

BLURRED LINES

The State of Play in Design Patent, Copyright, and Trade Dress Law

PRESENTED BY THE NEW YORK INTELLECTUAL PROPERTY
LAW ASSOCIATION COPYRIGHT COMMITTEE

May 17, 2016



Design Patents & Trade Dress

These Are The Damages You're Looking For

NYIPLA – Annual Meeting

Tuesday, May 17th, 2016, 2:00-3:00PM

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- Its no Jedi Mind Trick.
- Design Patents & Trade Dress can be used to obtain much higher damages awards than are currently available for Utility Patents.

- What do Design Patents protect?:
 - The ornamental appearance of an industrial article (“new, original and ornamental design for an article of manufacture.”) - 35 USC §171
 - Any parts of the article that provide a functional benefit or advantage cannot be protected
- How long do Design Patents last?:
 - Now, 15 years from issue (for all applications filed on or after May 13, 2015)
 - Previously 14 years from issue
- How do Design Patents differ from Trade Dress?:
 - They must be novel and non-obvious
 - Do not require proof of secondary meaning to be issued

- What does Trade Dress protect?:
 - The overall appearance or configuration of a product
 - As with Design Patents, any aspects that provide a functional benefit or advantage cannot be protected
- How long does Trade Dress last?:
 - Potentially, forever – rights are based on use in commerce just like trademarks
- How does Trade Dress differ from Design Patents?:
 - Proof of secondary meaning is required for registration
 - Five (5) years of continuous and exclusive use of Trade Dress is proof of secondary meaning

Why Protect Design Patents & Trade Dress?

- In a word, **DAMAGES**.
- Section 289 of the Patent Laws prohibits ‘apportionment’ of damages – the plaintiff is entitled to the total profit from the product regardless of what aspect of the product the design patent covers.
- This ‘no apportionment’ rule was just reaffirmed in *Apple v. Samsung* (Fed. Cir. May 18, 2015).
- Section 35 of the Lanham Act provides for lost sales of the products as the measure of damages – there is no apportionment by product aspect; once lost sales are proven, it is up to the defendant to prove their overhead/expenses – if the defendant doesn’t meet its burden, the plaintiff gets lost sales (not lost profits).

Why Protect Design Patents & Trade Dress?



- Apportionment is the norm in Utility Patent litigation.
- The “25% Rule” was abolished by the CAFC in *Uniloc USA, Inc. v. Microsoft Corp.*, 632 F.3d 1292 (2011). This means that plaintiffs are no longer guaranteed 25% of an infringer’s profits as a reasonable royalty.
- The Entire Market Value Rule (EMVR) has continued to take hits over the past five years – plaintiffs have the burden of proving that a patented feature in a larger product drives demand for the product in order to receive damages on sales of the larger product. *Ericsson Inc. v. D-Link Sys. Inc.*, 773 F.3d 1201 (Fed. Cir. 2014); *VirnetX, Inc. v. Cisco Sys., Inc.*, 767 F.3d 1308 (Fed. Cir. 2014). This is a hard burden to meet.

Why Protect Design Patents & Trade Dress?

