

les Nouvelles

JOURNAL OF THE LICENSING EXECUTIVES SOCIETY INTERNATIONAL



Advancing the Business of Intellectual Property Globally

Special Issue: LESI Design Study



Volumn LV No. 1

www.lesi.org

March 2020

LESI Design Study—USA

By Christopher V. Carani, Dunstan H. Barnes and Perry Saidman

(I) Introduction

More than ever, the way a product looks matters. A user's experience with a product—whether the product is a physical item or virtual item such as a website—will strongly influence whether they decide to buy the product. At the heart of this experience is the design of the product, and particularly its ornamental appearance. As Randall Smith has stated, “How you feel, and therefore if whether you're going to engage and buy, is directly influenced by the design of a website, a package or a business card.”¹

The present U.S. design patent system initially drew inspiration from changes in British copyright law.² However, there was a significant difference between the then-existing British copyright system and the proposed U.S. design patent system: the U.S. system would require pre-grant examinations of design patent applications rather than operating simply as a registration system.

This distinction remains today. Significantly, the United States Patent and Trademark Office (USPTO) substantively examines U.S. design patent applications, including searching for and analyzing relevant prior art. This contrasts with most other design systems around the world, including, for example, European Registered Community Design applications, which must comply with certain formalities but are otherwise not substantively examined.

(II) Design Protection

(1) Basics of Design Law

One may protect the appearance of an object or article of manufacture in the U.S. under three separate, but occasionally overlapping IP regimes: design patents, trade dress, and copyright. All three rights aim to protect the outward visual appearance of a product. None

of the three rights protects any underlying functional purposes, qualities, or characteristics of the product. Understanding the intricacies of and interplay between these rights is critical to developing and enforcing a strategic design IP portfolio in the United States.

Design patents most closely resemble rights afforded in other jurisdictions under the name “registered design,” “design” or “design model.” Design patents are governed by the United States Patent Act, codified in 35 USC §§ 101 *et seq.*, and share many similarities with utility patents. However, in contrast to utility patents, design patents protect the overall visual appearance of an article and not underlying functional aspects. Design protection begins after the USPTO finishes its substantive examination and issues a design patent. The issued design patent may then be enforced, subject to a limited term of protection of 15 years from issuance,³ notably shorter than the potential term for copyright and trade dress rights.⁴ The type of protection needed for a design will largely depend on the goals of the client and the nature of the industry that is being served.

(2) Application Procedure

Applicants prepare and file their design patent applications with the USPTO, which examines the applications and, ultimately, grants design patents for designs that are entitled to protection. As part of this process, the USPTO reviews the claimed design and prior art references to determine whether the claimed design is patentable over the prior art. If the USPTO determines that a design is entitled to protection, the USPTO will grant a design patent. The current pendency of a design patent is approximately 20 months from filing to issuance. An applicant may request expedited examination, which should reduce the pendency to under six months. To request expedited examination, an applicant must pay an additional fee and conduct a *bona fide* prior art search.

(3) Formal Requirements and Fees

A U.S. design patent application includes: a pream-

1. Cheryl S. Conner, “How Design Matters—More Than Ever—In 2014,” *FORBES*, Dec. 1, 2013, <http://www.forbes.com/sites/cherylsnappconner/2013/12/01/how-design-matters-more-than-ever-in-2014/>.

2. In particular, the Calico Printers' Act of 1787 expanded copyright protection in Britain for persons inventing, designing, and printing new and original patterns for printing linens, cottons, calicos, or muslins. This led to a radical new British design protection system via the Designs Registration Act of 1839, which American campaigners seized upon to support introducing design patent protection in the U.S. See Jason J. Du Mont & Mark D. Janis, “The Origins of American Design Patent Protection,” *88 IND. L.J.* 837, 854–57 (2013).

3. See 35 U.S.C. § 173 (“Design patents issued from design applications filed on or after May 13, 2015 shall be granted for the term of 15 years from the date of grant. Patents issued from design applications filed before May 13, 2015 shall be granted a term of 14 years from the date of grant.”)

4. Under U.S. law, copyright protection lasts for the lifetime of the last surviving author plus 70 years. A trademark or trade dress may last indefinitely, as long as the mark remains in use.

ble, cross-references to related applications (if any), a brief description of the figure(s) of the drawing, a single claim, drawings or photographs of the design, and an executed oath or declaration. The preamble of the application should state the name(s) of the inventor(s), the title of the design, and a brief description of the nature and intended use of the article in which the design is embodied.

