

2 Desirable Design System toward Accession to the Hague Agreement for the International Registration of Industrial Designs (*)

With the globalization of the economy, industrial designs created in Japan are actively filed in countries around the world. However, procedures for obtaining a design right cause a heavy burden due to differences in the design systems of countries, and Japanese companies desire the simplification of the procedures and the reduction of expenses.

With such background, the Japan Patent Office (JPO) is considering acceding to the Geneva Act of the Hague Agreement. Under the Agreement, it is possible to obtain the same effect as that obtained by filing applications with multiple contracting parties by submitting one application to the International Bureau. However, development of the legal system and review of operations are necessary for Japan's accession thereto.

Given this factor, we conducted this study with the aim of preparing basic materials to be used in considering a desirable design system of Japan in light of the Japan's accession to the Geneva Act of the Hague Agreement, the way by which Japanese applicants can effectively use the international application system in the case where Japan accedes to the Geneva Act of the Hague Agreement, the relationships with the domestic legal system, and effects on the JPO's operations.

I Introduction

1 Background and purpose of this study

With the globalization of the economy, industrial designs created in Japan are actively filed in countries around the world. However, procedures for obtaining a design right cause a heavy burden due to differences in the design systems of countries, and Japanese companies desire the simplification of the procedures and the reduction of expenses.

With such background, the JPO is considering acceding to the Geneva Act of the Hague Agreement. Under the Agreement, it is possible to obtain the same effect as that obtained by filing applications with multiple contracting parties by submitting one application to the International Bureau.

Japan's accession to the Geneva Act of the Hague Agreement promotes the simplification of the procedures, including making it possible for Japanese applicants to file applications in multiple countries in a single language (English) in a simplified manner, and is also supposed to have another advantage, that is, reduction of expenses.

However, the Geneva Act of the Hague Agreement has systems that do not exist in Japan, such as the one application for multiple designs system and the deferred publication system, but does not have a secret design system, which is a

system unique to Japan. Therefore, if Japan accedes to the Act, it will be necessary to develop the legal system and review operations with regard to the handling of these divergent systems.

In light of these circumstances, we conducted this study with the aim of preparing basic materials to be used in finding the desirable methods of use by Japanese and foreign applicants and business models and considering the desirable design system and design classification operation in Japan in light of the Japan's accession to the Geneva Act of the Hague Agreement, the way by which Japanese applicants can effectively use the international application system in the case where Japan accedes to the Geneva Act of the Hague Agreement and the Locarno Agreement concerning the International Classification for Industrial Design, the relationships with the domestic legal system, and effects on the JPO's operations.

2 Method of conducting this study

(1) Consideration at the expert committee

We held eight meetings of a expert committee consisting of intellectuals (two main meetings with the participation of ten committee members and six small meetings with the participation of five committee members) with

(*) This is an English translation of the summary of the FY2011 JPO-commissioned research study report on the issues related to the industrial property rights system.

the aim of finding the direction of Japan's accession to the Hague Agreement through consideration, analysis, and obtainment of advice on this study from the specialist perspective.

(2) Domestic and foreign literature search

We searched, organized, and analyzed documents that are useful in conducting this study with the use of books, papers, court precedents, study reports, council reports, database information, information on the Internet, etc.

(3) Domestic questionnaire survey

We conducted a questionnaire survey concerning the need for accession to the Hague Agreement, etc., targeting the top 1,050 domestic companies, etc. which have filed the most design applications in Japan, and received answers from 354 companies, etc. (collection rate: 33.7%).

(4) Domestic interview survey

Based on the results of the domestic questionnaire survey, we conducted an interview survey concerning requests and improvements in the case of acceding to the Hague Agreement, targeting 30 companies, etc. in total, specifically, 28 companies and two bodies.

(5) Overseas questionnaire survey

We conducted a questionnaire survey concerning the current conditions of contracting parties to the Hague Agreement and countries which are expected to accede thereto, targeting intellectual property offices in 16 countries/regions, and received answers from 12 offices.

(6) Overseas interview survey

We conducted an interview survey targeting 13 offices, etc., specifically, intellectual property offices in Europe, the United States, and South Korea, WIPO, and three companies in Europe, the United States, and South Korea, respectively (nine companies in total).

