination requires that persons substantially involved in the preparation and prosecution of a patent have a duty of candour and good faith in dealing with the USPTO, including a duty to disclose information that is material to patentability.<sup>16</sup> Failure of the 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 applicable fees for consideration by the examiner.<sup>17</sup> 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 US.

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### USPTO should address inventor oath or declarations

Recent changes to the US inventor’s oath or 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 international design applications. Furthermore, the inventor declarations should 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 international design applications without proper US local counsel support. The USPTO will need to release new rules concerning how the declaration requirement will be satisfied.

### What happens now?

Because the US Hague Implementation provisions will not go into effect for at least a year, in-house counsel should judiciously navigate the legal issues when applying for desired international design protection. 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. 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 maximise design rights, and whether the intellectual property rights regime (IPR) 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.

Another consideration is timing, as the WIPO standard deadline for publishing international design applications is six months from registration filing and the period for examination can be 12-18 months from the filing date. This is in contrast to the optional expedited examination process (“rocket docket”) for US design applications, which can issue a US design patent in as little as 60 days. Furthermore, the applicant’s quality of design drawings, including shading, contouring and further features of the drawings, will still need to be addressed and customised prior to filing a design application under the Hague Agreement.

### Footnotes

1. 35 USC § 173.
2. 35 USC § 386(c).
3. 35 USC §§ 386(a)-(b); See also Geneva Act, Art. 6(1)(a)-(2)(Paris Convention priority must be recognized by the contracting party).
4. 35 USC § 154(d)(1).
5. See generally *Nike, Inc v Wal-Mart Stores, Inc*, 138 F.3d 1437 (Fed Cir 1998) (discussing statutory infringer profits remedy for design patent infringement).
6. Geneva Act, Art. 14(1); See 35 USC § 385.
7. The first-to-file provisions become effective on 16 March 2013.
8. Geneva Act, Article 12.
9. 35 USC § 389(a).
10. 35 USC § 389(b); See 35 USC §§ 171(a)-(c), 173, which incorporates the provisions of patent law of Title 35 for design patents.
11. See 35 USC § 389(d); See also 35 USC § 151.
12. See generally Geneva Act, Article 13(1) (provisions concerning unity of design).
13. See MPEP § 1502.01(D).
14. See MPEP § 1504.05; See also *In re Rubinfeld*, 270 F.2d 391, 395 (CCPA 1959) (discussing that a design application can disclose more than one embodiment of the design).
15. See Geneva Act, Article 13(3).
16. See 37 CFR § 1.56.
17. See 37 CFR § 1.97.

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Darrell G Mottley is a principal shareholder of the intellectual property law firm of Banner & Witcoff, 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.