Additionally, the USPTO requires a filing fee, search fee, and examination fee with the submission of the application.⁵ An applicant considered a small or micro entity is eligible to receive reduced costs for filing of an application.

(4) Protectable Subject Matter and Substantive Requirements

A design patent protects the overall visual appearance of a claimed design. Design patent protection does not extend to the underlying function of an article of manufacture. Typically, a design patent will cover a design for the surface indicia, a design of the configuration of an article of manufacture, or a combination of the two. Design patents can be used to protect a vast range of different articles including fabric designs, electronic devices, graphical user interfaces, automobiles, and furniture.

Under the United States statutes, a design must meet several requirements to be design patent eligible. Namely, the design must be original, novel, non-obvious, and ornamental. For a design to be original, it must not simply claim a known object, person, or naturally occurring form.⁶ To be novel, a design must not already exist. For example, the design must not be identical in all material respects to an existing design, regardless of the field of the existing design. To be non-obvious, a design must not “have been obvious to a designer of ordinary skill who designs articles of the type involved.”⁷ For a design to be found obvious, the asserted prior art references must be analogous art (*i.e.*, references a designer would consult in designing the new design) and there must be a primary Rosen reference, discussed in more detail below. Finally, to be ornamental, a design’s overall appearance must not be solely dictated by function.

Further, a design patent will typically not be allowed for a design that is not visible (for example, because it

5. Current fees for USPTO filings can be found at: <https://www.uspto.gov/learning-and-resources/fees-and-payment/uspto-fee-schedule>.

6. See *In re Smith*, 25 USPQ 359 (C.C.P.A. 1935).

7. See *High Point Design LLC v. Buyers Direct, Inc.*, 730 F.2d 1301, 1312 (Fed. Cir. 2013).

is concealed during a product’s normal use).⁸ However, courts have limited this “concealed in the normal use” bar to apply only when the design is not visible to an observer during the design’s entire life.⁹ For example, a design patent may protect the design of an ink jet cartridge even if the end user never sees the cartridge after the cartridge is inserted into a printer.¹⁰

(5) Protectability of Technical Features

A design patent does not protect the functional aspects of a claimed invention. However, it may be used to protect the visual appearance of technical features of an article of manufacture. Notably, 35 U.S.C. § 171 has no negative requirements calling for an absence of functionality; it does not require that a design be “non-functional” or devoid of function. Rather, the statute positively recites that a design must be “ornamental.” In conjunction with § 101, which details utility patent-eligible subject matter, the patent statute

rightfully recognizes that usefulness (under § 101) and ornamentality (under § 171) are not mutually exclusive characteristics. Typically, a design patent will not be invalidated as non-ornamental if there are alternative designs that can achieve the same function as the claimed design.¹¹ Importantly, the term “functionality” has different meanings, standards, and underlying policies in each of the different areas of design protection

■ Christopher V. Carani,
McAndrews, Held &
Malloy, Ltd.,
Shareholder, Partner,
Chicago, USA
E-mail: ccarani@
mcandrews-ip.com

■ Dunstan H. Barnes,
McAndrews, Held &
Malloy, Ltd.
Partner,
Chicago, USA
E-mail: dbarnes@
mcandrews-ip.com

■ Perry Saidman,
Perry Saidman, LLC,
Founder, Director,
Silver Spring, USA
E-mail: ps@perrysaidman.com

8. *In re Cornwall*, 230 F.2d 457, 459 (C.C.P.A. 1956) (stating “it is well settled that patentability of a design cannot be based on elements which are concealed in the normal use of the device to which the design is applied.”).

9. See *In re Webb*, 916 F.2d 1553 (Fed. Cir. 1990) (finding that a hip implant is eligible for design patent protection where the hip implant is visible before being implanted and was in fact displayed and advertised at trade shows).

10. See *Seiko Epson Corp. v. Nu-Kote Int’l, Inc.*, 190 F.3d 1360 (Fed. Cir. 1999).

11. See *Sport Dimension, Inc. v. Coleman Co.*, 820 F.3d 1316, 1320 (Fed. Cir. 2016).

(design patent, copyright, trade dress).¹² It is important to keep this in mind and avoid using functionality from one of these areas in another.