II Outline of the System of the Hague Agreement

The Hague Agreement is a treaty that establishes an international system for the registration and deposit of designs based on "Special Agreements" set forth in Article 19 of the Paris Convention, and it aims at simplifying procedures necessary to register a design in

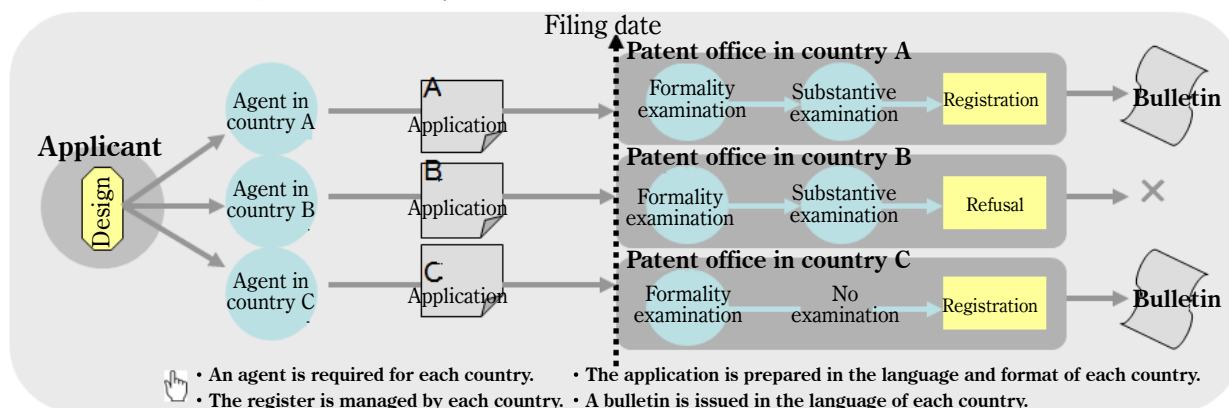
multiple countries, thereby achieving the expense reduction effect. It is managed and operated by WIPO. There are three revised versions of the Hague Agreement (Acts), specifically, (1) the London Act 1934, (2) the Hague Act 1960, and (3) the Geneva Act 1999. Two of those Acts, the Hague Act and the Geneva Act, are now functioning, with the London Act having been frozen since January 1, 2010.

The Geneva Act of the Hague Agreement is a revised version of the Hague Act which aims at promoting accession by countries adopting the substantive examination system. It provides for the international design application and registration system whereby application procedures that arise for each country are integrated and applicants can obtain the effect equivalent to the effect that they can obtain in the case of filing applications in individual designated countries by filing one application with the International Bureau of WIPO. The number of contracting parties has been increasing by three to five countries annually, and it is now 42 countries/regions (as of February 2012). In addition, South Korea plans to accede to the Agreement after July 2012. In the United States, an amendment bill that is a prerequisite for accession was submitted to the Senate session that began in 2011. China also launched a study team concerning the Hague Agreement and is carrying forward preparation for accession within a few years. Accession to the Agreement may be accelerated at a stretch on a global basis.

