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[Hague Agreement]

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INTRODUCTION

Design patents, while traditionally overshadowed by their utility counterparts, have recently attracted national, and international, attention. In 2013, the United States joined the Hague Agreement, an international system that centralizes design patent applications. While it has been successful in Europe, it is not clear whether the idiosyncratic U.S. patent system can accommodate the predicted influx of applications. This paper reviews the U.S. and E.U. design protection regimes and the impact of their accession to the Hague Agreement. Part I of this paper introduces design patents and their significance in the scheme of intellectual property protection. Part II compares the U.S. and E.U. design protection regimes. Finally, Part III explores how the Hague Agreement has supported the harmonization of design protection in the E.U. and questions whether it will encourage, or overwhelm, the U.S. regime.

I. DESIGNS AS INTELLECTUAL PROPERTY

In the field of patent law, the “utility” patent that covers technological innovations dominates. The design patent, although infrequently sought, is derived from the same principles and offers the same type of protection to ornamental designs. While a design may not be as prototypically innovative, producers are recognizing the significant impact that a product’s appearance has on its commercial success. The recent smartphone wars, which nearly awarded \$1 billion to Apple based on Samsung’s design infringement,¹ has also illustrated the benefits of patenting designs in addition to the technology they decorate.

¹ See *Samsung Elec. Co. v. Apple Inc.*, 137 S.C. 429 (2016) (reconsidering the basis of the \$1 billion award but reiterating the legitimacy of design patents).

A. Defining a Design

A patent is a type of intellectual property that covers any novel and nonobvious invention “under the sun that is made by man.”² A patent grants something akin to a limited-term monopoly, preventing anyone besides the patent owner from selling, using, or otherwise “infringing” the covered invention.³ The traditional rationale behind patent protection is that scientists will not invest in technological research if inventors cannot profit from their inventions.⁴ A competitive market—a market in which anyone can produce the invention, not just the inventor—will suppress prices to the marginal cost of producing the invention. Anyone who copies and sells the invention, without having to first invest in researching the technology, can therefore sell it in the market at the marginal cost of production. Consequently, the inventor never has the opportunity to recoup the development costs. A patent, however, gives the inventor the legal right to stop anyone else from using or selling the technology. The inventor can then set the price at a profitable point. As a matter of policy, this should encourage inventors to invest in research without worrying about others copying, and profiting from, their hard work.

The United States Patent and Trademark Office (USPTO) broadly classifies patents as either utility patents or design patents.⁵ The first “protects the way an [invention] is used and works,” while the second “protects the way an [invention] looks.”⁶ Consider two different patents on forks. The first covers a novel combination of fork and spoon to create a spork that requires only one utensil for two separate functions.⁷ Because this is a functional article, the

² *Diamond v. Chakrabarty*, 447 U.S. 303, 309 (1980).

³ 35 USC § 271(a).

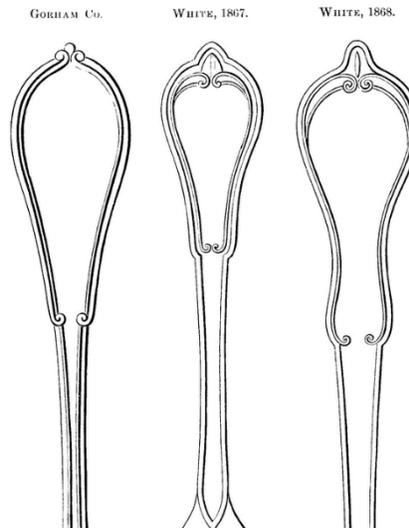
⁴ See Dan L. Burk & Mark A. Lemley, *Policy Levers in Patent Law*, 89 Va. L. Rev. 1575, 1580 (2003).

⁵ The categories are directly drawn from the statutory framework. See 35 U.S.C. § 101 (Inventions patentable) and 35 U.S.C. § 171 (Patents for designs).

⁶ USPTO, Manual of Patent Examining Procedure (MPEP) § 1502.

⁷ See, e.g., David P. Eisner, *Combined Fork and Spoon*, U.S. Patent No. 398264A (Feb. 19, 1889).

patent is a utility patent. The second covers the pattern engraved on the handle, like the “cottage pattern” on the far left below.⁸



This design is not at all useful in the sense that it affects the function of the utensil, but the designer sought protection because it differentiated his utensils from other producers’, leading to commercial success.⁹

Inventors must apply for a design patent through the USPTO. According to the USPTO’s Manual of Patent Examining Procedure (MPEP), the inventor must show that her design is: “(A) a design for an ornament, impression, print, or picture applied to or embodied in an article of manufacture (surface indicia); (B) a design for the shape or configuration of an article of manufacture; [or] (C) a combination of the first two categories.”¹⁰ Moreover, designs must be new, non-obvious, original, and ornamental.¹¹ The agency undertakes an extensive substantive review of applications and relevant prior art, which comprises all preexisting designs, to

⁸ See *Gorham Mfg. Co. v. White*, 81 U.S. 511, 521 (1871) (showing the patented design on the far left and the allegedly infringing designs next to it).

