



Commentary

Protect The Rights Of Patent Owners

Christopher J. Renk 03.31.08, 6:00 AM ET

For many of us, the word "patent" evokes an image of a legal document that protects useful inventions, like machines, pharmaceutical products and manufacturing methods. Called utility patents, these patents protect the functional or technical aspects of inventions. Another important, yet often overlooked, type of patent exists to protect industrial designs. These patents, called design patents, protect the way things look, rather than the way they function.

Because companies often promote brand identity through product recognition--i.e., the look of the things they sell--U.S. design patents have been a very important tool to protect rights in industrial designs. Today, design patents are used to protect the ornamental designs in a vast array of products: from earphones to mobile phones, from footwear to furniture and from stemware to automobiles. Simply put, good designs are very important business assets.

In addition to protecting designs that foster brand identity, design patents also have been vital in the war against counterfeit or "knock-off" goods. Indeed, design patent owners use their patents to prevent competitors and copyists from making, using, selling or importing knock-offs and similar imitations of their patented designs.

Despite an ever-increasing relevance and value to brand-driven businesses, design patent owners are experiencing a rising tide that is eroding their rights. There are two main reasons for this: first, the U.S. design patenting process takes too much time. While the U.S. Patent and Trademark Office will eventually issue a design patent on any new, original or ornamental design embodied in an article of manufacture, in some instances, the patenting process is too slow to keep up with today's marketplace realities.

At best, a design patent application takes anywhere from six months to a year to gain approval, and that is only if the applicant pays a surcharge to expedite examination. If you don't pay, the process typically takes at least a year and a half. In fast-paced consumer-products markets where product life cycles are measured in months and not years, this time delay can be fatal. In short, some product designs are obsolete long before the patent examination process is complete.

Compounding the slow approval process, companies are becoming more and more proficient at making knock-offs and introducing them into the marketplace quickly. Sometimes, the knock-off products are actually sold to consumers before the legitimate original products. Such activity routinely occurs prior to the issuance of a design patent, leaving the company that makes the innovative design with no recourse to stop the sale of these knock-offs.

The second eroding factor relates to design patent enforcement in the courts; specifically, the way in which patent owners must prove their rights have been violated. Since 1871, the Supreme Court has required that design patent owners prove infringement by showing that an "ordinary observer" would believe the accused design, when considered as a whole, is substantially similar to the patented design.

In 1984, the Court of Appeals for the Federal Circuit--the appellate court that hears all patent appeals--added a second requirement. Since that ruling, design patent owners must also prove that the accused design includes "points of novelty," which is a feature or group of features that distinguish the patented design from prior designs that are already publicly available.

For over 20 years, courts have struggled to apply the "point of novelty" test with any consistency or clarity. This struggle recently came to a head when the Federal Circuit rendered two "point of novelty" decisions that further erode the receding design patent shoreline.

In the first case, *Lawman Armor Corp. vs. Winner International*, the Federal Circuit originally said that a patented design's "point of novelty" can never reside in a combination of previously known design elements. In that case, Lawman Armor, a company that had created a device to lock a car's steering wheel, sued Winner International, claiming that Winner had infringed its patent. True to the company name, Winner International emerged as the victor.

Lawman was troublesome to design patent owners because every design can, at some level, be described as a combination of previously known elements. Many believed the *Lawman* decision would render otherwise valid and enforceable design patents "uninfringeable." Obviously, a design patent that cannot be infringed is of little value against competitors and copiers.

At issue in a second and more recent case, *Egyptian Goddess vs. Swisa*, was the design of an ornamental nail buffer. Beauty supply company Egyptian Goddess sued its competitor, Swisa, for selling a triangular nail buffer that it claimed infringed the patent it held for a virtually identical four-sided nail buffer with pads on three sides. In that case, a three-judge panel of the Federal Circuit seemingly contradicted the *Lawman* panel by saying that a combination of known design elements can, in fact, constitute a "point of novelty," but only when the combination is a "non-trivial advance" over known designs.

Egyptian Goddess is no less troublesome for design patent owners than *Lawman*. Once the U.S. Patent and Trademark Office issues a design patent, it is presumed to be valid. The real-world effect of this presumption is that when a design patent owner wishes to enforce its patent in federal court, it does not need to prove that patent is valid. Instead, the accused infringer must prove that the patent is, in fact, invalid.

The *Egyptian Goddess* "non-trivial advance" test turns the presumption on its head. Now, in order to show that an accused design includes the patented design's "point of novelty," patent owners must first prove that the patented design represents a valid, "non-trivial advance" over known designs. This, of course, is inconsistent with the Patent Act.

Good news may be on the horizon. The Federal Circuit is rehearing the *Egyptian Goddess* case. All 12 of the court's judges will weigh in on whether the "point of novelty" test should be used at all, and if so, how it should be applied. To date, some 17 parties have filed amicus briefs in the case, hoping to stem the tide eroding the U.S. design patent law.

According to statistics published on its Web site, the U.S. Patent and Trademark office issued over 20,965 design patents in 2006, compared with 12,950 in 2005 and 15,695 in 2004. But this issue goes beyond the sheer number of patents issued; what's at stake is the extent to which that patent owners can protect, and, as a result, profit from, their designs.

Will *Egyptian Goddess* stem the tide? Design patent owners certainly hope so.

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