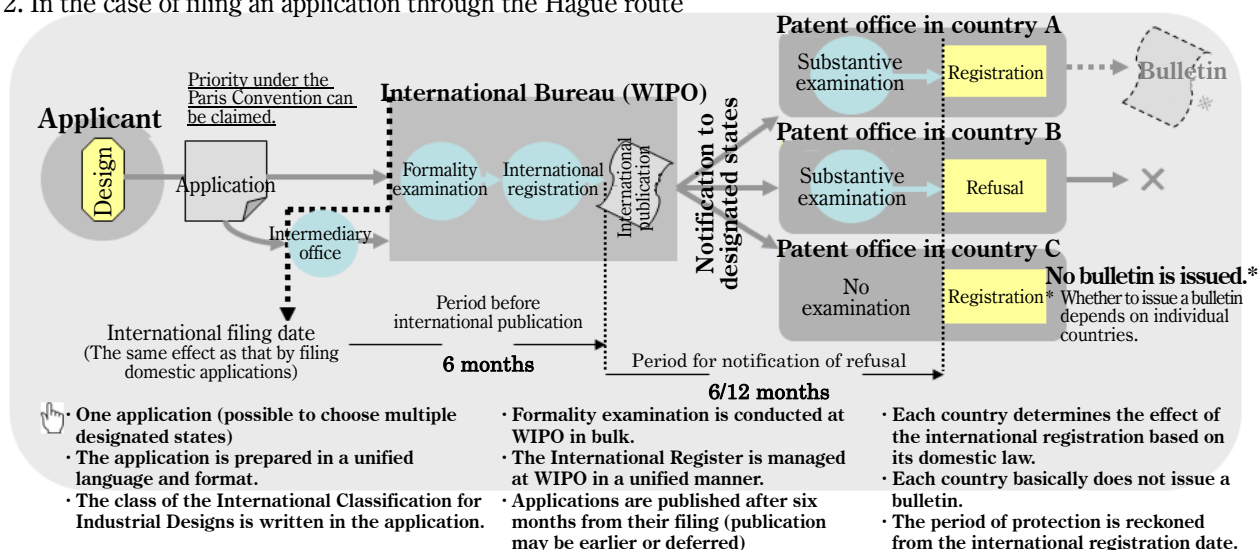
The following indicates the main flow of the application procedures based on the Geneva Act of the Hague Agreement.

Outline of the application procedures based on the Hague Agreement Concerning the International Registration of Industrial Designs

1. In the case of filing applications directly in individual countries



2. In the case of filing an application through the Hague route



III Japan's Accession to the Geneva Act of the Hague Agreement

As of 2007, a mere 11% of the companies answered that they hoped for Japan's accession to the Geneva Act of the Hague Agreement. However, the need for accession has grown against the backdrop of the globalization of companies and measures against counterfeit goods. In this survey, 61% of domestic users (216 companies) hoped for accession. In addition, a mere 2.5% of the companies answered that they did not feel there is any advantage in the international application system. Furthermore, it was confirmed that use of the international application system is of some help for strengthening Japan's international competitiveness. For example, it contributes to measures against counterfeit goods and to the pointing up of design/brand power and brings with

it expansion of companies' filing strategies.

Consequently, against this backdrop, it seems to be appropriate for Japan to accede to the Geneva Act of the Hague Agreement as soon as possible in consideration of the questionnaire and interview surveys conducted in this study targeting domestic and foreign companies as well as discussions at the committee. It also seems to be appropriate to introduce the procedures under the Geneva Act of the Hague Agreement, which are mechanisms convenient for users, into the domestic system on the occasion of the accession.

In addition, in acceding to the Geneva Act of the Hague Agreement, it is considered necessary to solve the problems indicated in Chapters IV and V below.

IV Major Problems Arising from Differences between the International System and the Domestic System

In this study, we extracted problems concerning the application procedures and the maintenance, management, etc. of rights in acceding to the Geneva Act of the Hague Agreement from the perspective of users and organized measures to solve the problems.

1 One application for multiple designs system and one application for one design system

Under the Geneva Act of the Hague Agreement, it is possible to include up to 100 designs in one application if those designs pertain to articles that fall under the same class of the International Classification for Industrial Designs. The introduction of the one application for multiple designs system has a great advantage for users, and it is clear through the domestic questionnaire survey, etc. that there are high user needs for the introduction of the system. Therefore, the one application for multiple designs system should be made available for international design applications designating Japan. In addition, it also seems to be appropriate to permit inclusion of multiple designs in one application in the domestic system.

Moreover, in introducing the system, it is considered necessary to design the system taking user needs into account to the maximum extent with regard to various problems, such as the scope of designs that can be included in one application and relationships between articles and figures of designs, setting of fees, and operations pertaining to examination, etc. after the introduction of the system.

2 Deferred publication system and secret design system

The Geneva Act of the Hague Agreement grants a deferred publication period of up to 30 months from the filing date or the priority date (if priority is claimed) in cases where an applicant makes a request for deferment of publication at the time of filing an international application.

For some of the products developed by Japanese companies, the period from product

development to product announcement is long. Therefore, the deferred publication system whereby companies can adjust the timing of publication within a certain scope is considered to be a system beneficial to Japanese companies. Consequently, Japan should admit the deferred publication system when Japan accedes to the Geneva Act of the Hague Agreement.

