

January 31, 2014

The Honorable Michelle K. Lee
Deputy Under Secretary of Commerce for Intellectual Property and
Deputy Director of the United States Patent and Trademark Office
United States Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22314

Via email: AC87.comments@uspto.gov

**Re: Response to Notice on “Changes To Implement the Hague Agreement
Concerning International Registration of Industrial Designs”
78 Fed. Reg. 71870 (November 29, 2013)**

Dear Deputy Under Secretary Lee:

The American Intellectual Property Law Association (AIPLA) is pleased to have the opportunity to present its views with respect to the United States Patent and Trademark Office (“Office”) Notice entitled “Changes to Implement the Hague Agreement Concerning International Registration of Industrial Designs” as published in the November 29, 2013, issue of the Federal Register, 78 Fed. Reg. 71870 (“Notice”).

AIPLA is a national bar association with approximately 15,000 members who are primarily lawyers in private and corporate practice and government service and in the academic community. AIPLA represents a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, and unfair competition law. Our members represent both owners and users of intellectual property.

The proposed rules in the Notice arise from Title I of the “Patent Law Treaties Implementation Act of 2012” (“PLTIA”; 126 Stat. 1527), which implement provisions of the 1999 Geneva Act of the Hague Agreement Concerning International Registration of Industrial Designs (“Hague Agreement”). AIPLA supported U.S. ratification of the Hague Agreement.¹ AIPLA also supports the changes in the Notice, subject to the comments and suggestions below.²

¹ See AIPLA Board Resolution No. 700-06 (Jan. 27, 2007).

² This response uses the same definitions set forth in the Notice and proposed 37 CFR § 1.1001.

Comments and Suggestions Regarding New Proposed Rules

Deferment of Publication

New 37 CFR § 1.1027, titled “Specimens,” states that a request for deferment of publication is not permitted in an international design application that designates the United States (“IDA-US”), or that designates any other Contracting Party which does not permit deferment of publication.

Applicants, including applicants who have not retained U.S. counsel and/or applicants who may be more familiar with design protection systems that permit requests for deferment (*e.g.*, Registered Community Designs in the European Union), may not be cognizant of this prohibition against requests for deferment of publication.

Accordingly, AIPLA suggests moving this prohibition from the second sentence of new 37 CFR § 1.1027, which is titled “Specimens,” to an additional new rule titled “Deferment” so that this prohibition is more prominent.³ AIPLA further suggests that the Office promptly inform applicants who submit prohibited requests for deferment that their requests have not been considered because of this prohibition, so that they will be more likely to have the opportunity to take immediate corrective action.

Transmittal of Fees to the International Bureau

New 37 CFR § 1.1031 requires payment of Hague Agreement-related fees through the Office in U.S. dollars as opposed to Swiss francs, with the caveat that payment of such fees through the Office “may be subject to a requirement by the International Bureau to pay additional amounts where the conversion from U.S. dollars to Swiss currency results in the International Bureau receiving less than the prescribed amounts.” In this regard, AIPLA encourages the Office to transmit such fees to the International Bureau as quickly as possible so as to minimize the effect of currency fluctuations that could lead to otherwise unnecessary additional fee demands from the International Bureau.⁴

Rules of Examination Applicable to Converted and Continuing Applications

New 37 CFR § 1.1052 allows, via petition, the “conversion” of an Office-filed IDA-US to an application for a design patent under 37 CFR § 1.53(b), provided that the IDA-US meets applicable filing date requirements.

However, the proposed rules in the Notice do not expressly identify the rules of examination applicable to converted applications. By contrast, for example, the rules relating to

³ AIPLA recognizes that the reason new proposed rule 37 CFR § 1.1027 discusses deferment in the context of specimens is because the first sentence reflects Rule 10(1).

⁴ The threshold of currency fluctuation that would give rise to such additional fee demands from the International Bureau is currently unclear.

transformation of extensions of protection under the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (“Madrid Protocol”) include such an express reference.⁵

To clarify which rules of examination are applicable, AIPLA suggests that the Office expressly state that standard U.S. rules of examination (*e.g.*, the provisions of §§ 1.84 and 1.152-1.154 apply) are applicable to converted applications, perhaps by adding another section to new proposed rule 37 CFR § 1.1061. At the same time, the Office might also clarify that a continuing application or a divisional application that claims priority to an IDA-US under amended proposed rule 37 CFR § 1.78(a)(1)(iii)⁶ is also subject to standard U.S. rules of examination.

Effect of Office Non-Rejection

Proposed 37 CFR § 1.1062 states that the Office shall “send to the International Bureau within 12 months from the publication of the international registration under Rule 26(3) a notification of refusal (§ 1.1063) where it appears that the applicant is not entitled to a patent under the law with respect to any industrial design that is the subject of the international registration.”

