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International Industrial Design Law Developments[†]

William T. Fryer, III*

INTRODUCTION

It is an exciting time to be involved in the development of improved industrial design protection. Perhaps one of the most important events is the European Community ("EC") work on a design protection system ("Community Design"). Hugh Griffiths' conference paper gives an excellent review of that project. The Community Design proposal has been a lightning rod and catalyst for industrial design law issues, both legal and political. It has increased the level of interest and activity on industrial design protection around the world. I was privileged to be at the Max Planck Institute for Patent, Copyright and Competition Law during the time the basic EC proposal was being developed. I continue to study this proposal, for several reasons. It offers an excellent insight on how many current issues concerning industrial design protection may be resolved in the United States and in other countries.

The primary purpose of this paper is to present another major industrial design law development, the revision of the Hague Agreement Concerning the International Deposit of Industrial Designs ("Hague Agreement").¹ It is a treaty that can bring the world closer together on design protection. I have been privileged to represent the American Bar Association ("ABA"), Section of Pat-

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1. World Intellectual Property Organization (WIPO), Hague Agreement Concerning the International Deposit of Industrial Designs, Nov. 6, 1925, with supplemental texts (1986), *reprinted in* WIPO, GUIDE TO THE INTERNATIONAL DEPOSIT OF INDUSTRIAL DESIGNS (Jan. 1986).

ent, Trademark and Copyright Law, and the American Intellectual Property Law Association ("AIPPLA") at the first two meetings of experts on the Hague Agreement revision. I will represent the ABA at the upcoming meeting on April 26-30, 1993.

In addition, this paper will discuss, briefly, other major international design protection developments.

I. COMMUNITY DESIGN AND THE HAGUE AGREEMENT

There is a direct motivational link between the Community Design project and the current work of experts to revise the Hague Agreement. The 1934 and 1960 Hague Agreement texts helped to standardize formats and provided for centralized filing of design applications. The Hague Agreement Industrial Design Registration ("IDR") applications were filed with the World Intellectual Property Organization ("WIPO"), where they were examined only for formality compliance and then registered. These registrations were sent to the member countries, where they had the same effect as the national registration protection. Under the 1934 Act, protection was immediate, while the 1960 Act allowed a six-month period for a country to refuse the effect of the IDR.

This very brief introduction to the current Hague Agreement should suggest why some countries, like Japan, United States, and United Kingdom did not adhere to the 1934 and 1960 Acts. These countries had delays from their novelty examination systems, as well as other differences. Several countries did join, and the major users are European countries, to obtain protection in EC countries. In fact, seven of the twelve EC countries are members of the Hague Agreement.

The facts of life are that when the Community Design becomes operational, there will be a gradual shift to its use by EC members from the Hague Agreement, if there is no significant increase in treaty membership. Therefore, the Hague Agreement needs to be updated, to link up with the Community Design and to attract members from other regions and all major industrialized countries. Unless the Hague Agreement membership is expanded, there may be little need for the Hague Agreement. Consequently, the timing

for Hague Agreement revision to attract more members is closely linked to the Community Design development.

Another important relation between the Hague Agreement and the Community Design work is the need to establish uniform filing procedures, to the extent possible. WIPO has a well established IDR application format. To the extent the EC can utilize the same requirements, it will help standardize international application formalities and procedures. In the same respect, there may be improvements that the EC project will use that should be considered in the Hague Agreement revision. This contemporaneous work on the same problems suggests that very close cooperation is essential, if a truly international design protection system is to be achieved in the Hague Agreement revision.

The Community Design development creates a tremendous challenge for experts working on the Hague Agreement revision. They recognize the critical importance of preparing a treaty that can accommodate the different national industrial design laws and procedures, so that the vast majority of countries can adhere to the revised treaty.

It is particularly important that these experts be responsive to all concerns, and that they are not tempted to follow a regional approach, dictated by common national systems and cultural practices. In this respect, the Community Design parallel development could be a distraction from a wider approach that accommodates more countries. Since a significant number of the current Hague Agreement members are EC countries, and they will decide the content of the revised Hague Agreement, this group of countries has a particular responsibility to seek a flexible approach in the Hague Agreement revision. There is substantial evidence that this flexible approach is being followed.

For these reasons, the essential criteria in developing the Hague Agreement revision are uniformity, where appropriate, and flexibility, where needed.