However, it seems to be necessary to take into account effects on third parties, etc. which arise from the deferment of publication of up to 30 months. In addition, as the majority of users do not desire that designs are published before the validity of relevant rights is determined, a right to demand compensation may be admitted for designs which have been granted protection in Japan for the period from publication to registration. Furthermore it is considered necessary to continuously hold discussions on the relationships with the related design system.

3 Description requirements of application, drawings, etc.

With regard to the requirement of submission of drawings for international design applications, it is necessary to consider applying the current requirements of submission of drawings in Japan whenever possible with a view to the promotion of international harmonization of the formats of drawings submitted, so as to prevent the formality requirements that are admitted under the Geneva Act of the Hague Agreement from being refused in Japan in terms of formality and becoming subject to a formality order when Japan receives an international application under the current requirements of submission of drawings and description requirements of an application in Japan.

In doing so, it is considered necessary to confirm whether there are provisions that should be revised, with the idea of adopting an examination practice in which, where a design cannot be made clear by drawings for such reasons as complexity of the design, the examiner gives neither a formality order nor a notice of reasons for refusal for the reason that the formality requirements of drawings are not fulfilled but gives a notice of reasons for refusal for the reason that the design is not clear.

Incidentally, the JPO and the International Bureau should make arrangements and adjustments with regard to formality

requirements that are applicable to international applications designating Japan so as to prevent users from being confused about differences between the formality requirements required in Japan and the formality requirements based on the Hague Agreement and actions which the office and users should take in the case of a violation of the formality requirements.

4 Official Fees for filing an international application

The Geneva Act of the Hague Agreement provides that an applicant shall pay fees to the International Bureau. Fees are in the total amount of the basic fee, publication fee, and designation fees designated by individual countries. Japan should take the following actions when acceding to the Geneva Act of the Hague Agreement.

- Set an individual designation fee in replacement of the designation fee, and collect the amount decided based on fees required for filing a domestic application in consideration of actual expenses for paperwork at the JPO. In addition, it is necessary to consider reducing the amount of fees for second and subsequent designs in cases where two or more designs are included in one application.
- Possible methods of paying the individual designation fee include the installment payment system, the lump-sum payment system, and the system in which applicants choose a payment method. In particular, there is a great need for introduction of a two-tiered installment payment system among Japanese users. However, it is necessary to continue careful consideration of the direction of payment methods through sufficient careful examination of the advantages and disadvantages of the systems in light of the amount of the individual designation fee set by Japan and convenience for overseas users, etc. Incidentally, in the case of adopting the system in which applicants choose a payment method, Japan should work on the International Bureau to admit said system, as users are not permitted to choose between lump-sum payment and installment payment at present under the Geneva Act of the Hague Agreement and in terms of the operations of the International Bureau.
- It is necessary to consider whether the JPO accepts payments and whether to admit

payments in Japanese yen based on examples concerning the PCT and the Madrid Protocol.

5 Exception to lack of novelty

As the Geneva Act of the Hague Agreement does not have any clear provision that falls under provisions on exception to lack of novelty in Japan, it is necessary to consider whether to admit the application of provisions on exception to lack of novelty to international applications designating Japan. However, the provisions on exception to lack of novelty should be applied to such international applications.

In addition, in admitting the application, it is desirable to apply the same provisions as those that apply to domestic applications to international applications from the perspective of the fairness of the system. Therefore, it is considered necessary to carry forward discussion on the application together with discussion on the future revision of the domestic system.

Incidentally, the perspectives of relaxation and harmonization of procedural requirements, including assertion and proof, should be taken into account in discussion on the future revision of the domestic system in light of user needs.

6 Related design system

It is appropriate to permit filing related design applications in terms of international applications. However, as a result of considering whether to permit filing a related design application in relationships between an international application and a domestic application together with the method of filing (method of describing an application), the period during which an applicant can file an application for a related design, and the method of managing related designs by the register in Japan after registration, we reached a conclusion that the relationship between a principal design and a related design should be recognized between a domestic application and an international application on the premise of setting provisions, which apply the related design system to international applications and deem international applications designating Japan as applications filed in Japan, in domestic law. In addition, it is considered necessary to continue discussions on the following matters in the future.