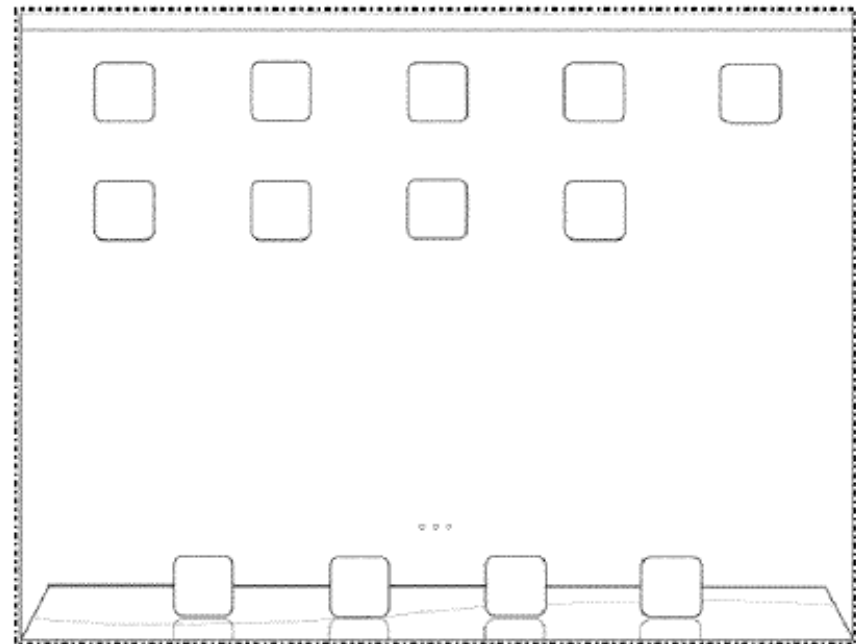
- Other reasons:
- Utility Patents are easier to invalidate these days; Supreme Court decision in *KSR v. Teleflex* (2007) made obviousness easier to prove; IPR/PGR/CBM invalidity rates are around 80-85%.
- Prosecution of Design Patents and Trade Dress costs less than prosecution of Utility Patents.
- About 75% of Design Patents are issued without rejection; average time to issuance is about fifteen (15) months.
- Design Patent infringement is straightforward to prove (*Egyptian Goddess* 'ordinary observer' test, no *Markman* [claim construction] hearing in most cases).

Why Protect Design Patents & Trade Dress?

- Other reasons:
- Design Patent and Trade Dress infringement litigation is significantly less expensive when compared to Utility Patent litigation, and injunctions are still available.
- No maintenance fees for Design Patents; Sec. 8, 9 & 15 Affidavits for Trade Dress only due once every 6-10 years.
- A 'tiered' filing strategy allows one to use the exclusivity provided by Design Patents to support a claim for secondary meaning for Trade Dress on the same article.
- Trade Dress provides protection for an unlimited amount of time, even after the expiration of Design Patents on the same article.
- Design Patents and Trade Dress can be utilized to protect many different kinds of products and services.

Why Protect Design Patents & Trade Dress?

- For example, GUIs, icons and computerized images can be protected with Design Patents (e.g., D599,372 for Google Home Page Design; D660,864 for Apple iPad screen layout)



Why Protect Design Patents & Trade Dress?

- What else can be protected with Design Patents?
- Consumer Electronics (and parts)
- D472,245 (Apple) – original iPod
- D743,453 (Apple) – home button
- D745,589 (GoPro)- Hero4 Session

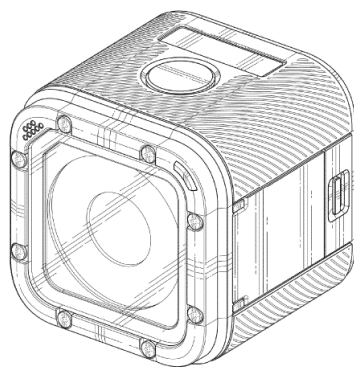


FIG. 1

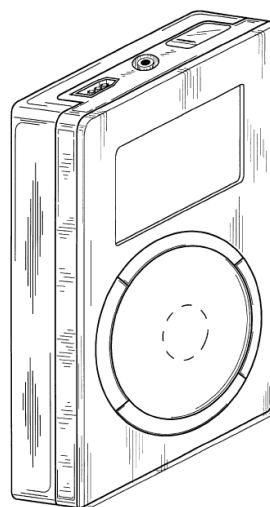


FIG. 1

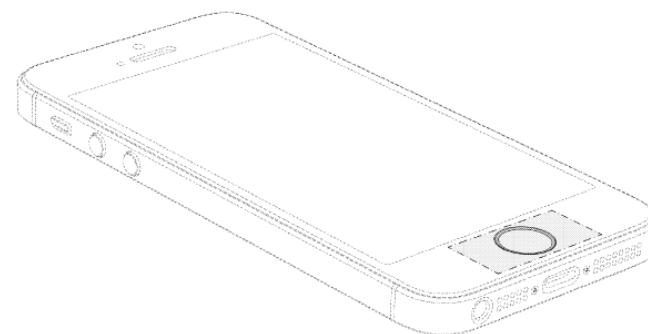


FIG. 1

Why Protect Design Patents & Trade Dress?

