

THE NEW INDUSTRIAL DESIGN LAW, A TRIPS TRAP?*

“[T]here is definitely no Federal statute today suited to the needs of designers and design owners.... [T]he great bulk of industrial design is simply not protectable by design patents.”

– Hon. Giles Sutherland Rich**

Harold C. Wegner***

I. OVERVIEW

Enactment of a new industrial design law may occur in the current Lame Duck Session of Congress. It would principally modify how Americans can obtain better overseas design protection while extending the term of design patent protection domestically. *See* § II, *A New Industrial Design Law*. The legislation favors American industry to permit easier, more efficient industrial design protection in the various design *registration* systems of the world *See* § III, *A Law Well Suited to Overseas Design Registration*. Yet, enactment of the industrial design legislation will expose a critical shortcoming of the American law which denies early design protection due to the statutory requirement for nonobviousness.

* This paper represents the personal views of the author and does not necessarily reflect the views of any colleague, organization or client thereof. *This version*: November 15, 2012.

** *Lee v. Dayton-Hudson Corp.*, 838 F.2d 1186, 1188 n.3 (Fed. Cir. 1988)(quoting statement of Judge Rich, *Industrial Innovation and Technology Act: Hearings on S. 791 Before the Subcomm. on Patents, Copyrights and Trademarks of the Senate Comm. on the Judiciary*, 100th Cong., 1st Sess. 8-9 (1987)).

*** For biographical information, *see* p. 10.

Wegner, The New Industrial Design Law, a TRIPS Trap?

The requirement as a practical matter is problematic, given the short life cycles for designs in many areas. The legislation also raises a question as to whether the new American design law is in violation of the TRIPS. *See* § IV, *Does the New Law Comply with TRIPS Art. 25(1)?* In turn, the nonobviousness requirement renders the industrial design law ineffective and impractical for many areas of commerce. *See* § V, *Fundamental Flaws of the American System*.

The system also will open the possibility of terms twenty or thirty years from the filing date, thanks to the combination of up to 100 designs in a single application and the fact that the safeguard against double patenting keyed to a restriction requirement is built into the system. *See* § VI, *The Twenty to Thirty Year Design Patent Term*.

II. A NEW INDUSTRIAL DESIGN LAW.

The United States is now on the cusp of enactment of an industrial design patent law through enactment of Leahy-Grassley, S.3486, *Patent Law Treaties Implementation Act of 2012*, which has passed the full Senate; a like-titled bill is now before the House Judiciary Committee as Lamar Smith, H.R. 6432.

The only change to *domestic* design law is that the term of the design patent is extended by one year.

The new law adds a new chapter to the patent law, Chapter 38, *International Design Applications*, 35 USC §§ 381-390.

Wegner, The New Industrial Design Law, a TRIPS Trap?

Unlike most statutory provisions that implement a treaty where the statutory provisions spell out the details of the statutory requirements, the new law provides that “[t]erms and expressions not defined in this part are to be taken in the sense indicated by the treaty and the Regulations” 35 USC § 381(b). By “treaty” is meant “the Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs adopted at Geneva on July 2, 1999”. 35 USC § 381(a)(1). The term “Regulations” is defined as “the Common Regulations under the treaty”, 35 USC § 381(a)(2)(A). The domestic definitions thus “float” depending upon what amendments may be subsequently made to the “Regulations” by the international treaty body.

There is in essence no change in the domestic law because the international design law of Chapter 38 provides that “[e]xcept as otherwise provided in [the new law], the provisions of chapter 16 [relating to design patents] shall apply.” 35 USC § 382(c).

Other aspects of Chapter 38 include formal requirements, 35 USC §383, *International design application*; matters relating to the filing date, 35 USC § 384, *Filing date*; status of an international design application, 35 USC § 385, *Effect of international design application*; Paris Convention priority, 35 USC § 386, *Right of priority*; unintentional delays, 35 USC § 387, *Relief from prescribed time limits*; withdrawn applications, 35 USC § 388, *Withdrawn or abandoned international design application*; examination, 35 USC § 379, *Examination of international design application*; and publication, 35 USC § 390, *Publication of international design application*.

III. A LAW WELL SUITED TO OVERSEAS DESIGN REGISTRATION

The good news is that once the Geneva Act that further implements the Hague Treaty becomes effective for the United States, American applicants will be able to file a single application to obtain up to 100 design embodiments in a single global filing that will provide industrial design protection in the many design registration countries of the world, subject to a unity requirement under the Locarno Agreement.

