

Working Group on the Legal Development of the Hague System for the International Registration of Industrial Designs

**Eleventh Session
Geneva, December 12 to 14, 2022**

UPDATE ON THE SUBMISSION OF THE PROPOSAL REGARDING THE REVISION OF THE SCHEDULE OF FEES TO THE HAGUE UNION ASSEMBLY

Document prepared by the International Bureau

I. BACKGROUND

RECOMMENDATIONS BY THE WORKING GROUP AT ITS EIGHTH SESSION (2019)

1. At its eighth session, held in 2019, the Working Group on the Legal Development of the Hague System for the International Registration of Industrial Designs (hereinafter referred to as the “Working Group”) considered a proposal contained in document H/LD/WG/8/4, entitled “Financial Sustainability of the Hague System; Possible Revision of the Schedule of Fees”, to increase the amount of the basic fee for each additional design included in an international application, as set out in item 1.2 of the Schedule of Fees, from 19 to 50 Swiss francs¹. The Working Group recommended the submission of this proposal (hereinafter the “proposal”) to the Hague Union Assembly for adoption, with a proposed date of entry into force of January 1, 2021².

HAGUE UNION ASSEMBLY

2. The proposal was, however, not submitted to the Hague Union Assembly for consideration at its fortieth session, held in September 2020, as the agenda of that session was reduced owing to the COVID-19 pandemic. Moreover, as a result of the pandemic’s continuing negative economic impact on users, as well as its unpredictable evolution, the proposal was not

¹ It was also proposed to increase the reduced amount of the same fee, applicable to international applications filed by applicants from least developed countries (LDCs), from 2 to 5 Swiss francs (see Annex IV to document H/LD/WG/8/4).

² See document H/LD/WG/8/8 “Summary by the Chair”.

submitted to the Hague Union Assembly for consideration at its forty-first and forty-second sessions, held in October 2021 and July 2022, respectively.

II. PURPOSE OF THIS DOCUMENT

3. This document presents an update on the evolution of the COVID-19 pandemic as well as the global economic situation, on the basis of which it further informs the Working Group of the International Bureau's intended plans regarding the proposal.

III. IMPACT OF THE COVID-19 PANDEMIC AND CURRENT GLOBAL ECONOMIC SITUATION

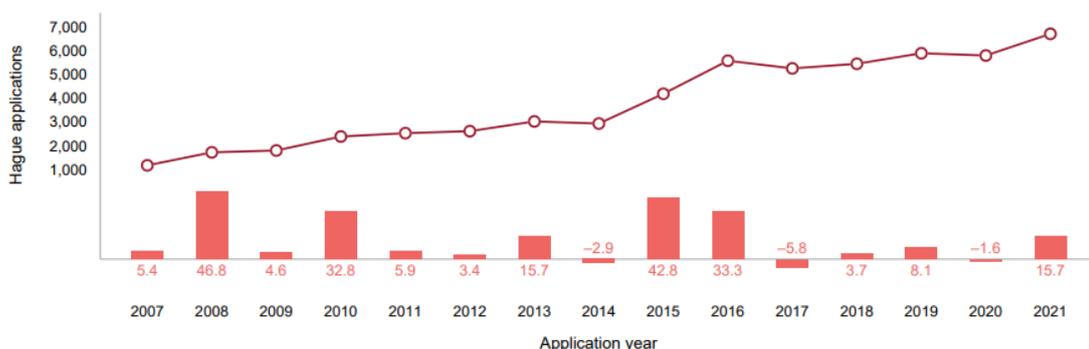
4. The COVID-19 was first identified in December 2019 and declared a pandemic by the World Health Organization (WHO) in March 2020. From March 2020 onwards, many countries took decisive measures to contain the virus, such as severely restricting the movement of people between regions and across national borders. These measures, together with the direct effects of the pandemic, caused immediate and substantial social and economic disruption globally, resulting in an estimated decrease in global gross domestic product of 3.5 per cent in 2020³.

