

Five Reasons Why 2008 Will Be A Year To Remember for Design Patents

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According to the Chinese Lunar Calendar, 2007 was the year of the boar. It is believed by some, that the traits of that year's designated animal, e.g. the boar, will dominate that year. However, for those in the intellectual property community that more often remember a given year in the context of the key intellectual property developments of that year, 2008 will likely be remembered as **the year of the design**.

Ornamental designs, design patents or industrial designs, as they are commonly referred to internationally, have traditionally been regarded as the forgotten step-child of the more often discussed utility patent. However, 2008 is increasingly looking like a year to remember for design patent (or industrial design) practitioners and companies and individuals that utilize this form of intellectual property to protect innovation. It is likely 2008 will be a year in which designs step forward and receive the intense debate and discussion that has typically only been given to "that other type of patent." While there are a variety of factors that can and will have a contribution in making 2008 "the year of the design," five of the more important are listed below:

(5) Companies Are Realizing the Value of Successful Prosecution of Design Applications at Home and Abroad Like Never Before

In the year 2007, the USPTO issued just over 24,000 design patents, up 14.8% from the 20,965 design patents issued by the USPTO in 2006.¹ While healthy increases in design patent issuances in the U.S. alone may not be particularly note worthy, growth in the U.S. in combination with an indisguiseable increase in interest, exploration, testing and utilization of design procurement and enforcement systems abroad in 2007, suggests design protection will be an area of significant IP action and attention in 2008. Leading manufacturers and retailers in a variety of sectors have established "design footprints" in countries such as Brazil, South Africa, India, Korea, Singapore, Taiwan, and Malaysia. China has emerged as the "it place" for a number of manufacturers to establish and enforce design rights in light of the wealth of new business opportunity as well the increasing competition in China and from Chinese companies in industries historically dominated by U.S. companies. Further, the broadly recognized success of the EU community design including its simple mechanism for obtaining design coverage across a number of jurisdictions and its extremely short time frame between filing and issuance of registration² has encouraged U.S. companies to devote IP resources to the procurement of design rights in the EU. With U.S. based companies receiving newly granted but often untested design rights in China and a variety of other countries, the climate is right for 2008 to be a year to remember both home and abroad.

(4) Pending Fashion Legislation and Recent Proposed USPTO Rulemaking Has Rekindled Discussion Regarding The Efficacy of Existing Mechanisms in Protecting Industrial Designs in the U.S.

Various proposed intellectual property legislation, including the Design Piracy Prohibition Act commonly referred to as the "Fashion Bill," was proposed in the 110th Congress and two

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substantially similar versions of the Bill remain pending in the Senate and the House of Representatives respectively.³ This legislation would among other things amend Title 17 of the United States Code to provide protection for certain “fashion designs” under United States copyright law in substantially the same way as vessel hull designs are currently protected. This proposed legislation has both proponents and opponents from among various industries, companies, IP practitioners, and the public in general. Among the issues that has been discussed is whether protection for these particular designs should be provided under the framework of U.S. Copyright laws, or instead, whether further attention should be focused on tweaking the current design patent system to accomplish the goals of those clamoring for improved and/or enhanced protection for these particular designs and ornamental designs in general. Accordingly, debate surrounding this particular legislation and other approaches including consideration of a registration system or some form of sui generis legislation that could perhaps more effectively and expeditiously provide for protection for designs has spurred debate on the hill, at bar organizations, and in public forums including blogs, websites and even newspapers and magazines.

Also spurring debate in 2007 was a new rules package⁴ that was to be implemented by the USPTO. While the rules were set to take effect on November 1, 2007, a scramble was on in the corporate sector, among practitioners and even at the USPTO through October 31, 2007, to determine the effects the rules would have on certain practices before the USPTO and design patent procurement in particular. The scramble was stopped on October 31, 2007, when Judge Cacheris of the E.D.V.A. granted a preliminary injunction thereby halting the implementation of the new rules package.⁵

Regardless of whether the Fashion Bill or other design related legislation or the proposed rules by the USPTO are enacted or implemented, debate regarding the proper extent of protection and the most effective way of providing protection to designers for their innovative designs has been ratcheted up and will continue with renewed intensity in 2008 as a result.