⁹ *Id.* at 512.

¹⁰ MPEP § 1504.01.

¹¹ Lena Schickl, *Protection of Industrial Design in the United States and in the EU: Different Concepts or Different Labels?*, 16 J. World. Intell. Prop. 15, 19 (2013).

determine patent eligibility.¹² The review takes an average of twenty months.¹³ If the agency decides to grant the patent, it will be effective for fifteen years.¹⁴ During that time, the patent holder can enforce her patent against infringers who use or sell a sufficiently similar design. Infringement, as classically articulated in *Gorham Co. v. White*, occurs when “in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other.”¹⁵ Patent owners can bring claims against alleged infringers in federal court and ask for either damages or injunctive relief.¹⁶

B. Why Design Patents Matter

The traditional “incentive” rationale for utility patents also informs the policy for design patents, but imperfectly.¹⁷ Yes, it takes resources to develop preferred aesthetics, and designs once developed are easy for others to copy. There is, however, good reason to be skeptical about whether patent protection is driving design innovation.¹⁸ After all, many companies develop new designs to keep up with consumers’ short attention spans.¹⁹ The lifespan of a successful design may not outlive the USPTO’s review of the application. If, then, patents are not encouraging

¹² Tiffany Mahmood, *Design Law in the United States As Compared to the European Community Design System: What Do We Need to Fix?*, 24 Fordham Intell. Prop. Media & Ent. L.J. 555, 577–79 (2014).

¹³ USPTO, *Design Patents 2* (March 2015), available at <https://www.uspto.gov/web/offices/ac/ido/oeip/taf/data/design.pdf>.

¹⁴ 35 U.S.C. § 173.

¹⁵ *Gorham*, 81 U.S. at 528.

¹⁶ 35 U.S.C. § 283 (permitting courts to enjoin infringing acts); 35 U.S.C. § 284 (permitting courts to award damages to compensate for infringing acts).

¹⁷ See Peter Lee & Madhavi Sunder, *Design Patents: Law Without Design*, 17 Stan. Tech. L. Rev. 277, 290 (2013).

¹⁸ *Id.* at 289–93 (reviewing critiques that design patents chill design and do not affect companies’ desire to meet consumers’ capricious tastes); Jason J. Du Mont & Mark D. Janis, *The Origins of American Design Patent Protection*, 88 Ind. L.J. 837, 841 (2013) (discussing disparities in the economic rationale behind utility and design patents).

¹⁹ See Lee & Sunder, *supra* at 17, at 291.

aesthetic innovation, there may not be a legitimate purpose for keeping them around. Moreover, design patents—unlike utility patents—do not provide additional information to the public that is not already visible from the design itself.²⁰

While there is reason to be skeptical of design patents, there is also good reason to encourage design innovation and protect designers who seek ownership rights. Designs enrich the marketplace, even though it may be hard to quantify their value.²¹ A product's appearance can significantly impact its marketability, and pleasing designs definitively—and unsurprisingly—contribute to commercial success.²² In competitive marketplaces, in which a variety of functional substitutes are available, consumers often make choices based on a product designs.²³ Designs also communicate important ideas to consumers, including what the product can do, how the product symbolizes cultural values, and what aesthetic qualities to expect from that brand.²⁴

Traditionally, design patents have been overlooked by U.S. companies and IP scholars.²⁵ Congress, despite recently overhauling the general patent system, has also largely ignored them.²⁶ As a result, courts have been reluctant to expand intellectual property protection over new kinds of designs. Compare the popularity of utility patents with design patents: in 2015, the USPTO received around 288,000 utility patent applications and granted 141,000, while it received only 39,000 design patents and granted 26,000.²⁷ This is likely due in part to the

²⁰ See Lee and Madhavi, *supra* at 17, at 293.

²¹ Susanna Monseau, *The Challenge of Protecting Industrial Design in A Global Economy*, 20 Tex. Intell. Prop. L.J. 495, 501–02 (2012).

²² *Id.* at 502–03.

²³ Schickl, *supra* at 11, 15.

²⁴ *Id.* at 501–02.

²⁵ *Id.* at 278 (calling design patents “a relatively understudied branch of intellectual property law”).

²⁶ See generally Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011).