- What else can be protected with Design Patents?
- Appliances
- D743,453 (Whirlpool Corp.)

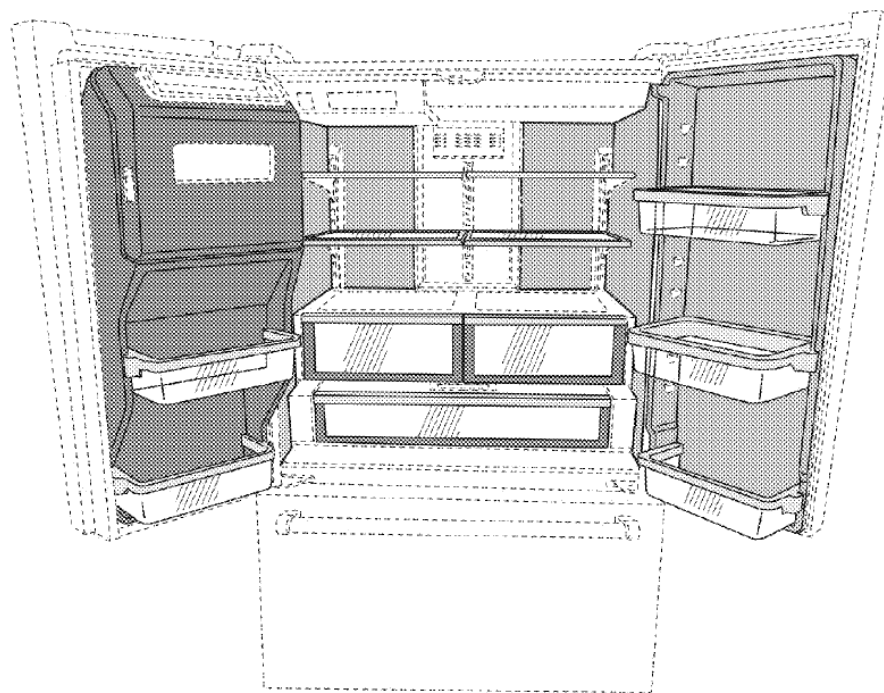
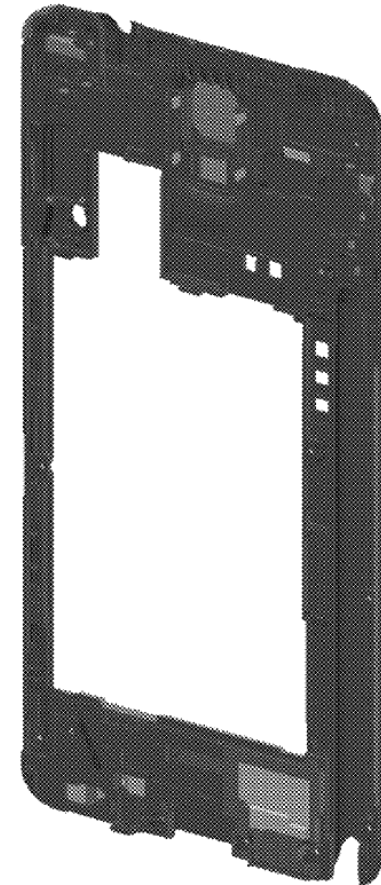


FIG. 6

Why Protect Design Patents & Trade Dress?

- Circuit Boards
- D738,857 (Samsung Electronics Co.)



Why Protect Design Patents & Trade Dress?