(3) The Design Community’s Common Desire to Cure Uncertainties Believed to Have Been Introduced in Recent Decisions

Several court decisions in the past three years have been generally recognized by design practitioners as rulings that have injected confusion and uncertainty into the U.S. design patent landscape. Among the issues in the U.S. that have a less certain analysis than just five years ago are functionality,⁶ inventorship,⁷ ordinary observer,⁸ and point of novelty.⁹ Each of these four issues can be determinative of the outcome of a design patent infringement case. Additionally, patentees and accused infringers are finding it increasingly difficult to make accurate assessments of the overall strength of their cases. This increased uncertainty may at the least discourage settlements or encourage seemingly frivolous suits that may never have been brought. While opinion is varied in the design community as to the best way to reduce the confusion, agreement seems to have been reached that this added confusion needs to be addressed in order to prevent the design patent system in the U.S. from becoming a permanently weakened, unpredictable system. Agreement that some action needs to be taken in the design community has helped bring these problems to center stage and at least some of these issues are likely to be addressed in the upcoming *Egyptian Goddess* rehearing en banc. See Reason #1 listed below.

(2) The United States Senate’s Recent Ratification of The Hague Agreement

On December 7, 2007, the United States Senate ratified *The Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs* (“The Hague Agreement”), paving the way for inventors and assignees from the United States to soon file design applications under this agreement.¹⁰ Among its positive attributes, the Hague Agreement provides a centralized process for filing design applications in order to obtain design protection in member countries. Recently, WIPO announced that as of January 14, 2008, it will be possible to file applications through an electronic filing interface, an important feature in light of the vital importance of image quality to design rights.¹¹ The electronic filing feature furthers WIPO’s ability to advertise itself as an efficient mechanism for applicants desiring protection for designs in variety of signatory jurisdictions. Accordingly, in 2008 U.S. applicants’ will likely have their first chance to utilize the newly enabled mechanisms for initiating procurement of design rights across a number of countries with a single initial filing under The Hague Agreement.

(1) Rehearing en banc of *Egyptian Goddess* by the Court of Appeals for the Federal Circuit

The en banc rehearing of *Egyptian Goddess v. Swisa*¹² will almost assuredly be the most important decision concerning design patents in 2008 and possibly the most important decision regarding design patents, and in particular enforcement of design patents in the United States, in the past several decades. In rehearing the case en banc, the U.S. Court of Appeals for the Federal Circuit has solicited briefs from the parties in the case as well as interested parties in order to generally decide: (1) whether the judge-made “point of novelty” that was first introduced in *Litton*¹³ should continue to be relied upon and applied as a second part of the test for infringement¹⁴ and (2) whether claim construction should apply to design patents, and if so, what role claim construction should play.¹⁵

While deciding whether it is proper to retain a “point of novelty” test of any kind, the Federal Circuit is also considering in detail what a surviving “point of novelty” test should entail. Specifically, the Federal Circuit is considering: (i) whether a point of novelty must be a “non-trivial advance” over the known art, (ii) whether the patent owner or the accused infringer should bear the burden in such an analysis, and (iii) what specific parameters define a point of novelty including whether there may

be multiple points of novelty and/or whether the overall appearance of a design may be a point of novelty. See *Egyptian Goddess*, November 26, 2007, Order re rehearing en banc.

Acknowledging the importance of the Court's decision, an array of entities submitted amicus briefs setting forth their vision for a proper, desirable and workable framework for an infringement analysis in design patent cases moving forward. Accordingly, at time of publishing, an array of corporations known to be leaders in the electronics, footwear, apparel, appliance and various other industries that rely on design patents to protect their innovations from "copycats" and "knock-off artists" submitted amicus briefs.¹⁶ Further, those that actively participate and work in the design community also offered the Court their vision of the proper test for infringement of a design patent.¹⁷ It is very likely the test for infringement of a design patent that emerges from the *Egyptian Goddess* decision will govern design practice for years to come absent a subsequent ruling by the Supreme Court of the United States.