- Period during which an applicant can file an application for a related design

Where the principal design is an international application, if the period until the previous day of the issuance of the Japanese bulletin for the principal design is set as a period during which the applicant can file an application for a related design as under the current Japanese system, that will not correspond to the actual conditions of international applications for which there is a publication system. Therefore, appropriate handling should be examined.

In addition, if Japan admits the deferred publication system for international applications, it is possible to postpone the issuance of a bulletin for the principal design by using the system. As a result, it will be substantively possible to extend the period during which an applicant can subsequently file an application for a related design up to 30 months. Therefore, it is necessary to consider measures to eliminate superiority in system convenience in relation to domestic applications.

- Method of describing an application

It is necessary to consider the method of describing an international application which is the principal or related design in an application and the method of managing such applications by the register in the future while making adjustments with the International Bureau. In addition, there is a method whereby an applicant can designate the principal design and related designs through amendment at the national examination phase after filing, like the one adopted in South Korea. It is necessary to consider the optimum method to enable Japanese applicants and the JPO, respectively, to smoothly conduct operations.

- Management of the register

Under the Japanese related design system, the applicant and right holder of the principal design and its related designs must be identical. Therefore, the items managed in the register, such as the names, addresses, etc. of the applicant and right holder as well as the establishment of an exclusive license, are related to the conditions for registering a design as a related design. Therefore, it is necessary to consider the items managed in the register concerning related designs.

7 Partial design system

As a result of discussing whether to admit the application of the partial design system to international design applications designating Japan, we reached a conclusion that discussion should be held toward admitting the application of the partial design system to international design applications designating Japan.

In addition, it is necessary to consider the degree of requiring an international application which designates Japan and seeks protection as a partial design to fulfill the description requirements of an application for a partial design which an applicant is required to fulfill under the current domestic legislation, while continuously making adjustments between the JPO and the International Bureau.

8 Other problems

Other problems arising from differences between the Geneva Act of the Hague Agreement and Japanese legislation include problems relating to the handling of the feature statement system in relation to international applications, the date on which a design right in Japan pertaining to an international registration becomes effective and the duration thereof, the period for renewal of a design right based on a domestic application, the handling of procedures of converting into a patent or utility model in terms of international registrations, the handling of a new application after an amendment to an international registration is dismissed, the period during which an international application can be amended and the content of possible amendment, the handling of trials, matters concerning an international registration that are recorded in the register, and establishment of a right of pledge on an international registration. It is necessary to continue discussion on these items in the future.

Moreover, under the Hague Agreement, in changing the ownership, a person who takes over rights also has to have the same qualification as that for an applicant under the Hague Agreement. If a company to which the ownership is transferred does not have a domicile, residence, nationality, or a business office in the territory of a contracting party, the ownership cannot be transferred. However, it is necessary to continue study on problems and disadvantages in relation to this issue as we could not conduct sufficient

study in this study.

V Enhancement of User Convenience on the Occasion of Japan's Accession to the Hague Agreement

In this study, we extracted problems concerning enhancement of user convenience in acceding to the Geneva Act of the Hague Agreement from the perspective of users and organized measures to solve the problems.

1 JPO as an intermediary office and intermediary operations

Under the Geneva Act of the Hague Agreement, WIPO directly receives international design applications, and there is also a method in which a contracting party receives applications as an intermediary office and transmits them to WIPO. It is necessary to hold discussion toward Japan serving as an intermediary office and receiving applications for international applications. With regard to fees, it is necessary to continue discussion on whether to accept payments at the JPO, whether to make it possible to make payments in Japanese yen, etc. in reference to discussions held concerning the PCT and the Madrid Protocol.

In addition, we have received, from WIPO, an answer to the effect that if Japan becomes an intermediary office, it can conduct formality check in advance as one of the services. However, it is necessary to continuously make adjustments with WIPO with regard to the specific type of formality check in light of user needs and operations at the JPO. Moreover, it is necessary to hold discussion on the degree of feasibility of services and advice which have been requested by users other than formality check.