(6) Filing Strategy

A thoughtful protection strategy can be valuable in building a successful and robust design patent portfolio. A design patent application is limited to a single claim, but may contain multiple patentably indistinct embodiments. Further, applicants may file multiple applications containing multiple embodiments in order to obtain protection of different claim scopes, similar in some senses to the use of dependent claims in utility patent applications. High-quality and internally consistent drawings are important in order to establish full protection for a claimed design.

One question to ask in developing a robust design patent portfolio is how many design patent applications to file for a particular design or group of designs. Many considerations may come into play when making this decision, including costs, timing, the intricacies of the design(s), any particularly unique features of the design(s), and how the client intends to use the design(s). In practice, it is important that every application includes enough figures to allow the examiner to understand the design. Although the USPTO has no minimum or maximum number of views for a design patent application, an application needs “a sufficient number of views to constitute a complete disclosure of the appearance of the design.”¹³ Applications may include perspective, isometric, elevation, plan, exploded, and cross-sectional views, among others. Because it can be difficult to predict what ornamental aspects of a new design will be copied by infringers, it is prudent to develop a robust design portfolio.

Apart from the drawings, other parts of a design application may be important to the scope of protection. For example, under current U.S. law, the title of a design patent may help to define the scope of its protection.¹⁴ As such, it is important to select a title that is

neither too broad (such that it may be deemed overly vague) nor too narrow (such that it may allow potential infringers to arguably avoid infringement based on a limited claim scope). This is especially true since the title and claim must correspond.¹⁵

With the exception of certain Hague applications, design patent applications are not published by the USPTO prior to issuance. As such, the prosecution history of a design patent application will not be publicly available until the design patent issues.

(7) Owner of a Design

The inventor(s) of a novel, original, non-obvious, and ornamental design first owns that design. As such, any rights will initially vest with the inventor(s). The inventor(s) may freely assign his or her rights to the design. All assignments or transfers must be in writing and contain all the essential terms under U.S. contract law. In certain situations, inventors may be obligated to assign their designs *ab initio*, such as through an employment contract. Many companies will also require an explicit assignment from each inventor for each design application filed. Rights in a design patent may be owned jointly by inventors or may be assigned to a single entity. Patent owners should record their assignments with the USPTO.

(8) Possible Attacks on the Validity of a Design

A design patent or pending application may be attacked at several different times and on several different grounds. For example, during prosecution, a USPTO examiner may reject a design patent application as failing to meet one of the statutory requirements for patentability. Alternatively, after issuance, a third-party may bring a post grant review to the USPTO to challenge the validity of an issued design patent. Further, during litigation, an accused infringer may raise patent invalidity as a defense to patent infringement. Invalidity challenges to a design patent include assertions that the design patent is not ornamental, novel, original, non-obvious, sufficiently definite, or sufficiently enabling to allow one of ordinary skill in the art to make and use the claimed design.

As noted above, and as with utility patents, the validity of a design patent can be challenged under 35 U.S.C. § 102 (for lack of novelty) and § 103 (for obviousness). To determine anticipation, and in parallel to the test for infringement, courts use the “ordinary observer” test (which is the test for infringement) to ask whether “in the eye of an ordinary observer...two designs are substantially the same,” which deceives the observer and causes him to purchase the other product.¹⁶ The U.S. Court of Appeals for the Federal

12. Particularly given the extremely long potential duration of both copyright and trade dress protection, the functionality bar tends to be stricter under each regime. For example, copyright is unavailable for a useful article unless there is a pictorial, graphic or sculptural component that can be conceptually separated from the underlying useful article. Trade dress is generally functional, and thus cannot serve as a trademark, if a feature of that trade dress is “essential to the use or purpose of the article or if it affects the cost or quality of the article.” *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165, (1995) (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850, n.10 (1982)).

13. See 37 C.F.R. § 1.152.

14. See *Curver Luxembourg, SARL v. Home Expressions Inc.*, 938 F.3d 1334, 1340 (Fed. Cir. 2019) (“[W]e hold that claim language [which includes the title] can limit the scope of a design patent where the claim language supplies the only instance of an article of manufacture that appears nowhere in the figures.”).