II. MAIN FEATURES OF THE REVISED HAGUE AGREEMENT SYSTEM

This section will explain how the current draft of the Hague Agreement prepared for the April 26-30, 1993, third meeting of experts at WIPO,² would operate from a United States design owner's point of view.³ Figure 1 presents an overview of how the revised Hague Agreement system will work.⁴

Protection is obtained through an international system that will have the same effect in the United States as a design patent. The initial phase of the registration process is conducted by WIPO, only on formalities, and WIPO receives all fees, distributing some of them to the member countries on the basis of where registration is designated.

The WIPO review takes only a short time and the publication usually occurs in two to three months from filing. When WIPO publishes its gazette with the IDR, this information is communicated to each country where protection is designated. The IDR then goes through the same examination process as a design patent. A member country must formally refuse effect of an IDR, i.e., complete the examination and communicate all grounds of rejection, within thirty months of the time it receives notice of the IDR. This time limit was changed from twelve months in the first treaty draft, with the goal of solving the United States and Japanese concerns over the examination delay.

There are two ways into the system for United States design owners. One is to file directly, but this step can only be used after a license to file is obtained from the United States Patent and Trademark Office ("PTO") national security review. The other way is to file a design patent application, obtain security review, and file quickly with WIPO within the six-month period allowed

2. Committee of Experts on the Development of the Hague Agreement Concerning the International Deposit of Industrial Designs, 3d Sess., *Draft New Act of the Hague Agreement Concerning the International Deposit of Industrial Designs*, Document prepared by the International Bureau, WIPO Doc. H/CE/III/2 (Feb. 26, 1993).

3. William T. Fryer, III, *Report on Hague Agreement (Industrial Designs) Second Meeting of Experts, WIPO, April 27-30, 1992*, 74 J. PAT. & TRADEMARK OFF. SOC'Y 923 (1992).

4. See *infra* p. 385.

from the United States filing date, to gain the benefit of the United States filing date. It is this time pressure that causes concern.

A procedure will allow deferment of publication of an IDR, if requested, for up to thirty months. There is no requirement for the United States to defer publication of the IDR. Many countries have a deferment procedure, primarily to protect the fashion and other highly sensitive design industries from being copied before the products are released. The proposal allows each country to set its own policy on deferment.

The revision continues the current Hague Agreement practice, found in many countries where registration without novelty examination occurs, of allowing more than one independent design in an application. Many countries allow multiple designs in a single application, within certain classification limits. This feature has great potential for United States practitioners, in reduced costs for foreign protection, when compared to the single invention practice found in the United States. The United States restriction practice would not change, as it would be a matter for each country to handle the multiple design IDR according to its current law.

The IDR has five-year renewal intervals. Each treaty member can provide its own protection duration. There is a minimum protection term of ten years. The IDR protection continues for the duration of the corresponding national design protection. This point helps bring out the fact that the IDR is part of an international system in parallel with the existing national design registration or patent system, taking on the characteristics of the national system, while being independently controlled by the treaty.

With this background, the key events shown on Figure 1 should be understandable in a general sense, recognizing there are other important details found in the draft treaty. The next step is to examine the potential advantages and disadvantages for a country that adheres to the revised Hague Agreement, recognizing that other changes may occur as the treaty preparation process continues.

III. ADVANTAGES AND PROBLEMS WITH THE HAGUE AGREEMENT REVISION

The advantages to a design owner in filing an IDR application are similar, in some respects, to those found with the Patent Cooperation Treaty⁵ and the recently prepared Madrid Protocol⁶ for trademarks. Several advantageous features not requiring detailed explanation, include: (1) centralized filing; (2) likely lower total fees if protection in several countries is designated; (3) one language application, including use of English; (4) single currency fees (Swiss); (5) administrative efficiency in working with the foreign office; and (6) economies of scale, in using one application format and including multiple designs in one application.

Whether more members than presently belong to the present Hague Agreement versions will join the revised Hague Agreement depends significantly on how effectively the experts can identify and solve the problems. This treaty preparation process requires full participation by government officials, patent offices, industry, and bar groups. My research on the 1960 Act revealed that the United States government was very involved in drafting that text. What was missing was the United States non-governmental organizations, i.e., companies and legal groups, to help the government develop a suitable treaty. The 1960 Act was not actively reviewed or promoted by these United States organizations. If United States organizations had been involved during the drafting stages, the problems that remained might have been resolved.