²⁷ USPTO, *U.S. Patent Statistics*, available at https://www.uspto.gov/web/offices/ac/ido/oeip/taf/us_stat.pdf.

relative ease of U.S. copyright and trademark protections, which sometimes overlap with design patents in eligible subject matter.²⁸ Getting a design patent is a slow and expensive process, and the rules governing eligibility are complex.²⁹ If there is an easier way to get protection, designers may avoid the process.

There has, however, been a steady, but slow, growth in the number of U.S. designers applying for patents.³⁰ Significant rewards for design patent infringement in cases like the smartphone wars have brought the merits of design patents to general attention.³¹ In addition, technologies for which it is difficult to secure utility patents are being reviewed as candidates for design patents.³² Even the USPTO has recognized the potential for design patents and has been marketing them to the public.³³

II. INTERNATIONAL DESIGN PATENT REGIMES

A. European System

a. European Union Community Designs

The European Union (E.U.) in 1998 began working to harmonize design patent standards among the member states.³⁴ The rationale behind an E.U.-administered design system was to stabilize trade in the E.U. and, primarily, to ensure that one Member State did not grant design patents to functional inventions and thus distort competition among the states.³⁵ It established the

²⁸ See MPEP § 1512.

²⁹ Monseau, *supra* at 21, 539.

³⁰ USPTO, *Design Patents A1-1*, available at <https://www.uspto.gov/web/offices/ac/ido/oeip/taf/data/design.pdf>.

³¹ Andrew Beckerman-Rodau, *Design Patent Evolution: From Obscurity to Center Stage*, 32 Santa Clara High Tech. L.J. 53, 54 (2016); Lee and Madhavi, *supra* at 17, at 278.

³² See, e.g., Michael Risch, *Functionality and Graphical User Interface Design Patents*, 17 Stan. Tech. L. Rev. 53 (2013).

³³ See, e.g., Colin B. Harris, Recap of USPTO's Design Day 2016 (Apr. 26, 2016), available at <http://www.protectingdesigns.com/recap-of-uspto-s-design-day-2016>.

³⁴ Mahmood, *supra* at 12, 566–67.

³⁵ Schickl, *supra* at 11, 23.

Office of Harmonization for the Internal Market (OHIM), now known as the European Union Intellectual Property Office (EUIPO),³⁶ to govern community designs.³⁷ Notably, they are considered separate from patents, which are handled through the European Patent Office. Through the Directive on the Legal Protection of Designs in 1998, the E.U. required that Member States harmonize their national design laws.³⁸ The E.U. also, through the Community Design Regulation (EC) No. 6/2002, protects E.U. community designs in each member state.³⁹ Whether a community design is registered or unregistered affects how long it is protected. Registered designs can be protected for up to twenty-five years, while unregistered designs get protection for only three years.⁴⁰

The EUIPO examines design applications for eligibility under only the CDR's definition of design and the E.U.'s morality standards.⁴¹ This amounts to a purely procedural review that barely considers the application's substance. Because there is no substantive examination, the EUIPO processes applications in an average of five days.⁴² A registered community design (RCD) grants the owner the exclusive right to use the design and prevent third parties from using, selling, or otherwise commercially exploiting the design.⁴³ A RCD does not, however,

³⁶ The EUIPO was known as OHIM until March 23, 2016. <https://euipo.europa.eu/ohimportal/en/the-office>.

³⁷ Mahmood, *supra* at 12, 567.

³⁸ Schickl, *supra* at 11, 23.

³⁹ *Id.*

⁴⁰ Mahmood, *supra* at 12, 569.

⁴¹ Schickl, *supra* at 11, 25.

⁴² EUIPO, Annual Report 2015, available at https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/about_euipo/annual_report/annual_report_2015_en.pdf.

⁴³ CDR, art. 19(1).

prevent non-profit or experimental use.⁴⁴ An unregistered design provides similar but slightly weaker rights.⁴⁵

Community design rights can be challenged, or enforced, through civil actions in either the EUIPO or national Member courts.⁴⁶ Member states, under Article 80 of the CDR, must designate courts as community design courts to hear cases. Community design courts are specialized and have jurisdiction only over infringement and invalidity issues.⁴⁷ Non-designated national courts do not have jurisdiction.⁴⁸ There is a heavy presumption that approved designs are valid under the EUIPO's eligibility requirements, even though designs are not substantively examined before they are approved.⁴⁹ If a court finds infringement of a valid design, it can award injunctive relief and other appropriate sanctions.⁵⁰

To be eligible for community design protection, a design has to be aesthetic,⁵¹ novel, and have individual character.⁵² If a design has functional, and not purely ornamental, features, it can be a community design only if it was motivated by an aesthetic and not purely functional purpose.⁵³ To be novel, there must be "no identical design...made available to the public."⁵⁴ To have individual character, the design must produce a different "overall impression" than that "produced on [an informed] user by any design which has been made available to the public."⁵⁵

⁴⁴ CDR, art. 20(1).