IV. DOES THE NEW LAW COMPLY WITH TRIPS ART. 25(1)?

The United States patent law is inconsistent with the TRIPS because TRIPS mandates protection for industrial designs based upon *novelty alone* while the United States imposes a nonobviousness requirement as well. An obviousness requirement may be argued to be ill-suited to an industrial design protection regime. Indeed, the TRIPS proscribes such a limitation for industrial design protection; this is made clear from the TRIPS mandate that a TRIPS country “*shall provide* for the protection of independently created industrial designs that are *new or original*.” TRIPS Art. 25(1), first sentence (emphasis added).

There is no wiggle room for the American standard of nonobviousness under 35 USC § 103: The only deviation from a novelty standard is the caveat found in TRIPS that a Member State “may provide that designs are not new or original if they do not *significantly differ* from known designs or combinations of known design features.” TRIPS Art. 25(1), second sentence (emphasis added).

Wegner, The New Industrial Design Law, a TRIPS Trap?

To be sure, the United States government at the time of presenting domestic implementing legislation to the TRIPS recognized that issues remained for compliance with Art. 25(1), but did not focus on this particular aspect. *See* Richard G. Frenkel, *Intellectual Property in the Balance: Proposals Improving Industrial Design Protection in the Post-TRIPS Era*, 32 Loy. L.A. L. Rev. 531, 538 (1999).

In hindsight, one can see the absence of controversy over design nonobviousness standards may have led to this oversight. Indeed, throughout the period leading up to the TRIPS and throughout the TRIPS process, and indeed for decades throughout the adult lifetimes of the participants in the debates, design patent law was a backwater area of American law. The Supreme Court had entirely neglected the area of design *patents*, while it has denied trade dress protection to subject matter that had been the protection of a design patent until the patent had been struck down. *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), *rev'g on other grounds Day-Brite Lighting, Inc. v. Compco Corp.*, 311 F.2d 26 (7th Cir. 1962)(aff'g invalidity of design patent).

While there is wiggle room under TRIPS to examine whether a claimed design “significantly differ[s]” from a known design, this is a far cry from saying that the nonobviousness standard falls within the ambit of this exception under the second sentence of TRIPS Art. 25(1). The complexity of the nonobviousness test for design patents is explained in the recent *Apple v. Samsung* opinion:

Wegner, The New Industrial Design Law, a TRIPS Trap?

“In addressing a claim of obviousness in a design patent, ‘the ultimate inquiry ... is whether the claimed design would have been obvious to a designer of ordinary skill who designs articles of the type involved.’ *Titan Tire [Corp. v. Case New Holland, Inc.]*, 566 F.3d 1372, 1375 (Fed.Cir.2009)], quoting *Durling v. Spectrum Furniture Co.*, 101 F.3d 100, 103 (Fed.Cir.1996). To determine whether ‘one of ordinary skill would have combined teachings of the prior art to create the same overall visual appearance as the claimed design,’ *id.* at 1381, the finder of fact must employ a two-step process. First, ‘one must find a single reference, ‘a something in existence, the design characteristics of which are basically the same as the claimed design.’ ’ *Durling*, 101 F.3d at 103, quoting *In re Rosen*, 673 F.2d 388, 391 (CCPA 1982). Second, ‘other references may be used to modify [the primary reference] to create a design that has the same overall visual appearance as the claimed design.’ *Id.* However, the ‘secondary references may only be used to modify the primary reference if they are ‘so related to the primary reference that the appearance of certain ornamental features in one would suggest the application of those features to the other.’ ‘ *Id.*, quoting *In re Borden*, 90 F.3d 1570, 1575 (Fed.Cir.1996).”

Apple, Inc. v. Samsung Electronics Co., Ltd., 678 F.3d 1314, 1329-30 (Fed. Cir. 2012)(Bryson, J.)

V. FUNDAMENTAL FLAWS OF THE AMERICAN SYSTEM

Beyond the problems of a TRIPS violation, a design *examination* law is fundamentally unsuited to the many aspects of industrial designs which have a very short life cycle that will expire long before an *examined* design can be patented. This may be a far more important problem than identified by Judge Rich who has noted that current domestic law fails to protect “the great bulk of industrial design”.

With recent attention being paid to design patents in the international community, it is quite apparent that a design *registration* system as contemplated in the international intellectual property community is a valid objective, while a design *examination* system married to a statutory standard of nonobviousness makes little if any sense at all. The short business life for a design registration means that an *immediate* protection is needed, not one where – as with an examination system for obviousness – the patent is granted only after the completion of the design life cycle. It is also important from the standpoint of administration of the Patent Office that the encouragement to file up to 100 embodiments in a single application may be difficult to square with administrative efficiencies, albeit provision is made for restriction requirements as part of the treaty.