To the extent a refusal is inadvertently not sent within the 12-month period, AIPLA understands that, pursuant to Article 14(2), Rule 18(1)(c) and § A ¶ 05.25 of the Guide to the International Registration of Industrial Designs Under the Hague Agreement (“Guide”), the Office intends to notify the Director General of the International Bureau that an international registration will produce its effects in the U.S. six months after the date of expiry of the refusal period, or later if a refusal was unintentionally not communicated during the refusal period.

Thus, regardless of whether a refusal was sent within the 12-month refusal period, there is still a further six-month period in which the Office is not required by the Hague Agreement to “produce the effect referred to in Article 14(2)(a)” (*i.e.*, issue a US design patent). After that further six-month period, however, or to the extent that the USPTO unintentionally failed to send a refusal during the refusal period, an inconsistency could arise between the lack of an issuance of a US design patent, and Article 14(2)(a) which provides that a right should arise automatically upon the expiration of those time limits.

To make clear that no enforceable rights⁷ exist in the U.S. until a U.S. design patent actually issues, particularly in view of the fact that some practitioners may be used to protection arising automatically from non-refusal in some Hague Agreement jurisdictions and under the Madrid Protocol, AIPLA suggests the addition of a rule that states that no design right under an IDA-US exists until a U.S. design patent actually issues from the IDA-US.

⁵ See 37 CFR § 7.31(c) (“The application under section 1 and/or 44 of the Act that results from a transformed extension of protection will be examined under part 2 of this chapter.”).

⁶ The Notice appears to incorrectly refer to Section 1.78(c), not 1.78(a). See Fed. Reg. at 71894.

⁷ Revised section 35 USC 390 provides that publication of an international design application designating the U.S. is a publication under 35 USC 122(b), creating retroactive provisional rights in the design upon grant.

Comments and Suggestions Regarding Amended Proposed Rules

Assignment to Non-Entitled Parties

Like the Madrid Protocol system, the Hague Agreement system is closed in that only a person who is a national of, is domiciled in, has a habitual residence in, or has a real and effective industrial or commercial establishment in a country that is party to the Hague Agreement (or in a country that is a member of an intergovernmental organization that is a party to the Hague Agreement) is entitled to file an international design application. Article 16 states that an assignment of the rights to an “international registration, in respect of any or all of the designated Contracting Parties and in respect of any or all of the industrial designs that are the subject of the international registration” shall be recorded at the International Bureau only if the new owner is also entitled to use the Hague Agreement.

However, the Hague Agreement is silent on what effect, if any, the assignment to a non-entitled entity would have on the validity of either the international registration or any national design patent or registration obtained via an international design application. It appears that the effect of the assignment of the right in a given country is solely based on the law of that country.⁸ United States law currently is silent on what, if any, effect assigning either an IDA-US, or a U.S. design patent issued therefrom, would have on the validity and/or enforceability of the issued U.S. design patent.⁹ Therefore, it could be argued that a U.S. design patent application or issued U.S. design patent originating from an IDA-US may be assigned to an entity that is not entitled to use the Hague Agreement without affecting the validity and/or enforceability of the issued U.S. design patent.

AIPLA suggests that the Office clarify its position on this important issue by amending current rule 37 CFR § 1.46(c) to specify whether the applicant of an IDA-US can be amended to be an applicant who is not entitled to use the Hague Agreement. It is also suggested that 37 CFR § 3.21 and § 3.24 be amended to specify whether or not the Office will accept assignments to non-Hague-Agreement-entitled parties for recording. Further, it is suggested that all of the rules pertaining to actions by a patent owner be so amended. For example, 37 CFR § 1.172(a) consent of the assignee to a reissue, 37 CFR § 1.510 request for ex parte reexamination, and all of the rules dealing with the recognition of a power of attorney signed by the assignee and/or new applicant should be amended to make clear whether the Office will accept such documents signed by an assignee and/or new applicant who is not entitled to use the Hague Agreement.

⁸ See, e.g., Guide § B.II ¶ 13.04 (page 45) (“The Hague Agreement does not set out, for example, the conditions to be met regarding the validity of a deed of assignment relating to an international registration. These conditions are, and remain, governed exclusively by the relevant domestic legislation, and may therefore vary from one Contracting Party to another . . .”).

⁹ By contrast, 15 U.S.C. § 1141l, which relates to assignments of US extensions of protection under the Madrid Protocol, states that “[a]n extension of protection may be assigned, together with the goodwill associated with the mark, only to a person who is a national of, is domiciled in, or has a bona fide and effective industrial or commercial establishment either in a country that is a Contracting Party or in a country that is a member of an intergovernmental organization that is a Contracting Party.”