⁴⁵ CDR, art. 19(2).

⁴⁶ CDR, art. 24(1).

⁴⁷ Philip P. Soo, *Enforcing A Unitary Patent in Europe: What the U.S. Federal Courts and Community Design Courts Teach Us*, 35 Loy. L.A. Int'l & Comp. L. Rev. 55, 75 (2012).

⁴⁸ CDR, art. 81.

⁴⁹ CDR, art. 85.

⁵⁰ CDR, art. 89.

⁵¹ Council Regulation (EC) No. 6/2002 on Community designs, 2002 O.J. L 3, amended by Council Regulation No. 1891/2006 Hague Agreement amendments, 2006 O.J. L. 386 (hereinafter "CDR"), art. 1.

⁵² Id at art. 4.

⁵³ Schickl, *supra* at 11, 24, quoting OHIM, Decision of the Third Board of Appeal of 22 October 2009 in Case R, 690/2007-3, *Lindner Recyclingtech GmbH v. Franssons Verkstader*.

⁵⁴ CDR, art. 5.

⁵⁵ CDR, art. 6.

b. National Community Designs

The E.U. permits Member states to maintain national design protections separate from the E.U. community design regime. Despite the technical individuality of national design standards, E.U. Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs (DD) did require Member states to harmonize substantive design protection laws. The main reason why a designer could prefer national protection over E.U. protection is that national protection has somewhat lower filing fees.⁵⁶ The protection is only enforceable within the jurisdiction of that country, however, and not throughout the E.U. Since the establishment of community designs, national design applications have unsurprisingly fallen precipitously.⁵⁷ The E.U., after concluding a thorough study of the national and international design regimes, recommended maintaining the parallel systems to allow diversity of choice, but also recommended further synchronization among national design regimes.⁵⁸

For example, the Netherlands maintains the Benelux design protection regime that it developed with Belgium and Luxembourg.⁵⁹ It has very similar eligibility requirements to the E.U.'s, and like the EUIPO, the national administrative agency—the Benelux Office for Intellectual Property—does not examine applications for substantive compliance.⁶⁰ Its substantive laws, while mostly harmonized with the E.U.'s policies, diverge on borderline issues from other design regimes as a result of slightly different statutory wording or similar, but not

⁵⁶ Legal Review on Industrial Design Protection in Europe, MARKT2014/083/D, European Commission, 48 (European Union, 2016).

⁵⁷ Legal Review on Industrial Design Protection in Europe, MARKT2014/083/D, European Commission, 32, 34 (European Union, 2016).

⁵⁸ Legal Review on Industrial Design Protection in Europe, MARKT2014/083/D, European Commission, 53 (European Union, 2016).

⁵⁹ Thomas Margoni, *Not for Designers: On the Inadequacies of E.U. Design Law and How to Fix It* 235 (2013), available at https://www.ivir.nl/publicaties/download/JIPITEC_2013_3.pdf.

⁶⁰ Peter van der Wees, *World Trademark Review*, available at <http://www.worldtrademarkreview.com/Intelligence/Design-Rights/2017/Country-chapters/Benelux>.

identical, judicial interpretations. For example, it is standard in Europe that a component of a complex product is only eligible for protection if it is visible during “normal use.”⁶¹ The Benelux Office for Intellectual Property explicitly states that “normal use is understood as being the intended use of the complex product, and being visible during repair is not sufficient to satisfy the visibility criterion.”⁶² Yet Danish case law established that blades of a kitchen utensil were sufficiently visible even though they were only visible when the utensil was disassembled for cleaning.⁶³ The E.U. has offered strong recommendations to resolve these inconsistencies and has advised ongoing amendments to the governing directives.⁶⁴ Still, Member states have technical independence over ownership, registration, procedures, and remedies associated with national design protection.⁶⁵

B. Comparing E.U. and U.S. Design Law

The community design system is not a perfect parallel to the U.S. design patent system. In some ways, it is a mix between U.S. patent and copyright protections.⁶⁶ The U.S., however, treats designs as just another category of patent protection, applying most of the same rigorous standards. The different perspective is underscored by the European Patent Office’s attitude towards design protection. The agency, which processes all technological IP in the E.U., does not handle any community design administration,⁶⁷ whereas U.S. design patents are handled through the same USPTO channels as utility patents.

⁶¹ CDR, art. 4(2).

⁶² Legal Review on Industrial Design Protection in Europe, MARKT2014/083/D, European Commission, 73 (European Union, 2016).