- Car Parts
- D746,188 (Nissan Motor Co., Ltd.)

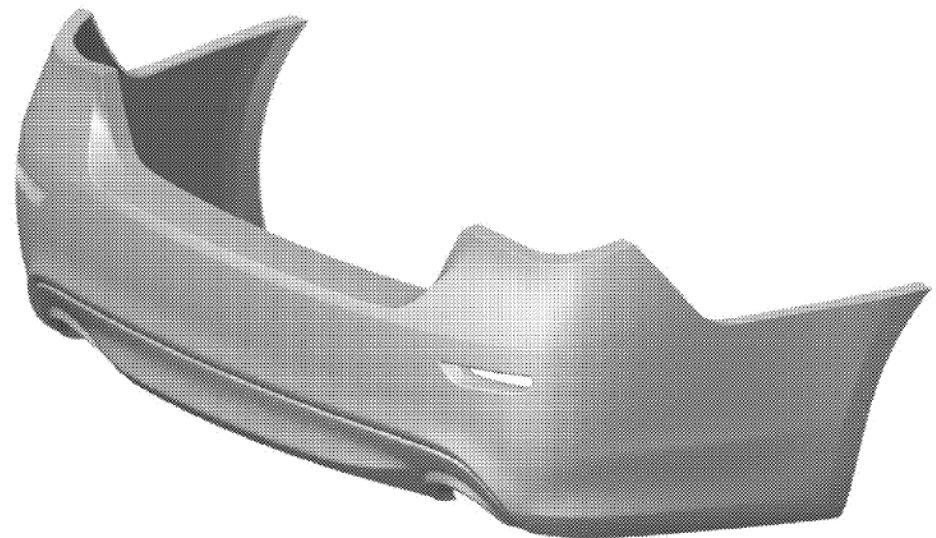


FIG. 6

Why Protect Design Patents & Trade Dress?

- Even...
- Action Figures & Toys
- D264,109 (Lucasfilm, Ltd.)
- D268,773 (Lucasfilm, Ltd.)

Fig. 2.

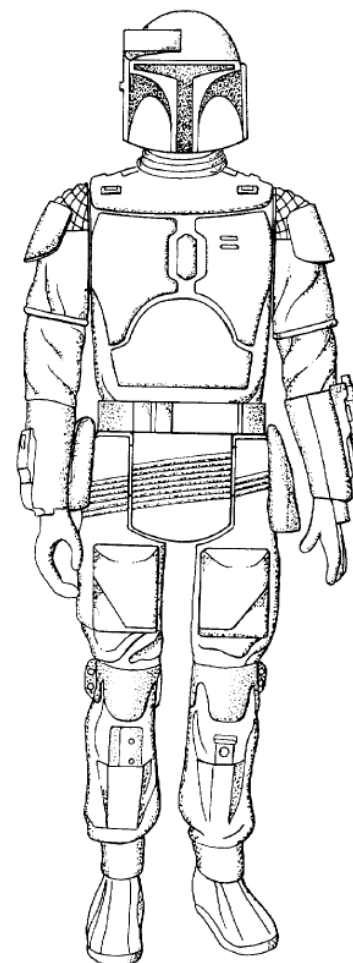
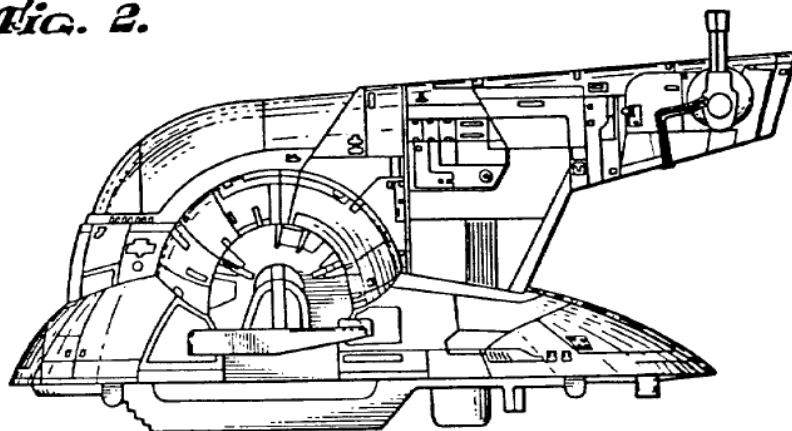