15. See M.P.E.P 1503.01 (I).

16. See *In re Rosen*, 673 F.2d 388, 391 (C.C.P.A. 1982).

Circuit (“Federal Circuit”) has stated that the prior art design must be “identical in all material respects” to the claimed design.¹⁷ If one prior art reference or a combination of prior art references render the claimed design obvious to a designer of ordinary skill, the design may be unpatentable under § 103. An important hurdle to invalidate a design patent under § 103 is the initial requirement for a primary Rosen reference. Under this framework, as a first step, one must first establish a primary reference that is “basically the same” as the claimed design. Only after one has established a primary Rosen reference can one then modify the primary Rosen reference, potentially in light of other prior art references. In essence, the Rosen reference requirement guards against a hindsight reconstruction where different design elements are arbitrarily assembled from different references in order to achieve the claimed design. A design patent can also be attacked for lack of definiteness and enablement under § 112, for example due to inconsistencies between different views in the drawings. In addition, the patent statutes provide a one-year grace period from the first disclosure in which to file a design application. As such, numerous design patents or applications are invalid because the design was sold or publicly disclosed more than a year prior to the filing date of the application.

(9) Design Protection Statistics of the Past Three Years

Table 1 shows the USPTO’s filing data for design applications from 1998 to 2019. As can be seen, applicants generally continue to file an increasing number of design patent applications year after year, with over 40,000 design patent applications filed in each of the past three years.

(III) Design Enforcement

(1) Available Reliefs

Two mutually exclusive avenues of monetary recovery exist for infringement of a design patent. Under § 284,

a patentee may recover typical patent infringement damages, including reasonable royalties and lost profits. Alternatively, under § 289, a design patentee may elect to recover a disgorgement of the “total profit” of the accused infringer’s sales of an infringing product.¹⁹ The choice of damages may be guided by several factors, including earnings of the infringing product and potential royalty streams. The court has discretion to enhance the damages up to three times the amount through the award of enhanced damages,²⁰ although enhanced damages are not available if the patentee opts for a “total profit” damage award. Attorney fees are also available in exceptional cases. A patentee may also seek an injunction when the monetary award would not compensate for the infringement. A court may grant a preliminary injunction during the course of litigation, and, after a finding of infringement, a permanent injunction (to prohibit sale or use of the accused product) in lieu of or in addition to monetary damages.

Table 1. USPTO Patent Applications Filed (FY 1998–FY 2019)¹⁸

Year	Design	Utility	Plant	Reissue	Total
1998	16,576	238,850	658	582	256,666
1999	17,227	259,618	759	664	278,268
2000	18,563	291,653	786	805	311,807
2001	18,636	324,211	914	956	344,717
2002	19,706	331,580	1,134	974	353,394
2003	21,966	331,729	785	938	355,418
2004	23,457	353,319	1,212	996	378,984
2005	25,304	381,797	1,288	1,143	409,532
2006	25,853	417,453	1,204	1,103	445,613
2007	26,693	439,578	1,002	1,057	468,330
2008	28,217	466,258	1,331	1,080	496,886
2009	25,575	458,901	988	1,035	486,499
2010	28,577	479,332	1,013	1,138	510,060
2011	30,247	504,663	1,103	1,158	537,171
2012	32,258	530,915	1,181	1,212	565,566
2013	35,065	564,007	1,318	1,074	601,464
2014	36,254	579,873	1,123	1,207	618,457
2015	37,735	578,121	1,119	1,087	618,062
2016	40,406	607,753	1,180	1,072	650,411
2017	43,932	604,298	1,071	1,049	650,350
2018	46,360	599,174	1,049	989	647,572
2019	46,142	616,852	1,168	1,069	665,231

17. *Hupp v. Siroflex of Am., Inc.*, 122 F.3d 1456, 1461 (Fed. Cir. 1997).

18. Data are from the USPTO’s Performance and Accountability Report (PAR) for Fiscal Year 2019, available at <https://www.uspto.gov/sites/default/files/documents/USPTO FY19 PAR.pdf>. Note: FY 2019 data are preliminary and will be finalized in the FY 2020 PAR.