⁶³ *Id.*

⁶⁴ *Id.* at 12.

⁶⁵ *Id.* at 26.

⁶⁶ Janice M. Mueller and Daniel Harris Brean, *Overcoming the "Impossible Issue" of Nonobviousness in Design Patents*, 99 Ky. L.J. 419, n 580 (2011).

⁶⁷ When I asked Gino Herreman, the Director of the EPO at The Hague, about design patents, he laughed and told me that the EPO did not even touch designs.

There are certainly similarities between the U.S. and E.U. design standards, but the U.S. has significantly narrower eligibility standards for designs than the E.U. The U.S. permits only ornamental designs, whereas the E.U. allows comprehensive products like fashion, packaging, and logos.⁶⁸ The E.U. is also more forgiving about covering functional elements, whereas the U.S. strictly limits functional aspects to utility patents.⁶⁹ Both systems require that the design be novel (U.S.) or new (E.U.), although the latter is a much broader standard.⁷⁰ There is also similarity between the nonobvious (U.S.) and “individual character” (E.U) standards. Again, the E.U. standard is much broader than the U.S. standard.⁷¹ First, the E.U. looks at the “overall impression” made on an informed user, which emphasizes the holistic image and does not focus on particular features of the design.⁷² Second, it looks from the perspective of an informed user, which the EUIPO cases have found to be hypothetical users who are reasonably familiar with the relevant market.⁷³ The U.S. looks from the perspective of a hypothetical inventor, or a person having ordinary skill in the art.⁷⁴ In sum, not all designs eligible for community design protection would be eligible for patent protection.

While it is easier to get an E.U. community design than a design patent, the right conferred is significantly weaker than the U.S. right.⁷⁵ United States patent protection is one of the strongest intellectual property protections in the world.⁷⁶ It permits extravagant damages

⁶⁸ Schickl, *supra* at 11, 29.

⁶⁹ Schickl, *supra* at 11, 31.

⁷⁰ Mahmood, *supra* at 12, 576.

⁷¹ See Janice M. Mueller and Daniel Harris Brean, *Overcoming the "Impossible Issue" of Nonobviousness in Design Patents*, 99 Ky. L.J. 419, 535–36 (2011).

⁷² *Id.* at 536. See also Maggie Diamond, *A Defense of Industrial Design Rights in the United States*, 5 NYU J. Intell. Prop. & Ent. L. 1, 35 (2015) (calling it an “easily achievable innovation standard”).

⁷³ Mueller and Brean, *supra* at 70, 536–37.

⁷⁴ Schickl, *supra* at 11, 29.

⁷⁵ Diamond, *supra* at 72, 30.

⁷⁶ Monseau, *supra* at 21, 529.

based on the infringer's profits that are unparalleled in other systems.⁷⁷ Because of the narrow boundaries of eligibility and the USPTO's rigorous enforcement, however, a U.S. patent is relatively much costlier to obtain than a community design. It is, of course, also costlier for the United States to process design applications because of the USPTO's substantive review. The E.U.'s rubber stamp, meanwhile, does not rack up too many administrative costs.

C. The Hague Agreement

As of 2013, the United States joined the 1999 Hague System for the International Registration of Industrial Designs (Hague System).⁷⁸ There are currently sixty-six Contracting states worldwide, including all 28 Member states of the EU.⁷⁹ The Hague System centralizes design applications through the World Intellectual Property Organization (WIPO).⁸⁰ Whereas before applicants had to apply for design protection in each of the states from which it sought protection, applicants can now file one Hague System application, in one language, and simply designate the countries in which they would like design protection.⁸¹ Importantly, it centralizes only the registration procedure—it does not confer any substantive rights.⁸² Therefore, applications that designate the United States are processed by the USPTO as design patent applications.⁸³ Equally crucially, it does not attempt to harmonize any of the national laws.⁸⁴ Applicants from Contracting states can file either directly with the WIPO or indirectly through

⁷⁷ Emmanuel Filandrianos, *Designing A Stronger International Portfolio: The Hague Agreement and U.S. Industrial Design Remedies*, 22 Westlaw Journal Intellectual Property 1, 3 (2015). *See also* 35 U.S.C. § 289. *But see Samsung Elec. Co. v. Apple Inc.*, 137 S.Ct. 429 (2016) (overturning a \$1 billion award and holding that total profits may be measured relative to the infringing component and not the entire end product).

⁷⁸ Sarah Burstein, *Costly Designs*, 77 Ohio St. L.J. 107, 155 (2016).

⁷⁹ WIPO-Administered Treaties, available at http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=9.

⁸⁰ Mahmood, *supra* at 12, 569–70.

⁸¹ Diamond, *supra* at 72, 38.