Fig. 1

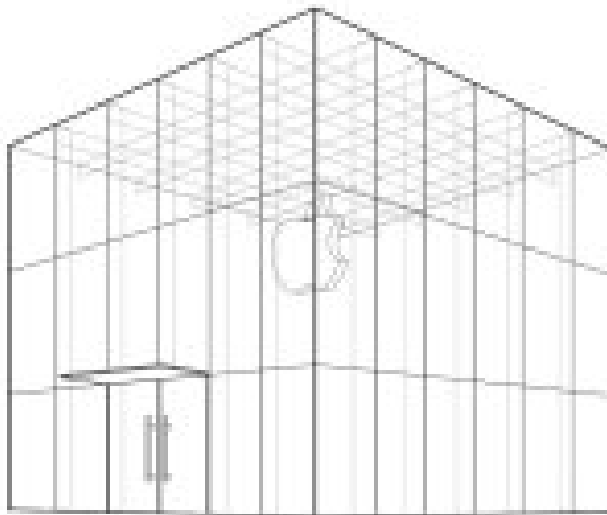
Why Protect Design Patents & Trade Dress?

- What can be protected with Trade Dress?
- Colors
- U.S. Trademark Reg. No. 3,263,625 (T-Mobile)
- “The color(s) magenta is/are claimed as a feature of the mark. The mark consists of the color magenta alone, which is the approximate equivalent of Pantone Matching System, Rhodamine Red U, used on the background of product displays and advertisements found in a store...”



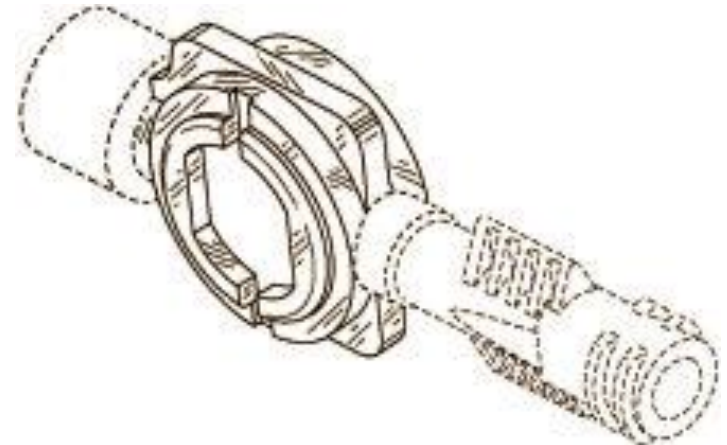
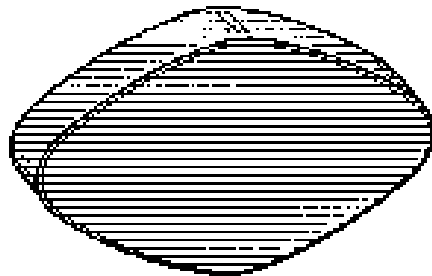
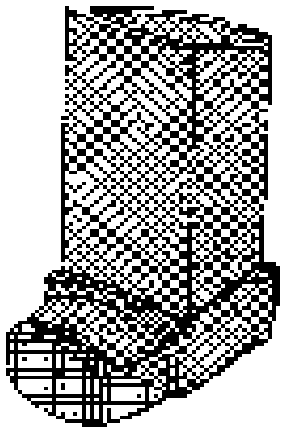
Why Protect Design Patents & Trade Dress?