19. See 35 U.S.C. § 289.

20. See 35 U.S.C. § 285.

(2) Strategic Options (Offensive and Defensive) Warning/Notice Letters

Notice of design rights may be a pre-requisite to obtaining damages, although it is not required to bring the claim itself.²¹ Marking a design patent, either by placing the patent number on the product itself or placing it on packaging or a website associated with the product, is an effective method of meeting the notice requirement. A notice letter is another effective option to place an accused infringer on notice of a design patent holder's rights. In order to meet the notice requirement, the letter must identify the issued design patent and the product or activities believed to be infringing. A notice letter can also establish pre-litigation strategy, gauge the opposing side's responsiveness, or jump start licensing or settlement negotiations. In all, notice of design rights can provide a basis for recovery of a reasonable royalty, total profit, or other form of relief.

Preliminary Relief

In design patent litigation, preliminary relief is given in the form of an injunction against the infringing activities or products. A court may grant a preliminary injunction when a party establishes "that [it] is likely to succeed on the merits, that [it] is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in [its] favor, and that an injunction is in the public interest."²² A decision to grant or deny a preliminary injunction rests in the discretion of a district court, but may be reviewed by an appellate court for abuse of discretion.²³ A patentee is required to establish that it will likely show design patent infringement and that it will withstand any challenges to the validity or enforceability to the patent. To establish irreparable harm, the patentee must show that no amount of money could compensate for the harm or that the monetary damages are not calculable. In addition, the patentee must show "a causal nexus between the alleged infringement and the alleged harm."²⁴ A court must also "weigh the harm to the moving party if the injunction is not granted against the harm to the non-moving party if the injunction is granted."²⁵ Pub-

21. See 35 U.S.C. § 287(a); *Nike Inc. v. Wal-Mart Stores, Inc.*, 138 F.3d 1437, 1439-40 (Fed. Cir. 1998) (recognizing that patent marking applies to design patents just as with utility patents).

22. *Apple, Inc. v. Samsung Elecs. Co., Ltd.*, 678 F.3d 1314, 1323 (Fed. Cir. 2012) (quoting *Winter v. Natural Res. Def. Council, Inc.*, 55 U.S. 7, 20 (2008)).

23. *Id.*

24. See *Apple Inc. v. Samsung Elecs. Co.*, 735 F.3d 1352, 1360 (Fed. Cir. 2013).

25. *Metalcraft of Mayville, Inc. v. The Toro Company*, 848 F.3d 1358, 1369 (Fed. Cir. 2017).

lic interest is another factor that courts weigh when deciding on preliminary injunctions, keeping in mind the importance of encouraging innovation. Moving for preliminary injunction may be an effective strategy for driving settlement negotiations and protecting the interest of the design patent owner.

Main Proceedings

The main proceeding of design patent litigation gives rise to several strategic decisions, which can prove vital to the lawsuit. For example, the sufficiency of a complaint is often attacked under the updated pleading standard given by the United States Supreme Court ("Supreme Court"), which requires that a complaint states a claim "plausible on its face."²⁶ Counsel must also appreciate venue requirements²⁷ and local patent rules,²⁸ which may provide patent-specific litigation strategies or decisions. Furthermore, modern technology has increased the use of electronic discovery, making strategic discovery decisions more prevalent than ever. Counsel must be cognizant of obstacles in the main proceedings of litigation to present the case for its client.

Protective Letters

Protective letters can be a useful defense mechanism in the presence of pending litigation. Common among other jurisdictions, protective letters prevent a party from surprise *ex parte* injunctions or seizures. Specifically, a protective letter gives a party a chance to explain to a court why the potentially soon-to-be asserted design patent is invalid, why there is no infringement, and why an injunction is not proper at that time in the litigation. It can also be a useful tool to ward off patent trolls or non-practicing entities, seeking injunctions of the allegedly infringing designs. In the U.S., a party may file a "protective letter" as a declaratory judgment action in which the party pre-emptively explains why the design patent at issue is either invalid or not infringed.

Customs Seizure

The U.S. Customs and Border Protection ("CBP") records registered trademarks or copyrights and acts to prevent foreign pirated or counterfeit goods from entering the country. In contrast, at present, CBP does not record any design or utility patents registered with the USPTO. But there are current proposals to have CBP enforce design patent rights. At its stands, CBP may detain or seize imported goods that infringe a design or utility patent if the patentee obtains an order from

26. See *Atlantic Corp. v. Twombly*, 550 U.S. 544 (2001); see also *Ashcroft v. Iqbal*, 129 S. Ct. 137 (2009).

27. See *TC Heartland v. Kraft Food Group Brands LLC*, 137 S. Ct. 1414 (2017).

28. Jurisdictions may differ in pleading and evidentiary matters.

the International Trade Commission (“ITC”). The Tariff Act of 1930 gives the ITC the authority, upon holding an administrative hearing, to determine whether the importation of an allegedly infringing product should be prevented with an exclusive order, cease and desist order, or temporary exclusion order. A claimant must prove: (1) Infringement (patent or trademark) or unfair competition; (2) Importation or sale of the infringing product; and (3) A domestic induction of the same subject matter. A claimant may also seek relief absent infringement by proving that importation or sale has caused or threatens to cause injury.