It is my hope that in the 1990s all governments and private organizations will use this opportunity to address the real issues that prevent adherence to the Hague Agreement. The current revision does have some industry and bar involvement. The ABA and AIPLA have participated. The ABA has established a Special Committee on Industrial Designs (Hague Agreement) to work closely with the United States delegation.⁷ Several companies and

5. Patent Cooperation Treaty, June 19, 1970, 28 U.S.T. 7645.

6. Madrid Protocol Concerning the International Registration of Marks, adopted at Madrid, June 27, 1989, WIPO Doc. MM/DC/27 Rev. (1989).

7. Committee 351 on Hague Agreement (Industrial Designs), American Bar Associ-

the Industrial Designers Society of America have written the United States government in support of this treaty work. Any United States law change or treaty acceptance takes considerable time. It requires academics and practitioners to present their views. Companies must utilize their influence with Congress and the Executive Branch to keep the project moving, as administrations and congressional delegates change. I urge you and your clients to become involved in this process.

The problems that remain to be resolved with the revised treaty, from the United States side and also for several other countries, are not hard to identify. There are a number of internal PTO procedures with which the treaty needs to be aligned. This step is primarily a matter of preparing suitable provisions, under the guidance of the PTO. Some of these matters are in the revised treaty now. There is a temptation to leave several issues to the rules, but the key points should be included in the treaty, to avoid any controversy later and to prevent change without United States approval.

The ABA Committee has identified the following issues that need to be resolved: (1) Is the thirty-month period to refuse the effect of an IDR acceptable, keeping in mind all rejections must be stated in that period? (2) Is the option to request publication deferment of the IDR design acceptable, as proposed, where the United States is not required to defer publication of an IDR design? (3) Should there be a United States receiving office whereby the IDR application can be filed here to receive an IDR filing date, allowing the United States national security review to occur without time pressure? (4) Will a multiple design IDR be treated as a separate registration for each design invention, under United States design patent law, and will the appropriate adjustment in the treaty be made to accommodate this situation?

On question (1), concerning the refusal period, there should be continued resources available to bring the United States design patent examination process at least down to the utility patent average pendency of eighteen months. It has been suggested by some

PTO officials that the goal is to reduce design patent pendency to one year, if resources are available. The United States should be in good shape to work within the thirty-month period for the IDR if this trend continues.

The PTO, under recent management, and at the urging of Congress, has committed substantial resources to reducing the design examination pendency. It has been more than an embarrassment to have a design unprotected for the thirty month average pendency of design patent applications. In fact, the economic philosophy in the United States now requires prompt protection, to stop pirating and encourage new United States businesses. President Clinton's policy of encouraging development of more United States jobs should support prompt design protection.

The fact that all issues concerning rejection of an IDR must be stated within the thirty-month period should not present a problem. It is unlikely that significant issues will come up after that period in the examination process. In any case, the reexamination procedure should give a relatively inexpensive way to challenge the validity of any IDR that might have an issue discovered after the refusal period ends.

The deferment procedure, question (2), will not affect the United States. It is left up to each country to decide whether to have deferment. As a practical matter, it should not be the role of this treaty to harmonize this point. The flexibility in drafting the revised treaty, mentioned above, to increase membership is demonstrated by this approach.

The United States receiving office proposal, question (3), has been discussed by ABA Committee 351, and it proposed a resolution, approved at the 1993 Section meeting, that favored a receiving office. The AIPLA has approved a resolution in favor of a United States receiving office. The primary reason for this change is to simplify filing. As procedures stand now, foreign filing has to wait an indeterminate amount of time for completion of the PTO national security review.⁸ Due to the Paris Convention⁹ limit of six

8. 35 U.S.C. § 184 (1988).

9. Paris Convention for the Protection of Industrial Property, Mar. 20, 1983, *as last*

months for a Conventional date on industrial designs, this complicated administrative situation can increase the cost of foreign filing. The proposed use of a United States receiving office would eliminate this problem.