- Consumer Electronics & Stores
- U.S. Trademark Reg. No. 3,457,218 (Apple) – iPod Touch
- U.S. Trademark Reg. No. 4,021,593 (Apple) – Apple Store



Why Protect Design Patents & Trade Dress?

- Medical Devices & Pharmaceuticals
- U.S. Trademark Reg. No. 2,625,335 (GSK) - Flovent® inhaler
- U.S. Trademark Reg. No. 2,593,407 (Pfizer) - Viagra® tablet
- U.S. Trademark Reg. No. 4,058,490 (Fresenius) – transfusion device



- Ok, but what are the traps?



- In a word, FUNCTIONALITY.

- ***Apple Inc. v. Samsung Electronics Co., Ltd.*, 786 F.3d 983 (Fed. Cir. 2015)**
- *Panel: Prost (author), O'Malley, Chen*
- The CAFC reversed the jury's finding that Apple's trade dresses were protectable, but affirmed the jury's verdict on design patent infringement.
- Design Patents – Win
- Trade Dress - Loss
- The reversal on trade dress was based on functionality.
- Notably, the CAFC applied **9th Circuit law** to trade dress functionality, and **Federal Circuit law** to design patent functionality.

- CAFC: “[T]he Supreme Court and the Ninth Circuit have repeatedly found product configuration trade dresses functional and therefore non-protectable. See [*TrafFix*, *Secalt*, *Disc Golf*].”
- **They have?** There are several recent 9th Circuit cases where product configuration trade dress was found non-functional (*Fiji Water*, *Mixed Chicks*, *d.light Design*, *Cybergun*, *Dogloo*).
- CAFC: A registration can’t save a functional trade dress. See [*Talking Rain* (bottle design), *Tie Tech* (cutting tool), *Leatherman* (Swiss Army knife)].
- **It can’t?** Again, there are multiple recent 9th Circuit cases upholding registered trade dress and putting the burden on the alleged infringer to prove functionality (*Fiji Water*, *Dogloo*).

- CAFC: A product feature is non-functional only if “serves no purpose other than identification” (citing *Disc Golf*)
- Virtually impossible standard to meet as construed by the CAFC – This is **not** the law of the 9th Circuit.
- Every product feature has some function outside of source identification (*de jure* vs. *de facto* functionality).
- The shape of a Coke bottle makes it easier to hold, but that doesn’t make its impression on the consumer as a source identifier any less significant.
- **So what are the differences between the functionality tests for Design Patents and Trade Dress?**