(3) Procedural Aspects

(a) Court System, Instances and Specialization

Federal district courts have exclusive jurisdiction over patent disputes involving validity, infringement, and remedies. Subject to other jurisdictional requirements, a party may file a complaint in any U.S. District Court for a design patent litigation dispute. Typically, a party may demand a jury trial with any case involving damages or questions of fact. Appeals from a district court decision are reviewed by the Federal Circuit. The Federal Circuit has exclusive jurisdiction to hear an appeal for “any civil action...relating to patents or plant variety protection.”²⁹ Parties may appeal decisions from the Federal Circuit by filing a petition for writ of certiorari with the Supreme Court, which has discretion to hear such appeals.

A claimant who wishes to challenge the validity of a granted design patent may also file a petition with the Patent Trial and Appeal Board (PTAB). This venue allows for an expedited method to seek invalidation of a patent or its claims. However, validity challenges for design patents are limited to 35 U.S.C. §102 (novelty), §103 (obviousness), and §112 (indefiniteness). The PTAB holds *ex parte* re-examinations of patents, *inter partes* reviews (IPR), post grant reviews (PGR), and covered business method reviews (CBM). These proceedings, which are operated by the USPTO, are reviewed by patent examiners and administrative law judges. Parties can appeal a PTAB decision to Federal Circuit and, ultimately, the Supreme Court. Since 2013, only 46 of the 10,416 PTAB trials have concerned design patents;³⁰ however, with the increasing popularity of design protection and post grant proceedings, that number is expected to grow.

(b) Who Can Sue?

Each designer of a valid design patent has independent standing to sue for infringement prior to any assignment of the rights under the design patent. Once assigned, any party of the agreement that has the right

29. 28 U.S.C. § 1295.

30. Source: https://law.lexmachina.com/ptab/?filing_date_from=2013-01-01&filing_date_to=&tech_center-include=2900&filters=true&tab=ptab_trial_flow&view=analytics&cols=127.

to enforce the patent may assert claims of infringement. The key consideration for standing is whether the party looking to assert patent infringement has the “exclusive right to make, use, and sell patented products/services and the right to sue alleged infringers.”³¹ Any party that may be injured by the infringement has standing if they can prove that the infringement would inhibit their ability to retain exclusivity over the manufacture, use or selling of the patented design.

(c) Who Can Be Sued?

Under the America Invents Act, any person who “makes, uses, sells, offers to sell...or imports” patented inventions without proper authority is liable for direct patent infringement of a design patent.³² A party can also be sued for induced or contributory infringement under § 271 (indirect infringement). To induce infringement, an accused infringer must have known about the patent and known that its certain actions would lead another party to infringe the patent.³³ For contributory infringement, a party is liable if he or she sells, offers to sell, or imports components or materials that are intended to be used in a patented invention or process. Although induced infringement and contributory infringement overlap, contributory infringement requires a higher level of guilt. However, either form of indirect infringement requires a showing of direct infringement by some party.

(d) Basis of Claims

Under the pleading standards of *Twombly* and *Iqbal*, a complaint must be dismissed unless it alleges facts that state a claim to relief that is “plausible on its face.”³⁴ In a design patent infringement complaint, a design patent owner must identify the accused product and the design patent allegedly infringed. Particularly in cases of slavish copying, it can be effective for a design patent owner to illustrate its infringement allegations by way of a side-by-side visual comparison between the design patent images and images of the accused product.

The test for design patent infringement is whether, in the eyes of the ordinary observer, the overall appearance of the claimed design is substantially the same as the overall appearance of the accused product, in view of the prior art.³⁵ To analyze whether there is

31. *Agarwal v. Buchanan*, No. 17-2182 BRO (MRWx), 2017 WL 5125752, at *2 (C. D. Cal. June 22, 2017).