2 Permission of designating a country in which an applicant has nationality, a residence, a domicile, or a business office as a designated state

The Geneva Act of the Hague Agreement has a provision stipulating that each country may declare that an applicant is not allowed to designate a country in which he/she has nationality, a residence, domicile, or a business office as a designated state. However, Japan

should permit applicants to designate a country in which they have nationality, a residence, domicile, or a business office as a designated state in order to realize convenience for users in Japan in filing applications and their diversification.

3 Choice of available languages

It is necessary to file international applications in the prescribed languages (English, French, or Spanish). However, Japan should choose English as the language to be used for communication between the JPO and the International Bureau because it is the language that is least obstructive to Japan among these three languages.

Moreover, we suggest that Japan continuously works on the International Bureau to make it possible to file international applications in Japanese and also develop an environment for preparing English documents, including a support tool whereby an application prepared in Japanese can be converted into the format of an application submitted to WIPO.

4 Issuance of international design bulletins/management of the register of international registrations in Japan

The International Bureau of WIPO issues international design bulletins and manages the International Register. However, if it is possible to conduct prior design search and right search for international applications for which rights have been granted in Japan in the same manner as designs registered in Japan, it will lead to enhancement of convenience for users in Japan.

Design bulletins and design bulletin information should be issued for international registrations that have been registered in Japan in order to enhance user convenience in design right search, etc. In addition, in order to further enhance convenience, it is desirable to issue bulletins or bulletin information which have been translated into Japanese. However, the main purpose of the request for Japanese translations is to enable efficient right search; therefore, if it is possible to search international design bulletins using Japanese, that may serve as an alternative for the issuance of bulletins translated into Japanese.

With regard to the register, Japan should have the register if it is determined to be

necessary to do so as a result of continued study/consideration in the future on such matters as whether the register needs to exist in Japan when using a trial system or court system in Japan.

5 Needs for accession by countries that have not acceded to the Geneva Act of the Hague Agreement other than Japan

Japan should work mainly on countries that have not acceded to the Geneva Act of the Hague Agreement in Asia, etc. into which many companies in the Japanese industry have made an advance to accede to the Geneva Act of the Hague Agreement.

6 Other support

Activities to inform users of the international application system and to disseminate the system to users should be carried out in a multifaceted and effective manner so that users in Japan can effectively use the international design application system.

One of the methods therefor is to examine the dissemination of the system in reference to methods adopted at the time of acceding to the Madrid Protocol, such as support for utilization of patent attorneys, etc., holding of explanatory meetings for the system, guidance on the system on websites, and preparation of a collection of case examples of procedures/guidance. In addition, provision of application support tools, such as an application template with explanations in Japanese, is worth considering in light of user convenience.

VI Problems in the Operations of the JPO Arising from Accession to the Hague Agreement

As problems in the operations of the JPO arising from accession to the Hague Agreement, we confirmed that problems would arise in many aspects such as receipt of applications, formality examination, substantive examination, registration of establishment, fees, management of the register of international registrations, issuance of bulletins, communication with WIPO, and system development.

VII Business Models Using the International Application System

We established a hypothesis of a business model to point up brand power/design power through use of the international application system and a hypothesis of a business model to take effective measures against counterfeit goods, and verified the validity of those hypotheses. As a result, it is possible to say that international publication bulletins have high transmission power because of the following reasons: (1) under the international application system, applications are filed in designated states through filing of an international application and the bulletins of registered designs are issued by WIPO in an integrated manner; (2) the International Classification based on the Locarno Agreement is given; right search, etc. is available in any of the three languages adopted under the Hague Agreement. It is possible to take effective measures against counterfeit goods by filing an international application in which a completed body, its parts, and its variations are included with the use of the one application for multiple designs system, taking advantage of the aforementioned characteristics.

Moreover, if an applicant designates Japan in an international application and goes through design examination in Japan which is most trusted in the world, the validity of the right in other countries will be enhanced and the right will have higher power to eliminate subsequent applications. It is thus possible to avoid unnecessary disputes, which will lead to further protecting Japanese products from imitation of designs and cutting out the distribution channel of counterfeit goods.

Furthermore, the international application system can probably be used to point up the brand power/design power of Japanese companies, in particular, small and medium-sized companies. For example, where an international registration of a Japanese company is transmitted by an international design bulletin throughout the world, if it is an excellent product design, the Japanese company will be requested to grant a license therefor by overseas companies which saw the international design bulletin.