Trade Dress vs. Design Patents - Functionality

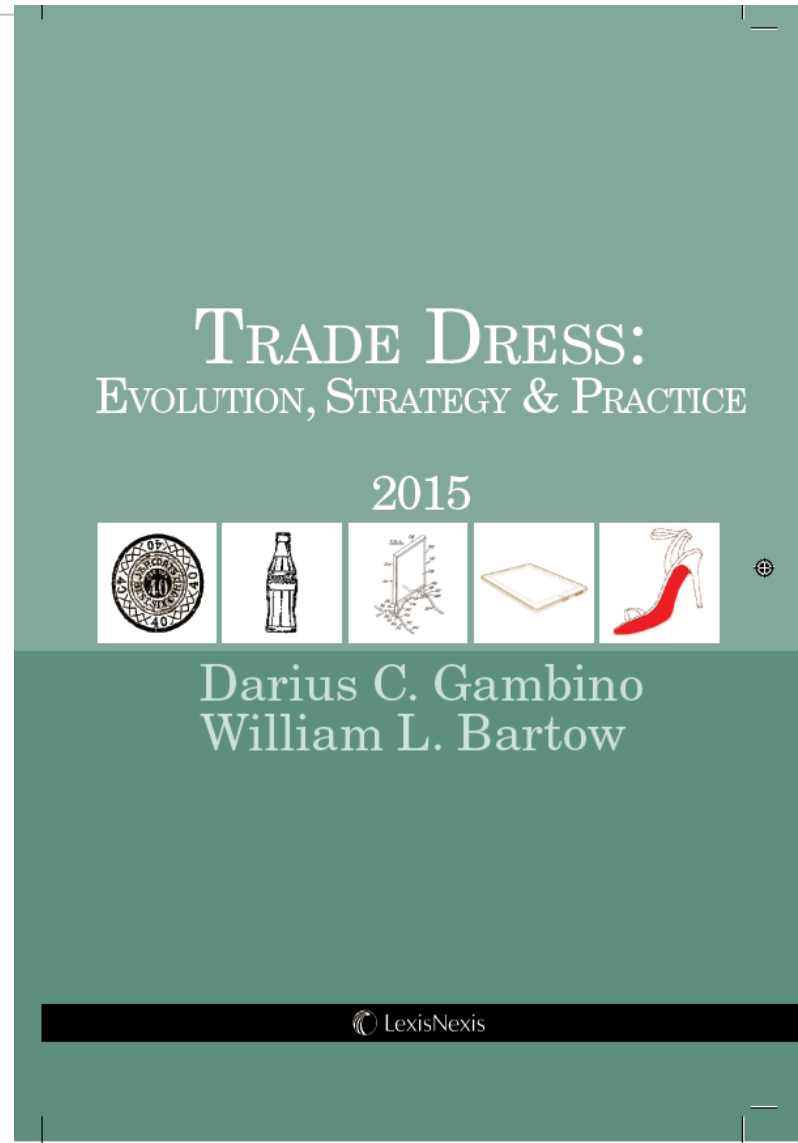
<i>Disc Golf</i>	<i>Berry Sterling/High Point</i>
whether the design yields a utilitarian advantage	whether the protected design represents the best design
whether alternative designs are available	whether alternative designs would adversely affect the utility of the specified article
whether advertising touts the utilitarian advantages of the design	whether the advertising touts particular features of the design as having specific utility
whether the particular design results from a comparatively simple or inexpensive method of manufacture	
	whether there are any concomitant utility patents
	whether there are any elements in the design or an overall appearance clearly not dictated by function

Trade Dress vs. Design Patents - Functionality

- Because there are actually more factors under the Design Patent functionality test (*Berry Sterling*), it is arguably easier to prove functionality of a Design Patent than functionality of Trade Dress.
- The only element of the Trade Dress functionality test (*Disc Golf*) not present in the Design Patent functionality test (*Berry Sterling*) is the ‘easy to manufacture’ element (“whether the particular design results from a comparatively simple or inexpensive method of manufacture”).
- Easy to manufacture = functional
- Hard to manufacture = not functional
- Can the claimed Trade Dress in a product be found functional based solely on this factor? It would certainly appear so (the CAFC found the iPod to be an ‘easy to manufacture’ design)

- Prosecution Practice Tips:
- File for Design Patent protection first, then after a few years file a Trade Dress application – use the exclusivity provided by the Design Patent to bolster your claim of secondary meaning/acquired distinctiveness for Trade Dress
- Use Copyrights whenever possible to augment protection of product designs (the “IP Trifecta”).
- Litigation Practice Tips:
- **Plaintiffs**: Obtain patents/registrations before going to court – shifts the burden of proving non-functionality to the defendant.
- **Defendants**: Always raise functionality as a defense at the earliest opportunity.

- Check out *Trade Dress: Evolution, Strategy and Practice* from Lexis/Nexis.



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<http://twitter.com/PhillyIP>

- Questions?