It is noted that the rules related to the Madrid Protocol, namely 37 CFR § 7.1 *et seq.*, specifically note which actions cannot be undertaken at the Office and must be done at the International Bureau.¹⁰ It is suggested that similar sections be added to the rules for the Hague Agreement making explicit those actions under the Hague Agreement that must be carried out at the International Bureau.

Certified Copy of the Priority Document

Amended 37 CFR § 1.55(m) requires that if an IDA-US claims priority to a prior foreign application, a certified copy of the prior foreign application must be filed with the Office prior to the payment of the issue fee in order to perfect the priority claim. As many applicants may not have retained U.S. counsel, those applicants may be unaware of the certified copy filing requirement and the deadline for perfecting the corresponding priority claim. Accordingly, AIPLA suggests that in those cases where the certified copy is required, the Office notify applicants of the need to file a certified copy to perfect the priority claim and the time limit to do so.

Need for Petition for Color Drawing and/or Photographs

Current U.S. practice only allows for filing of photographs and/or color drawings in cases where a petition to accept the photographs/color drawings is filed and a fee paid under 37 CFR § 1.84(a)(2). The Hague Agreement allows for the filing of color drawings and/or photographs without any such petition. Therefore it is expected that the Office will not require the filing of a petition under 37 CFR § 1.84(a)(2) when an IDA-US containing color drawings and/or photographs is forwarded to the Office for examination.

An additional requirement under 37 CFR § 1.84(a)(2) is that the Applicant amend the specification to contain the following sentence: “The file of this patent contains at least one drawing/photograph executed in color. Copies of this patent with color drawing(s)/photograph(s) will be provided by the Office upon request and payment of the necessary fee.” It is suggested that, to the extent the Office will require this statement to be added to the specification of an IDA-US, the Office amend the specification by examiner’s amendment if the case is otherwise allowable, rather than issuing a rejection requiring this amendment to be made by the applicant.

However, under the current rules, any continuing application filed from an IDA-US, be it a continuation or divisional application, will be a regular U.S. application and the drawings will be examined under rule 37 CFR 1.84, which would require the filing of the petition to accept the color drawings and/or photographs in the child application. If the U.S. accepts these color drawings and/or photographs in an initial IDA-US, there should be no further need to file a petition to accept the color drawings and/or photographs in any continuing application.

¹⁰ See, e.g., 37 CFR §§ 7.22 and 7.41 relating to recording assignments and renewals, respectively, of the Madrid international registration.

Further, AIPLA suggests that the Office use this opportunity of implementing the Hague Agreement to reconsider the need to file petitions under 37 CFR 1.84(a)(2), and therefore to accept photographs and/or drawings in all cases, not just in connection with an IDA-US.

General Comments and Suggestions

International Registration Renewal Fees

35 USC § 41(b)(3), which PLTIA did not amend, states that “[n]o fee may be established for maintaining a design or plant patent in force.” Thus, no fees are required to maintain a U.S. design patent issuing from an IDA-US during its 15-year term.¹¹

Article 17(3)(a) of the Hague Agreement, however, states that “[p]rovided that the international registration is renewed . . . , the duration of protection shall, in each of the designated Contracting Parties, be 15 years counted from the date of the international registration.”

As the international registration has a five-year initial term, and successive five-year renewal terms that require payment of WIPO renewal fees,¹² confusion and detrimental reliance could arise regarding whether a U.S. design patent issuing from an IDA-US has lapsed or otherwise expired if the international registration is not renewed. Such confusion and detrimental reliance could arise, for example, if the International Bureau continues to use its current “Certificate of Renewal,” which identifies particular jurisdictions in which the international registration has been renewed and which is published in the International Bureau’s International Design Bulletin.

AIPLA also wishes to note that non-renewal could arise not only through complete inadvertence, but also in the event of unfamiliarity with the timing of international registration renewal fee deadlines (which are keyed to the international registration date, not the U.S. grant date), or even currency fluctuations as discussed previously.

To clarify, and in accordance with 35 USC § 41(b)(3), AIPLA suggests a new 37 CFR § 1.1031(e) stating that, for example, “[n]o international registration renewal fees are required to maintain a design patent in force.” AIPLA also suggests that the Office encourage the International Bureau to adjust its current “Certificate of Renewal” and renewal system to reflect U.S. practice.

AIPLA further suggests a new proposed rule expressly stating that the International Bureau handles international registration renewal fees, and that the Office will not process those fees, analogous to 37 CFR § 7.41 regarding renewal of international registrations under the Madrid Protocol (as set forth previously).

¹¹ PLTIA amended 35 U.S.C. § 173 to extend the term of a US design patent from 14 to 15 years “from the date of grant.”

¹² WIPO’s current Schedule of Fees, which is annexed to the Regulations via Rule 27(1) and is available at <http://www.wipo.int/export/sites/www/hague/en/fees/pdf/sched.pdf>, establishes a minimum international registration renewal fee of 200 Swiss francs.