The fact that multiple designs are allowed in one IDR in the revised Hague Agreement does present a significant problem for the United States, as stated in question (4). The experts have to give more attention to this concern. The Japanese design patent law has essentially the same situation, so it is imperative that it be solved, if these major countries are to be members of the revised Hague Agreement. The simple solution is to allow the IDR to be divided into divisional IDR files that can be processed separately, according to present United States design examination restriction practice. It is not foreseeable that this single invention per application practice will change. In fact, it has been clarified recently and emphasized by PTO administration that restriction should be required where appropriate in design cases.¹⁰ This question may be one of the major topics at the upcoming meeting of experts.

This brief introduction of the draft Hague Agreement revision should whet your appetite to learn more. The Community Design project has given us the momentum to develop a truly international system for obtaining industrial design protection. It is an opportunity that should be seized now. The Hague Agreement revision offers the perfect setting for this work. Each country should seriously participate in order to achieve this goal.

IV. OTHER MAJOR INDUSTRIAL LAW DEVELOPMENTS

Before I conclude this paper, I want to address a few other significant industrial design law developments occurring around the world. There is a general trend for improved design protection. In the United States, the industrial design legislation that sets up an unregistered right against copying, followed by registration to con-

revised, Stockholm, July 14, 1967, 21 U.S.T. 1583, 423 U.N.T.S. 305.

10. Draft Revision of Manual of Patent Examining Procedures § 1504.05 (on file with author).

tinue that right, is stalled in Congress.¹¹ A new political scene will have to develop before the future and strategy for this legislation can be determined. This situation is true for a lot of legislation pending during the prior administration. The design patent reduced pendency will not solve the design owners' problem for early protection. This legislation has a unique role that should work effectively side-by-side with the design patent law.

United States design protection court decisions continue to show there is substantial design protection under federal trademark law. The United States Supreme Court decision in *Two Pesos*¹² has opened up a new front for research, on how to determine when a trademark is inherently distinctive. If a three-dimensional design is inherently distinctive, it has immediate protection, without the need to prove secondary meaning.

Another important United States development is in design patent law protection of computer generated icons, such as a unique trash can symbol. Several PTO Board of Patent Appeals and Interferences decisions suggest, in dicta, that this type of design may be protected by design patent if the right application disclosure is present.¹³ The key seems to be whether the symbol ornaments an article of manufacture. The computer system (hardware and software) could be that article. Inventorship determination is another important issue to examine on this subject.

The Canadian government is in the process of a major revision in its Industrial Design Act that will eliminate several unwanted provisions.¹⁴

11. See William T. Fryer, III, *International Review of Pending U.S. Design Legislation: Is It on the Right Track?*, 73 J. PAT. & TRADEMARK OFF. SOC'Y 905 (1991); William T. Fryer, III, *Industrial Design Protection in the United States of America—Present Situation and Plans for Revision*, 27 INDUS. PROP. 115 (1988), reprinted in 70 J. PAT. & TRADEMARK OFF. SOC'Y 820 (1988) and 19 U. BAL. L. REV. 198 (1989-1990).

12. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753 (1992).

13. See, e.g., *Ex parte Tayama*, 24 U.S.P.Q.2d (BNA) 1614 (Bd. Pat. App. & Interferences 1992).

14. See Brian W. Gray, *Industrial Designs Act*, 7 World Intell. Prop. Rep. (BNA) 31 (1993); Robert E. Mitchell, *Protection of Industrial Design in Canada*, 19 U. BAL. L. REV. 403, 411 (1989-1990).

The Japanese government has completed a very comprehensive review of international design protection laws. Their goal was to improve design protection. Major changes in the design patent system are not expected in the near future, although the interest in the Hague agreement membership may result in some effort to reduce pendency time. Also, there has been made available recently an improved opportunity to expedite the prosecution of a design patent, where justification can be shown.¹⁵

A significant change in the Japanese unfair competition law has occurred, to prevent copying of designs.¹⁶ The revised law will give immediate protection. The scope of protection in relation to features dictated solely by function will be a key point to analyze in this change. It could be that a new "petty patent" system will result. These steps address the unfortunate delay in design protection due to the rather long pendency for the design patent.

Perhaps the most interesting development to analyze is whether the U.K. design right protection introduced in 1989 has proven successful.¹⁷ It appears to have been effective. This fact supports the EC adoption of the unregistered Community Design, which protects a design against copying when it is introduced in the market.¹⁸ The U.K. design right was the pioneer in this form of protection, outside the copyright law, and the success appears to suggest that it should have international acceptance as a useful step to fill the protection gap left before the design patent or registration can be enforced.