⁸² Monseau, *supra* at 21, 520.

⁸³ 35 U.S.C. § 385.

⁸⁴ *Id.*

their national offices.⁸⁵ Applicants can then designate the countries from which they seek national registration. Each country is required to produce a decision on the application within one year.⁸⁶ National offices cannot reject an application for procedural violations of their own laws if the application complies with the form of the Hague System's international application. Therefore, an applicant should receive an approval within twelve months from the nations which he designated in its international application, unless his design is ineligible under national substantive laws.

III. THE HAGUE SYSTEM IN THE E.U. AND THE U.S.

A. The Hague Agreement and the E.U.: Complementary Frameworks

The Hague Agreement fits into Europe's general scheme of harmonious international IP rights, as well as its deliberate protections for designs. Within Europe, for example, the E.U. is close to developing a unitary patent that will standardize substantive utility patent law.⁸⁷ Outside of Europe, the E.U.—as well as the U.S.—has joined international systems like the Madrid Protocol for international trademark protection.⁸⁸ The Hague Agreement also complements the E.U.'s design protection regime. When the E.U. overhauled its design protections, it considered the Hague System and intentionally adopted accommodating features.⁸⁹ As a practical matter, the Hague Agreement does not inflict any significant costs on the EUIPO. While the agency must process more applications, the costs are nominal because there is no substantive examination.

⁸⁵ Hague Agreement Concerning the International Deposit of Industrial Designs, July 2, 1999, 2279 U.N.T.S 156 ("Hague Agreement"), art. 4.

⁸⁶ Common Regulations Under the 1999 Act and the 1960 Act of the Hague Agreement, Rule 18: Notification of Refusal, WIPO.

⁸⁷ See generally Kevin P. Mahne, *A Unitary Patent and Unified Patent Court for the European Union: An Analysis of Europe's Long Standing Attempt to Create A Supranational Patent System*, 94 J. Pat. & Trademark Off. Soc'y 162 (2012).

⁸⁸ See WIPO, Treaty Membership, available at <http://www.wipo.int/wipolex/en/profile.jsp?code=EU#a6>.

⁸⁹ Legal Review on Industrial Design Protection in Europe, MARKT2014/083/D, European Commission, 39 (European Union, 2016).

There are no publicly available analyses of whether the Hague System has significantly increased the overall number of community design applications, although it would be consistent with the purpose of the scheme and the increased efficiency of the system. The number of design filings by Europeans within Europe has remained stable since the E.U. joined the Hague Agreement in 2008.⁹⁰ During that time, however, there have been more E.U. applications from non-Europeans.⁹¹ This cannot be credited entirely to the Hague System: a significant portion of that increase is due to applicants from China, which is not a contracting state. Still, WIPO has reported a significant increase in Hague System filings.⁹² The number of applications jumped from 2,220 in 2010 to 5,230 in 2016.⁹³

Although these statistics do not prove that the Hague System is the cause of the increase, they do demonstrate that the international filing system is at least providing the initial step for protection in many cases. The efficiency of the Hague System is probably causing more non-Europeans to file in Europe. Yet there do not seem to be many associated costs with the increased number of designs, while the number of E.U. designers who benefit from seeking international design protection through the system is quite substantial.⁹⁴ There is no official data about the rates at which the increasing number of designs have increased, or are projected to

⁹⁰ *Id.* at 51.

⁹¹ *Id.* at 54.

⁹² WIPO, *U.S. Extends Lead in International Patent and Trademark Filings* (March 16, 2016), at http://www.wipo.int/pressroom/en/articles/2016/article_0002.html.

⁹³ WIPO, *Statistics Under the Hague System*, at http://www.wipo.int/hague/en/statistics/annual_stats.jsp?type=EN&type2=reg&Tname=REP8&name=byCP.

⁹⁴ WIPO, *Statistics Under the Hague System*, at http://www.wipo.int/hague/en/statistics/annual_stats.jsp?type=EN&type2=reg&Tname=REP8&name=byCP.

increase, litigation in Europe.⁹⁵ The silence suggests that neither the EUIPO or the associated courts have been burdened by the increased number of design applications.