Scam Prevention

In compliance with Hague Agreement treaty obligations and the PLTIA, the proposed rules in the Notice contemplate that an IDA-US may be filed through the International Bureau instead of the Office. To the extent the Office does not subsequently issue a notification of refusal (*i.e.*, the Office has not identified a substantive ground of rejection) and the application is allowed, AIPLA understands that the second part of the individual designation fee (*i.e.*, the U.S. issue fee) may be paid through the International Bureau, and without completing a PTOL-85B (“Part B”) form. If the second part of the individual designation fee is paid, then a U.S. design patent will issue.

Accordingly, for the first time, a person who is not registered to practice before the Office (“Non-Practitioner”) will be able to procure a U.S. patent for another person (*i.e.*, for a non-*pro se* applicant). To the extent a Non-Practitioner is unscrupulous, AIPLA envisions the following issues that it believes should be proactively addressed with the International Bureau.

First, Non-Practitioners are not subject to 37 CFR § 10.18 *et seq.*, which are the primary means for Office discipline and, if necessary, sanctioning of unscrupulous practitioners. To the extent the International Bureau does not have similar means for disciplining and sanctioning International Bureau filers, we would encourage the Office to work with the International Bureau to implement such means.

Relatedly, AIPLA suggests that the Office also comment on whether the duty of disclosure under 37 CFR § 1.56(a) is applicable to Non-Practitioners and the applicants they represent (who obtain U.S. design patents through IDA-USs that are wholly procured through the International Bureau) because they are persons “associated with the filing and prosecution of a patent application” In this regard, 37 CFR § 1.56(a) subsequently states, *inter alia*, that “no patent will be granted on an application in connection with which fraud on the Office was practiced or attempted or the duty of disclosure was violated through bad faith or intentional misconduct.”

Second, even if unscrupulous Non-Practitioners were subject to 37 CFR § 10.18 *et seq.* or some other form of Office or judicial discipline or sanctioning, the basing of Non-Practitioners outside the United States in legally remote jurisdictions could further reduce the effectiveness, or even the possibility, of appropriate disciplining and sanctioning of unscrupulous Non-Practitioners. In this regard, AIPLA recommends the promotion of high standards of conduct for practitioners and Non-Practitioners in all jurisdictions.

The Office should also be mindful of new iterations of age-old U.S. patent scams that exploit the Hague Agreement.¹³ For example, inexpensive U.S. patent procurement and protection for “selected” products could be advertised online, without mentioning that the U.S. patent procured would be a U.S. design patent. In this regard, the scammer could request photographs of the product to assess whether it was likely to survive U.S. design examination without a substantive

¹³ Examples of past scams are available at http://www.uspto.gov/inventors/scam_prevention/complaints/index.jsp.

rejection under, *e.g.*, 35 U.S.C. § 112(a). If so, the scammer could then prepare and file an IDA-US through the International Bureau using only the photographs and then misleadingly tout any resulting U.S. design patent as, for example, a “U.S. patent that protects the depicted product.”¹⁴

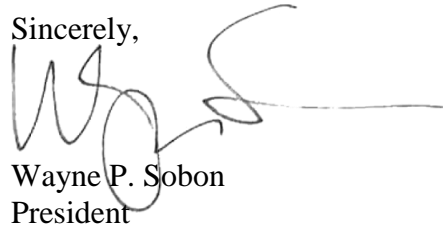
AIPLA also remains concerned about new iterations of other scams, such as non-Office communications requesting payment of international registration fees that do not affect U.S. design patent rights.¹⁵

As set forth above, if the scammer is a Non-Practitioner and based in a legally remote jurisdiction, it may be difficult to stop him or her. AIPLA suggests that the Office work with the International Bureau and the Federal Trade Commission to proactively address strategies for stopping such scams when and if they arise.

* * *

AIPLA appreciates the opportunity to comment on the draft Regulations, and to assist in this important initiative. AIPLA looks forward to further dialogue with the Office in identifying difficulties and finding solutions with respect to implementation of the Hague Agreement.

Sincerely,



Wayne P. Sobon
President

American Intellectual Property Law Association

¹⁴ 37 CFR § 1.84, which permits photographs in US patent applications only if they are “the only practicable medium for illustrating the claimed invention,” does not apply to IDA-USs and thus makes this scam less costly (because line drawings do not need to be prepared) and easier to perpetuate. *See* proposed rule 37 CFR § 10.61.

¹⁵ Examples of analogous such scams are available at http://www.uspto.gov/inventors/scam_prevention/NON_USPTO_Solicitations.jsp, http://www.uspto.gov/trademarks/solicitation_warnings.jsp and http://www.wipo.int/pct/en/warning/pct_warning.html.