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Hague Agreement, despite some kinks, may be best of U.S. design patents

Currently, design patents are at the forefront of U.S. intellectual property law. In granting certiorari in *Samsung Electronics Co. Ltd. v. Apple Inc.*, the U.S. Supreme Court will interpret the design patent statute for the first time in more than a century.

The court will consider the question of whether Apple is entitled to Samsung's "total profits" on the sale of products that infringe Apple's design patents. This is likely to have a considerable impact on monetary recoveries in infringement cases.

The outcome of this case may also energize a recent major development in U.S. design patent law that has to date received relatively little attention: the U.S. becoming a contracting party to the Hague Agreement, which allows U.S. applicants to obtain international design applications.

The U.S. Patent and Trademark Office published its final rule on changes to the Hague Agreement on April 2, 2015, in the Federal Register and the Hague Agreement took effect with respect to the U.S. on May 13, 2015. This agreement allows an applicant to file a single international design application that will enable design protection in all countries that are members of the agreement.

The members include almost every major European, Asian, African and South American country. The Hague Agreement permits a U.S. applicant to file an application indirectly through the U.S. patent office or directly through the World Intellectual Property Organization's international bureau. The organization's international bureau examines the application for formal requirements and, if satisfied, registers and publishes the application. Then, the design application may be examined by the designated member countries under their respective laws.

Design patents protect the ornamental design of an article of manufacture, essentially how the product appears, rather than the function of the product that can be protected by utility patents. These design protections can be exceptionally valuable, as seen in the $400 million judgment in the Apple case.

Therefore, one would expect that once the U.S. became a member country of the Hague Agreement in May 2015 more U.S. entities would seek international design protection. This, however, has not been the case.

The World Intellectual Property Organization, or WIPO, compiles statistics regarding various types of intellectual property filings under international agreements such as, the Patent Cooperation Treaty regarding utility patents, the Madrid System regarding trademarks and the Hague Agreement regarding industrial designs.

In 2015, WIPO reported that the U.S. had 1,039 designs contained in applications filed under the Hague Agreement but only 6.3 percent of the total filed designs in applications. In contrast, Germany and Switzerland had 3,453 (21 percent of the total designs) and 3,316 (20.2 percent of the designs) designs contained in Hague-filed applications in 2015.

This result is even more perplexing given the number of applications of U.S. origin filed under other international intellectual property agreements. The U.S. led all countries in utility patent applications filed under the Patent Cooperation Treaty in 2015 with 57,385 applications or 26.3 percent of the total applications filed.

Coming in a distant second was Japan with 44,235 applications filed under the same treaty. Likewise, the U.S. led all countries in international trademark applications filed under the Madrid System in 2015 with 7,340 applications or 14.9 percent of the total applications filed.

In 2014, U.S. residents filed a total of 20,320 design patent applications in the U.S., however, applicants filing from abroad represented 87,700 filings in the same year. The growth rate has spiked dramatically for design patent applications, growing from 24,578 in 2000 to 108,020 in 2014, and yet this growth is not attributable to U.S. applicants.

International applicants appear to be utilizing the Hague Agreement to nationalize their design applications in great number to achieve streamlined design patent protection in the U.S.

The lack of design applications filed by U.S. applicants under the Hague Agreement in 2015 could be attributed to one of the disadvantages of filing under the Hague Agreement. The agreement does not harmonize international design drawing requirements. Further, drawing requirements vary greatly from country to country. Therefore, a single international design application cannot possibly comply with all of the drawing requirements of each member country and amending the drawings may not be an option in these countries because of stringent new matter requirements.

Accordingly, U.S. applicants, especially large corporations having the capital to do so, may be filing individually in these countries to meet these drawing requirements.

But one company has not hesitated from filing design applications under the Hague Agreement. Samsung Electronics led all Hague applicants with 1,132 designs contained in applications filed in 2015. This may suggest that Samsung learned a valuable lesson in its so-called "patent wars" with Apple that design patents are significant and can be lucrative.

Accordingly, Samsung may be filing these recent design applications under the Hague Agreement as a potential weapon or defensive measure against Apple and others internationally.

In sum, design patents appear to be an underutilized form of intellectual property protection by U.S. firms. They provide a simpler, quicker and less expensive application process and are substantially less costly to assert in infringement suits than utility patents.

Just as U.S. applicants have benefited under the Patent Cooperation Treaty and Madrid System when procuring intellectual property rights internationally, U.S. applicants may benefit greatly from obtaining design patent rights internationally under the Hague Agreement.

While the Hague Agreement may have imperfections, it may just be a matter of time before U.S. applicants recognize its value.

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