Ultimately, the data suggest that applicants prefer the Hague System to EU or national design protections.⁹⁶ Once countries outside the E.U. acceded to the Hague Agreement, designers from those countries were probably more likely to file through the Hague System instead of the community design system.⁹⁷ It is simply less expensive to add an E.U. designation through the Hague System than to apply separately for a community design. The more countries accede, the more efficient the Hague System becomes. This efficiency likely encouraged the entry of recent Contracting states, like Japan and the U.S.⁹⁸

B. The United States and the Hague System: Forcing a Fit

The Hague System may increase the pressure on the low-traffic U.S. design system. The USPTO simply does not receive many design applications relative to utility applications, and—until the smartphone wars—design litigation has been low stakes. Companies didn't worry about seeking or defending design patents because the returns weren't worth the hassle. Because the Hague System makes it easier for applicants to designate the U.S. along with countries that are more traditional targets for design protection, the U.S. will likely see a significant increase in applications.⁹⁹ For example, a designer that applies for protection in the E.U. may as well pay a little extra and check the U.S. box too. After all, the size of the U.S. market makes it likely that someone will try to profit from a successful European design. More important, the courts can

⁹⁵ See Legal Review on Industrial Design Protection in Europe, MARKT2014/083/D, European Commission, 28 (European Union, 2016).

⁹⁶ Legal Review on Industrial Design Protection in Europe, MARKT2014/083/D, European Commission, 38 (European Union, 2016).

⁹⁷ *Id.* at 42.

⁹⁸ *Id.* at 42–43.

⁹⁹ See Burstein, *supra* at 78, at 155.

allow high damages for infringement.¹⁰⁰ It is true that the applicant will have to face the more stringent substantive requirements; applicants may soon learn that the Hague System doesn't make a fainthearted designation worthwhile. Until then, however, the USPTO may have to wrestle with increased demand.

While it is too early to make long-term predictions, short-term results suggest that the Hague Agreement has made the USPTO a popular design destination. The latest data on design patent applications submitted to the USPTO are from 2015, the year in which the Hague Agreement took effect in the U.S.—the agency has yet to post information about the number of applications filed through the Hague System.¹⁰¹ WIPO's data suggests that designers are using the Hague System to apply to the U.S., although it is difficult to determine whether they would have otherwise separately applied. WIPO reports a total of 528 international registrations by the United States from January through March 2017, and a total of 2,076 in 2016.¹⁰²

Joining the Hague Agreement did not require the U.S. to change its substantive law, but its procedural requirements may pressure the USPTO to reevaluate its embalmed design patent framework. The U.S. had to compromise on a few procedural issues, but they were fairly insignificant. For example, the USPTO must now accept color photographs of designs, even though it had previously only accepted black and white figures.¹⁰³ Because of the significant distinctions between the U.S. design patent policies and other countries', the substantive disharmony is fairly disruptive to the uniform system conceived by the Hague Agreement. For

¹⁰⁰ *See id.* at 118–19.

¹⁰¹ USPTO, *Design Patents* (March 2016), available at <https://www.uspto.gov/web/offices/ac/ido/oeip/taf/design.pdf>.

¹⁰² WIPO, *Statistics Under the Hague System*, available at http://www.wipo.int/hague/en/statistics/monthly_stats.jsp?type=DALL&name=2&count=COUNT.

¹⁰³ Vincenzo Melilli, *The International Design Registration Maintaining National Personality and Acquiring It All at Once*, 8 *Landslide* 27, 31 (2016)

example, the Hague System permits applicants to bundle multiple designs in one application, but the USPTO can refuse an application for lacking “unity of design,” a substantive—not procedural—basis of eligibility.¹⁰⁴ Some scholars have suggested that U.S. courts have responded to international pressures by subtly bringing design patent law into agreement with international standards, which could increase the relevance of the Hague System’s uniform application procedure.¹⁰⁵

While increased applications to the United States may show that the Hague Agreement is a success on international terms, it may severely disrupt the U.S. patent system. The USPTO’s substantive application examinations distinguishes it from the E.U. system, which relies almost exclusively on private enforcement. Sure, private enforcement may clog the court system in the long term, but substantive agency examinations stop up the patent examining process in the short term. Because the Hague Agreement requires the U.S. to determine refusals within twelve months, the U.S. will have to compromise its examination standards in order to make the deadline. Shoddy patents will increase validity challenges within the USPTO and federal courts, exacerbating administrative costs and undermining public confidence in IP protections.¹⁰⁶

The USPTO may simply be unable to process design applications within the Hague System’s framework. So far, the USPTO has managed to respond within twelve months, but the first significant wave of applications is now nearing its deadline.¹⁰⁷ The USPTO is notorious for

¹⁰⁴ *Id.* at 29.

¹⁰⁵ *See* Schickl, *supra* at 11, 31.

¹⁰⁶ *See generally*, Burstein, *supra* at 78.