FILINGS UNDER THE HAGUE SYSTEM DURING THE COVID-19 PANDEMIC

5. The COVID-19 pandemic has had a noticeable negative impact on users of the Hague System. After having grown for 13 consecutive years, the number of designs contained in applications filed under the Hague System declined by 15 per cent in 2020. In seven of the top 10 origin countries, the number of designs contained in international applications decreased by at least 10 per cent in 2020 (Republic of Korea (-39 per cent), Italy (-38.3 per cent), the Netherlands (-28.2 per cent), France (-27.8 per cent), Germany (-18.7 per cent), Japan (-18.2 per cent) and Switzerland (-10.8 per cent)). Similarly, the total number of international applications filed in 2020 decreased by 1.6 per cent compared with 2019⁴.

6. The number of applications filed under the Hague System began to increase again in 2021, totaling 6,711 in 2021, which represents a 15.7 per cent increase on the previous year. Moreover, the number of designs contained in those applications grew by 20.8 per cent⁵. In the first three-quarters of 2022, filings continued to grow by around 15 per cent, while the number of designs contained therein grew by around 12 per cent. However, a significant portion of that growth has to be attributed to China's accession to the Hague System in May 2022, which is why the overall situation requires careful monitoring.

Figure 1: International applications, 2007–2021

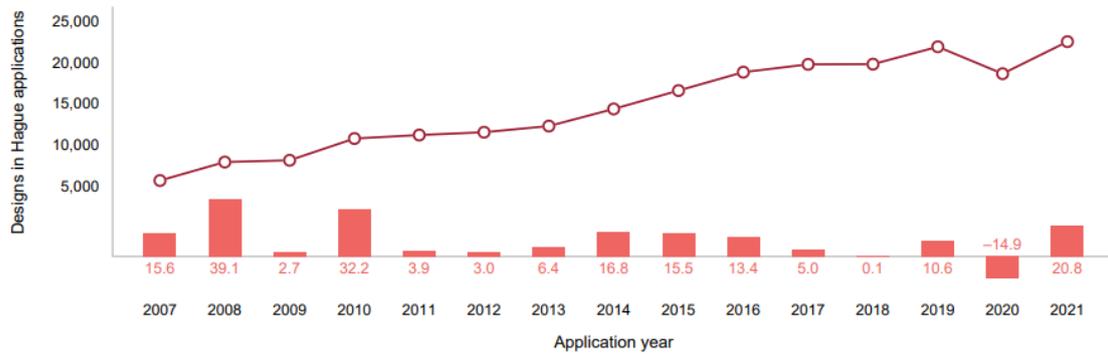


³ See the World Economic Outlook of the International Monetary Fund (January 2021), available at www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update.

⁴ See the Hague Yearly Review 2021, available at www.wipo.int/publications/en/details.jsp?id=4546.

⁵ See the Hague Yearly Review 2022, available at www.wipo.int/publications/en/details.jsp?id=4601.