It is a rare occurrence when arguably the most significant rule of law governing enforcement of a major type of intellectual property is scrupulously reviewed, vetted, tweaked or possibly even scrapped and reformulated. It is even less common for the practitioners, corporations, and members of the public that are likely to be most affected by this rule governing infringement analysis to be provided an opportunity to submit their visions of the ideal, or at least most workable system, in advance of this determination being made.

Thus, regardless of the specifics of the ruling by the Federal Circuit in its rehearing en banc of *Egyptian Goddess*, 2008 promises to be a year to remember for designers, design practitioners and the corporations and other members of the public that rely on design patent and industrial design protection year in and year out.

Endnotes

- 1 [www.uspto.gov](http://www.uspto.gov/web/offices/ac/ido/oeip/taf/pat_tr06.htm); see e.g., *Patenting Trends Calendar Year 2006*, U.S. Patent and Trademark Office, Electronic Information Products Division Patent Technology Monitoring Team (PTMT), February 8, 2007, http://www.uspto.gov/web/offices/ac/ido/oeip/taf/pat_tr06.htm.
- 2 In certain instances the pendency from submission to registration for registered community designs is as short as a few weeks.
- 3 S. 1957; H.R. 2033.
- 4 "Changes to Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications".
- 5 See *Triantafyllos Tafas v. Jon W. Dudas, et al.* consolidated with *Smithkline Beecham Corporation, et al. v. Jon W. Dudas, et al.* (1:07cv1008), to enjoin enactment of the USPTO's new rules, "Changes to Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications," (Final Rules).
- 6 See *PHG Techs., LLC v. St. John Cos., Inc.*, 469 F.3d 1361 (Fed. Cir. 2006).
- 7 See *Junker v Eddings*, 369 F.3d 1359 (Fed. Cir. 2005); see also *Hoop v. Hoop*, 137 Fed. Appx. 354 (Fed. Cir. 2005) (non- precedential).
- 8 See *Arminak and Assocs. v. Saint Goabin Calmar, Inc.*, WL 2644562 (Fed. Cir. 2007).
- 9 See *Egyptian Goddess, Inc. v. Swisa, Inc.*, 2007 WL 243951 (Fed. Cir. 2007); see also, *Lawman Armor Corporation v. Winner Int'l, LLC*, 449 F.3d 1192 (Fed. Cir. 2006).
- 10 Treaty Doc. 109-21, *The Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs* (the "Agreement"), adopted in Geneva on July 2, 1999, and signed by the United States on July 6, 1999.
- 11 http://www.wipo.int/edocs/hagdocs/en/2007/hague_2007_13_corr.pdf (December 27, 2007).
- 12 2007 WL 243951 (Fed. Cir. 2007).
- 13 See *Litton Sys., Inc. v. Whirlpool.*, 728 F.2d 1423, 1444 (Fed. Cir. 1984).
- 14 The first part of the test for infringement of a design patent, and core of the analysis, is the substantial similarity test or Gorham test in which "if, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an ordinary observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other." *Gorham Mfg. Co. v. White*, 81 U.S. 511, 528 (1871).
- 15 Many practitioners in the design community believe application of a utility patent style claim construction analysis confounds the core analysis in design cases. It is believed a translation of the figures and features of an ornamental design into words prior to performing the "substantial similarity" comparison of the overall appearances of the

patented design to the accused infringing design is improper and causes an element by element comparison which is contrary to the comparison of the overall appearance of the designs contemplated by *Gorham*.

- 16 Among the at least sixteen entities that submitted an amicus curiae brief as of the date of publication are Nike, Inc., Electrolux Home Products, Inc., and Apple Inc.
- 17 Among the at least sixteen entities that submitted an amicus curiae brief as of the date of publication are: American Intellectual Property Law Association (AIPLA), The Industrial Designers Society of America (IDSA), Intellectual Property Owners Association (IPO), Fédération Internationale Des Conseils En Propriété Industrielle (FICPI), Federal Circuit Bar Association, Bar Association of the District of Columbia, Intellectual Property Law Association of Chicago, and Houston Intellectual Property Law Association.