VI. THE TWENTY TO THIRTY YEAR DESIGN PATENT TERM

While the United States is obligated under the Treaty to permit up to 100 designs in a single application, it is clear that no Examiner will choose to examine all 100 designs in a single application. The only limitation on “unity” of invention found in the Treaty and Regulations is that all designs must have the same Locarno Agreement classification. But, the Treaty also permits individual Members having a unity requirement as of the date of domestic implementation to *continue* their local practice even under the Treaty, which means continuation of restriction practice under 35 USC § 121.

Wegner, The New Industrial Design Law, a TRIPS Trap?

As a practical matter, it may be anticipated that an initial application will be filed with, say, 100 designs, and that a one hundred way restriction requirement will be issued. The applicant will elect a commercially uninteresting design, and leave the remainder dormant until conclusion of proceedings. Then, a *first* divisional application to the remaining 99 designs will be filed.

The same procedure will be followed in case after case until, finally, a divisional is filed, say, fifteen year after the priority date where an important design is elected. If promptly granted, the patent would run for fifteen years from the *grant date* or thirty years from the effective filing date.

Double patenting is foreclosed under 35 USC § 121 when there is a restriction requirement. The idea of a thirty year effective term from the filing date is not hypothetical: A *forty year* effective term was keyed to a restriction requirement for one of the pioneer Ziegler patents. See *Studiengesellschaft Kohle mbH v. Northern Petrochemical Co.*, 784 F.2d 351 (Fed. Cir. 1986)(1955 effective filing date; patent granted 1978).

While it is true that the design applicant will often want immediate protection he can have his cake and eat it, too: He can elect an important design in the *first* application and then obtain a *second* also dominating design in a much later divisional application, thus providing overlapping coverage throughout the twenty or thirty years of patent life. As long as there is a restriction requirement separating the two inventions, there is no double patenting.

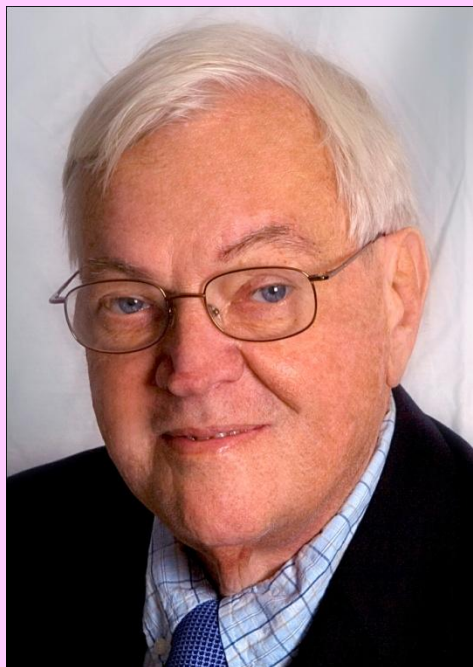
VII. CONCLUSION

Enactment of the new law will have two major consequences for the United States intellectual property community:

First, of immediate interest, once the Geneva Act becomes effective, American industry will be better able to attack knockoff products at their source in overseas producing countries of Asia while also being able to attack such knockoffs in the upper end consumer countries such as Japan, Korea and China and the several states of the European Union.

Second, the apparent violation of the TRIPS coupled with the inadequacies of the design protection law in the United States will refocus domestic debate on the question whether it is time for the United States to implement a better system to protect industrial designs.

HAROLD C. WEGNER



Professor Wegner continues his patent practice as a partner at Foley & Lardner LLP.

Prof. Wegner retains his affiliation with the George Washington University Law School where he had been Director of the Intellectual Property Law Program and Professor of Law.

Prof. Wegner's patent career commenced with service at the U.S. Department of Commerce as a Patent Examiner. He served three years in Munich at what is today styled as the Max Planck Institute for Intellectual Property and Competition Law, where he was a *Wissenschaftliche Mitarbeiter*.

Following Munich, he was a *Kenshuin* at the Kyoto University Law Faculty under Dr. Kitagawa. His involvement with other academic institutions has included service as a Visiting Professor at Tokyo University.

Prof. Wegner is a graduate of Northwestern University (B.A.) and the Georgetown University Law Center (J.D.) where he launched his teaching career as an Adjunct Professor of Law.

contact: hwegner@foley.com