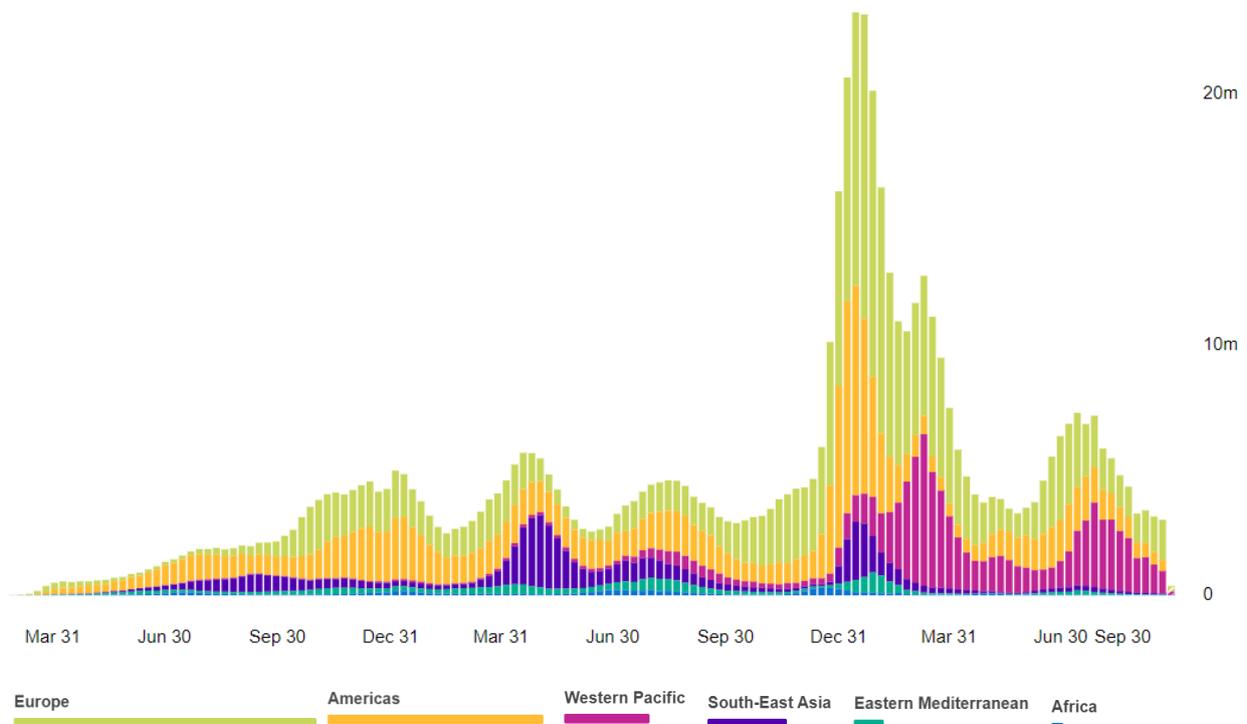
Figure 2: Number of designs contained in international applications, 2007–2021



EVOLUTION OF THE GLOBAL PANDEMIC

7. While filings under the Hague System recovered in the course of 2021, the emergence of new COVID-19 variants caused successive waves of infections throughout the year, with a sharp increase in the number of globally confirmed cases in late 2021 and the beginning of 2022. The restrictions imposed by the governments of Contracting Parties continued to disrupt users’ public and private lives. At the date of this document, there was still considerable uncertainty regarding the evolution of the COVID-19 pandemic and its impact on the global economy, and consequently on users of the Hague System.

Figure 3: Number of COVID-19 cases confirmed globally, by WHO region (March 2020–September 2022)⁶



⁶ See the WHO COVID-19 dashboard at <https://covid19.who.int> (October 2022).

GLOBAL ECONOMIC SITUATION

8. While the number of globally confirmed COVID-19 cases with severe symptoms had decreased considerably and the governments of many Contracting Parties had lifted most of the measures imposed, the global economic situation in 2022 remains fragile. Some Contracting Parties maintain far-reaching containment measures, which continue to affect economic activity. As the Northern Hemisphere enters the autumn and winter season, health experts have warned about a resurgence of cases⁷.

9. Beyond the COVID-19 pandemic – although partly because of it – inflation has reached multi-decade highs in major economies in the course of 2022. To stem lower inflation, major central banks have raised interest rates⁸. Tighter monetary conditions are bound to slow economic activity and may even prompt recessions in certain parts of the world. In addition, following a 10-year period of low-interest rates in most high-income economies, there is a risk that higher interest rates create financial volatility by endangering the solvency of companies and States. These risks remain uncertain at the date of this document and warrant careful monitoring.

IV. UPDATE ON THE SUBMISSION OF THE PROPOSAL

10. In view of the above, the International Bureau believes that, whilst the initial reason for not proceeding with the recommendation of the Working Group in 2019 no longer holds, the global context is still uncertain and that a prudent approach continues to be in the best interests of the users of the Hague System. Hence, the International Bureau will consult with the members of the Hague Union ahead of the Assemblies of the Member States of WIPO, to be held in 2023, with a view to determining whether the proposal can be put on the agenda of the Hague Union Assembly for adoption at its forty-third session.

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⁷ See the WHO News Statement from July 19, 2022 at <https://www.who.int/europe/news/item/19-07-2022-rapidly-escalating-covid-19-cases-amid-reduced-virus-surveillance-forecasts-a-challenging-autumn-and-winter-in-the-who-european-region>.

⁸ See International Monetary Fund (August 10, 2022), available at <https://blogs.imf.org/2022/08/10/central-banks-hike-interest-rates-in-sync-to-tame-inflation-pressures/>.