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Worldwide Design Patent System Can Trip Up The Unwary

By **Ryan Davis**

Law360, New York (May 14, 2015, 8:05 PM ET) -- It became much easier for companies to seek worldwide design patent protection Wednesday when the U.S. joined the international system known as the Hague Agreement, and while obtaining design protection in over 60 countries with one application is appealing, the process is filled with tricky pitfalls, attorneys say.

Taking advantage of the Hague Agreement system can reduce the time and expense of securing design protection around the world, attorneys say, but applicants must research the design standards in all the countries where they are seeking protection to avoid the risk of having their applications rejected.

Any company that jumps right in to the new system without a detailed strategy and counseling is bound to face problems, said Chris Gegg of Alston & Bird LLP.

"From a lot of the publicity about it, it sounds like the Hague Agreement system has a very good potential to simplify the process and reduce costs," he said. "But there are a lot of hidden difficulties to using the system without becoming familiar with it."

The Hague Agreement establishes basic filing requirements for design patents and design registrations across dozens of countries. An applicant can file an application for design protection with the national patent office or with the World Intellectual Property Organization and designate the countries where it is seeking protection.

If filing requirements are met, the application is published and transmitted to the designated countries, where it will be examined under each country's laws for design patents and accepted or rejected accordingly.

Perhaps because the U.S. wasn't a member before, not many design applications are now filed under the Hague Agreement. In 2014, there were 2,924 design applications filed under the agreement, compared with 36,254 design patent applications in the U.S. Patent and Trademark Office.

As it stands, those numbers show that the agreement is "really small-potatoes stuff," but that could change, Charles Pearson, director of the USPTO's Office of International Patent Legal Administration, said at a USPTO advisory board meeting Thursday.

"If U.S. practitioners pick up on Hague Agreement, WIPO could be inundated," he said.

Using the streamlined Hague Agreement process rather than filing separate applications for each country can have many benefits for applicants, such as reducing the cost and complexity of filing, since applicants can opt not to retain local attorneys in each country.

"If you're only talking about one country, it's not that much money, but it adds up fast," said Brent Dougal of Knobbe Martens Olson & Bear LLP. "The more countries you file in, the quicker this can add up to significant cost savings."

However, the Hague Agreement system can appear to be "deceptively convenient," since design protection laws can vary significantly from country to country, said Robert Katz of Banner & Witcoff Ltd.

"The Hague process will be one tool that should be considered in procuring a worldwide design portfolio, but care should still be taken to know the law and practices in each jurisdiction that you designate," he said.

Some countries limit eligibility for design protection and do not allow it for automotive replacement parts or graphical user interfaces, for instance. Others have specific requirements for how the drawings that accompany design applications must look.

In addition, while many countries provide design protection on a registration basis, meaning that applications are briefly reviewed for completeness, others like the U.S. and Japan have an examination system, where design applications are carefully scrutinized to determine whether they meet specific criteria like novelty and nonobviousness.

Companies seeking design protection in multiple countries can face the daunting task of preparing a single application that takes into account the specific requirements of many different countries.

"It's definitely going to require more effort up front to think about the different systems and what you're trying to achieve in different jurisdictions," Gegg said.

While some applicants may try to cut costs when filing a Hague Agreement application by not consulting attorneys in each country before filing, that can cause problems, attorneys say, particularly if the applicant has never sought design protection in that country before.

"The tendency is just to click the box for a foreign application and not involve foreign associates, but if it's a client's first time filing in a country, it really behooves them to reach out to a foreign associate," Dougal said. "You have to familiarize yourself with the particular countries you're going to select."

If the patent office in a given country objects to a design application under the Hague Agreement for not complying with its laws, the application is likely not doomed, but responding to the issues will require hiring local attorneys in that country. As result, "you proceed at your own risk if you don't know the law," Katz said.

"You can still file direct national filings, and in many cases, that may be the best way to do it," he said. "We have a long way to go on design harmonization issues."

It is also important to know that some major countries, including China and Canada, are not part of the Hague Agreement, so design applications have to be filed in those countries separately, and any design for which one of the inventors is a citizen of those countries cannot be registered under the agreement.

Applicants should also be aware that that Hague Agreement applications are published within six months, unlike U.S. design applications, which are not published until they are granted. That wrinkle can have advantages and disadvantages for applicants, attorneys say.

Publication creates provisional rights putting potential infringers on notice of the application and possibly letting patent owners secure damages in an infringement suit starting at the

date of the notification. At the same time, many U.S. companies are not accustomed to having their design applications published, so it can be surprising if the product isn't ready to be launched, Dougal said.

"Those types of disclosures can be damaging to companies that are trying to keep designs secret until launch," he said.

Any company planning to take advantage of the Hague Agreement has to carefully consider all of these factors before filing an application, Gegg said.

"It's not as easy as it sounds, and a lot needs to be thought about beforehand," he said. "It is a great new application system, but you've got to figure out the right way to use it."

--Editing by Kat Laskowski and Brian Baresch.

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