¹⁰⁷ *See, e.g.*, Javeria Kazmi, *Hague Agreement and the First Hague Design Granted Protection in the United States* (Feb. 9, 2017), available at <https://www.hjkwlaw.com/single-post/2017/02/09/Hague-Agreement-and-the-First-Hague-Design-Granted-Protection-in-the-United-States>.

long examination times and inefficient examiners.¹⁰⁸ Patent prosecution is resource intensive, and the backlog in the agency has been building.¹⁰⁹ Although Hague System applicants pay fees to designated countries, the fees do not cover the actual costs of the USPTO's examination.¹¹⁰ Moreover, diverting its examination resources to international applications will delay those who are applying for patents only nationally. Design patent applicants are especially vulnerable to delayed examination periods because designs are typically commercially valuable for only a short time.¹¹¹ Of course, the most obvious solution is for the USPTO to hire more examiners.¹¹² The agency has increased its hiring efforts.¹¹³ Yet it is debatable whether the money should be spent on international design applications instead of national utility applications, which have traditionally been the agency's primary focus.

It is not clear, therefore, that the U.S. will benefit from the Hague Agreement. The USPTO will likely have to handle significantly more applications, and it has to exert much more effort than its European peers because of its idiosyncratic substantive review. The Agreement may be worthwhile, however, if American designers are benefitting from the streamlined application process. Because a designer can only apply through the Hague System if he is associated with a Contracting party, the U.S.'s participation may be significantly helping American designers get protection internationally. The correct metric for success, therefore, may

¹⁰⁸ See Sean Tu, *Understanding the Backlog Problems Associated with Requests for Continued Examination Practice*, 13 Duke L. & Tech. Rev. 216, 218 (2015); Robert Brendan Taylor, *Burying*, 19 Mich. Telecomm. & Tech. L. Rev. 99, 114 (2012).

¹⁰⁹ Robert C. MacKichan III, *Despite Increased Hiring, Design Patent Application Backlog Builds* (March 7, 2016), available at <https://prosecutionfirstblog.com/2016/03/07/despite-increased-hiring-design-patent-application-backlog-builds/>.

¹¹⁰ Burstein, *supra* at 78, 155–56.

¹¹¹ Diamond, *supra* at 72, 38–39.

¹¹² *Id.* at 39.

¹¹³ See, e.g., USPTO, *Info Session for Design Patent Examiner Positions* (March 9, 2016), available at <https://www.uspto.gov/about-us/events/info-session-design-patent-examiner-positions>.

be WIPO's future reports on international registrations by the Contracting party of the design holder.¹¹⁴

Participation in the Hague Agreement may also serve as an important signal to the international community that the United States is willing to collaborate on intellectual property policies. The U.S. has recently struggled to enforce its intellectual property rights against foreign nationals and sovereigns.¹¹⁵ Joining multinational agreements to enforce intellectual property rights has been a key strategy to restrict theft beyond U.S. borders.¹¹⁶ It is also possible that participation in the Hague System is a precursor to a more thorough overhaul of the U.S. design patent system. If the U.S. is looking toward harmonization with international intellectual property rights, design patents stick out as anachronisms. High-profile cases, like the battle between Samsung and Apple, and categories of innovation that don't fit traditional utility patent guidelines¹¹⁷ may spur substantive change. For now, increased international harmonization remains, quite literally, on the USPTO's agenda.¹¹⁸

CONCLUSION

The United States and the European Union have developed different design protection regimes. In the U.S., designs have taken a backseat in the IP regime until recently. In the E.U., however, design protection has been an important element of the harmonization of IP regimes

¹¹⁴ WIPO, *Statistics Under the Hague System*, at http://www.wipo.int/hague/en/statistics/annual_stats.jsp?type=EN&type2=reg&Tname=REP8&name=byCP.

¹¹⁵ See Kevin J. Fandl, *Theft of Foreign-Owned Intellectual Property in Latin America: A New Strategy*, 49 Geo. Wash. Int'l L. Rev. 299, 308–10 (2016); Katherine Dutcher, *Over (c): Dilemmas in Establishing Jurisdiction over Foreign Sovereigns in Us Courts for Intellectual Property Infringement*, 18 Vand. J. Ent. & Tech. L. 597, 599 (2016).

¹¹⁶ Fandl, *supra* at 115, 313.

¹¹⁷ See, e.g., Michael Risch, *Functionality and Graphical User Interface Design Patents*, 17 Stan. Tech. L. Rev. 53 (2013).

¹¹⁸ See Mark R. Powell, *International Update*, USPTO Patent Public Advisory Committee Quarterly Meeting (Nov. 3, 2016), available at https://www.uspto.gov/sites/default/files/documents/20161103_PPAC_OIPC_Update.pdf.

across member states. The Hague Agreement, which affects only design protection procedures—and only minimally—may demonstrate how idiosyncratic the U.S. system truly is. Perhaps the international pressure will encourage the U.S. to reevaluate design patents, how they work within the U.S. national IP regime, and whether they should reflect the unification of global IP standards.