Industrial design is a major component in the success of a product. Businesses and intellectual property practitioners are becoming

15. *JPO To Begin 'Express System' for Examining Design Applications*, 7 World Intell. Prop. Rep. (BNA) 65 (1993).

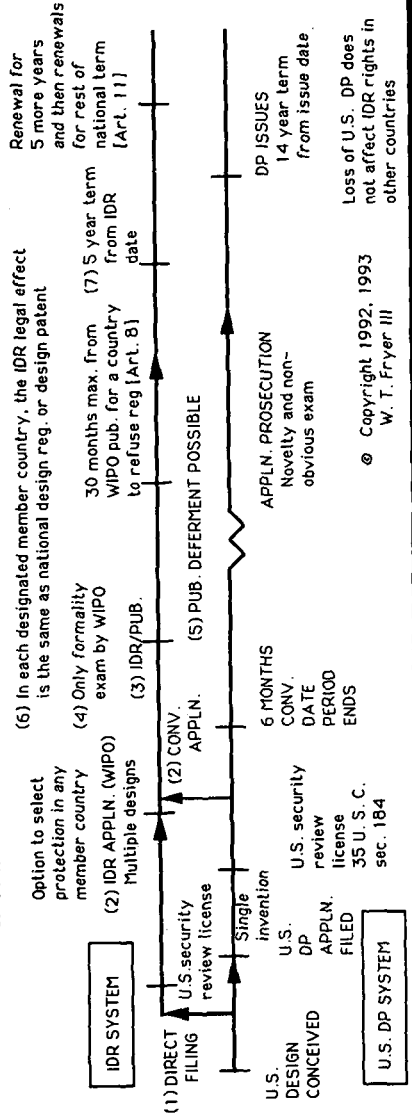
16. *Penalties For Look-alike Products Would Increase Under MITI Proposal*, 7 World Intell. Prop. Rep. (BNA) 38 (Feb. 1993) & 262-62 (Oct. 1993).

17. Christine Fellner, *The New United Kingdom Industrial Design Law*, 19 U. BALT. L. REV. 369-92, 442-44 (1989-1990); Copyright, Designs and Patents Act, 1988, 2 Eliz. 2, ch. 48, §§ 213-264 (U.K.); GERALD DWORKIN & R.D. TAYLOR, BLACKSTONE'S GUIDE TO THE COPYRIGHT, DESIGNS AND PATENTS ACT (1989).

18. William T. Fryer, III, *Design Users Suggest National Law Changes, EC Approach and Harmonisation Strategy: Federal Republic of Germany Surveys on Design Protection*, 12 EUR. INTELL. PROP. REV. [E.I.P.R.] 360 (1990).

ing more aware of the need for protecting product appearance. The Hague Agreement revision, the Community Design, and other changes reported in this paper are important steps for more effective international design protection. There remains more work to complete many of these projects, but the objective is worth the effort.

**FIGURE 1 DRAFT INDUSTRIAL DESIGN TREATY (as of 3rd meeting of experts, April 26 - 30, 1993)
U. S. DESIGN OWNER'S PERSPECTIVE**



EXPLANATIONS - REFERENCED TO ABOVE FIGURE:

- (1) A U.S. design owner has a choice, whether to file directly with World Intellectual Property Organization (WIPO), or base Industrial Design Registration (IDR) on U.S. design patent appln. Convention date [See note (2)] [Arts. 2 & 3].
- (2) U. S. design patent (DP) applns. can be combined into multiple design Convention or directly filed applns. May be significant saving in fees from multiple design appln. use [Arts. 3(2)(b) (4), 4(1), & 10].
- (3) IDR publication (PUB.) should occur in about 3 months from direct filing or Convention filing. WIPO transmits IDR info to designated countries [Art. 5(3)].
- (4) Member countries that issue DP can specify their unique formality requirements that must be met to obtain protection [Arts. 3(2)(b), 5(2)(b) & 6].
- (5) Deferment up to 30 months can be requested, within limit allowed by the member country. The maximum deferment time is limited to the short-test deferment term of the designated countries [Art. 7].
- (6) IDR legal requirements in a member country are the same as for the national design registration or design patent [Arts. 8 & 9].
- (7) IDR term begins at filing date, or priority date, usually [Art. 6(1)]. Legal effect for infringement begins after national approval, or earlier, depending on national law [Art. 9(2)].