Incidentally, under the current international design application system, the International Bureau manages the International Register but each country is not obliged to manage the register. In addition, issuance of registration certificates

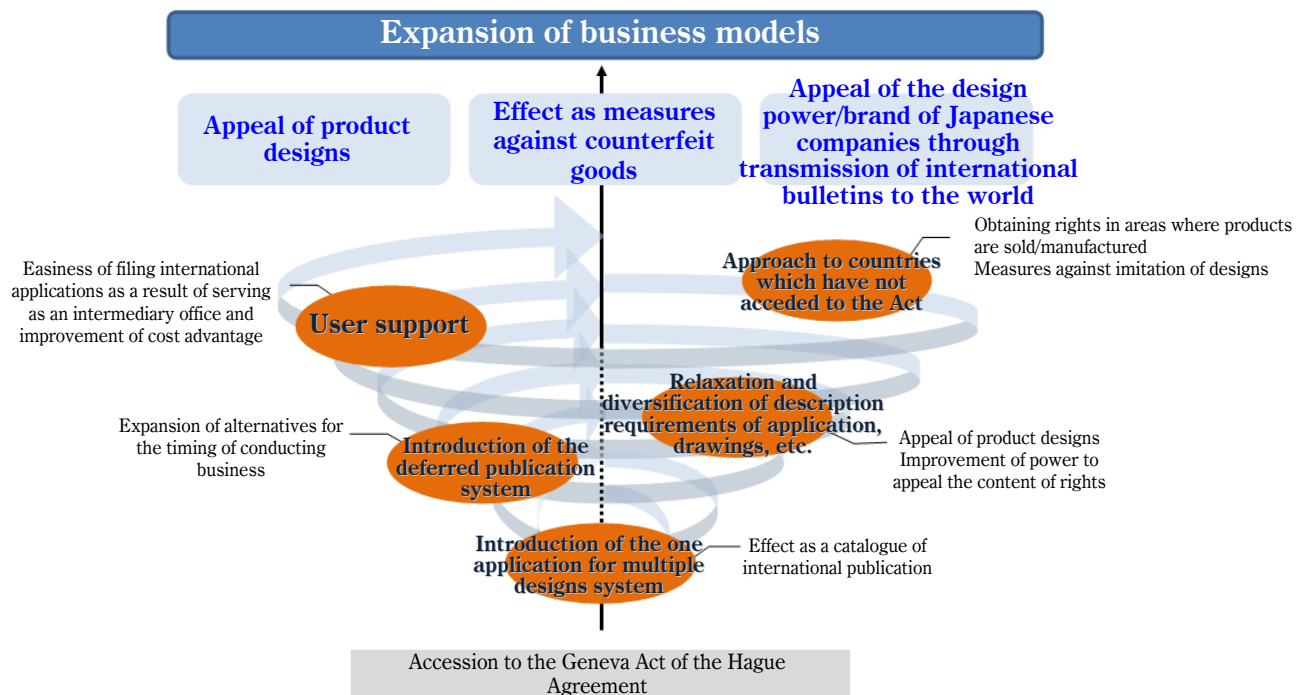
and registration bulletins has not been made obligatory. Therefore, on the occasion of Japan's accession to the Hague Agreement, it is necessary to point up the necessity of each contracting party managing the register and issuing registration certificates and registration bulletins from the aspect of enforcement.

VIII Conclusion

With regard to the point of whether business models which bring about the effect of coping with counterfeit goods, the effect of pointing up the product designs of Japanese companies, and the effect of pointing up the design power/corporate brand of Japanese companies are established through use of the international

application system, these effects are considered to be brought about through effective use of the international application system. In addition, it is considered possible to support the overseas operations of Japanese companies and strengthen the international competitiveness of Japanese companies in a spiral manner through accession to the Geneva Act of the Hague Agreement.

Consequently, in considering a desirable design system on the occasion of Japan's accession to the Geneva Act of the Hague Agreement, it is necessary to adopt a system design that can make best use of the international competitiveness of Japanese companies in light of the relationships between the effective use of the international application system and business models.



(Researcher: Kazuaki MAEDA)