Blurred Lines: ***IP Subject Matter Expansion***

Prof. Andrew Beckerman-Rodau

NYIPLA Annual Meeting



SUFFOLK
UNIVERSITY
BOSTON

LAW
SCHOOL

Functional

Logos

TMs

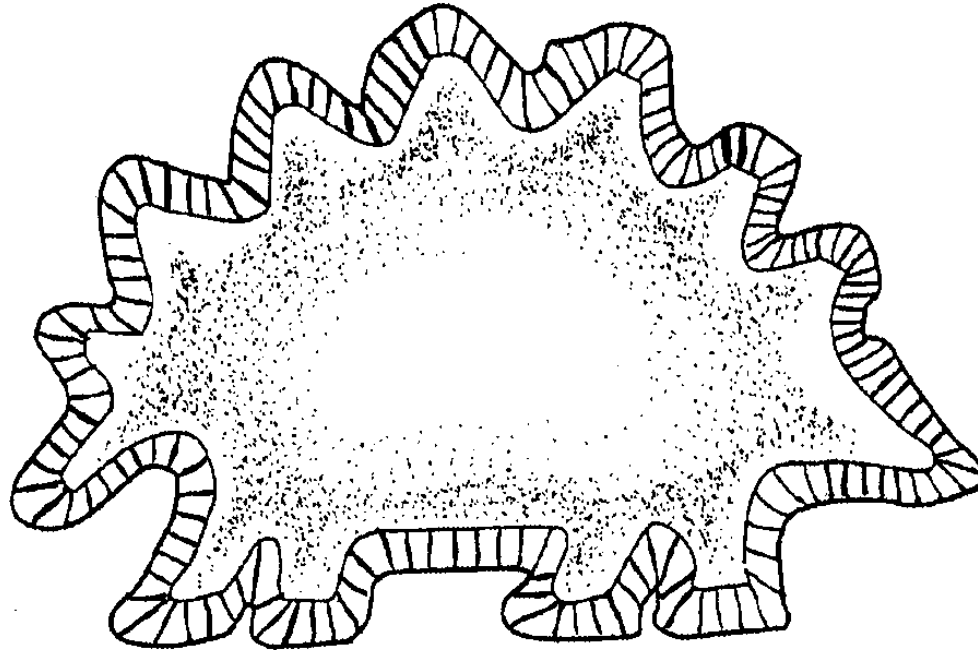
Packaging

Configuration

Aesthetic

Decorative

Expressive



Patent Sec. 171 – Patentable design must be:

- **New**
- **Original**
- **Ornamental design for an article of manufacture**



DC Comics sells replicas of Batmobile

- **When Design Patent expired in 2004 a 3rd party sold unlicensed Batmobile kits**
- **DC Comics claimed this violated its Copyright rights in Batmobile**



Basic requirements for copyright protection:

- **Original**
- **Work of authorship**
- **Fixed in tangible medium**

Additional requirement for “useful articles”:

- **Protectable design “separable” from utilitarian aspects of article**

- **Duration/Term of Protection**
- **Infringement**
- **Damages**
- **Practical Concerns**

- **Encourage innovation/creativity**
- **Competition**
- **Free flow of ideas**

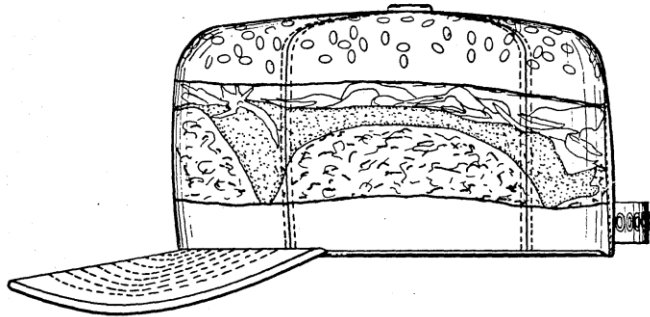
**U.S. Des. Pat.
500,580 (2005)**



**U.S. Des. Pat.
479,385 (2003)**



**U.S. Des. Pat.
273,435 (1984)**

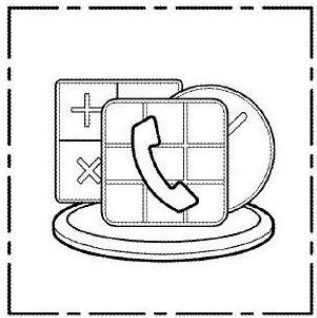




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