32. See 35 U.S.C. § 271(a).

33. See 35 U.S.C. § 271(b).

34. *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007); *Ashcroft v. Iqbal*, 556 U.S. 662 (2009).

35. See *Gorham v. White*, 81 U.S. 511 (1871) (seminal case on design patent infringement setting forth the ordinary observer test); see also *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 678 (Fed. Cir. 2008) (*en banc*) (“[W]e hold that the

design patent infringement, “[t]he proper comparison requires a side-by-side view of the drawings of the... patented design and the accused products.”³⁶

(e) Admissibility of Evidence

Admissibility of evidence in design patent litigation is typically governed by the Federal Rules of Evidence, Title 35 of the United States Code, and common law doctrines created guided by judicial holdings. The Federal Rules of Evidence govern all proceedings filed in a federal district court. Furthermore, the rules applying to civil litigation cases will apply irrespective of substantive law at issue in the case. A party may seek relevant information for a claim or defense during pre-trial discovery; this information may be any fact or thing that has a tendency to have a logical connection with an issue at trial.³⁷ If the evidence is deemed to be relevant, and the prejudicial value does not outweigh the probative value, the evidence may be introduced to trial via deposition or trial testimony of a witness.

Title 35 of the United State Code also contains certain restrictions that serve as a guide to evidentiary matters for design patent litigation. The patent statutes restrict design patent evidentiary issues by restricting the claims that may be brought, the acts that are considered infringement, and those who may be potentially liable for infringement. Further, the United States system of law relies heavily on judicial precedent. Decisions handed down from federal courts regarding the interpretation of rules or statutes is a key source of authority for evidentiary matters. These judicial decisions range from admissibility rules for expert testimony to admissibility of evidence for claim construction in *Markman* (claim construction) hearings. The law regarding admissibility of evidence may come from several different sources. For the most part, the Federal Rules of Evidence and common law rulings serve as the primary source for evidentiary rules.

(f) Structure and Timing of the Proceedings

District court litigation first entails both parties pleading the claims and defenses they wish to bring. The case then turns to discovery, including requests for physical documents and depositions of expert and fact witnesses. After a *Markman* (claim construction) hearing, a court will then allow the parties to exchange expert reports, invalidity and infringement contentions, and damages reports. At this point, parties might file a motion for summary judgment. The parties will present any remaining claims at trial via testimony and arguments. At the conclusion of trial, the court will enter judgment, subject to any post-trial motions.

36. *Crocs, Inc. v. ITC*, 598 F.3d 1294, 1304 (Fed. Cir. 2010).

37. See Fed. R. Evid. 401.

At the PTAB, parties spend considerable effort upfront in an effort to either have trial instituted or to prevent institution. A petitioner files their request with the PTAB seeking institution of trial regarding the validity of a design patent. The design patent owner has the opportunity to respond and object to the invalidity contentions. Based on these filings, the PTAB proffers a decision on institution, detailing the reason for the grant or denial of institution. If a post grant proceeding is instituted, there is limited discovery and a chance for the design patent owner to amend the claims of the patent. After an oral hearing in front of the administrative law judges, the PTAB issues a final written decision, which will explain why the challenged claims of the patent are upheld or invalidated.

After a district court or PTAB judgment, the losing party may file an appeal with the Court of Appeals for the Federal Circuit. After a Federal Circuit decision, the losing party may petition the Supreme Court for a *writ of certiorari*.

Timing, Including Preparation

Relatively speaking, very few patent infringement disputes, whether design or utility, ever make it to trial—most settle before such time. For those that do go to trial, over the last five years, the average time to reach trial in district court cases has been approximately 2.5 years.³⁸ Furthermore, the average time for the conclusion of those cases which reach trial stretches to almost 3.6 years. These estimates do not include any pre-complaint preparation time, which may be a period of several months prior to the filing of a complaint. Proceedings in the PTAB are statutorily required to be resolved more quickly. On average, a PTAB proceeding will take 1.5 years to reach a final decision if instituted. Conversely, it takes about half a year for a PTAB proceeding to be terminated altogether.³⁹

(g) Costs and Cost Reimbursement

Generally, litigating infringement cases in the U.S. is more expensive than litigating a similar case elsewhere in the world. The cost depends heavily on the type of litigation. For example, the overall costs of litigation may depend on the asserted technology (or design), the length of litigation, and the amount of money at risk in the suit. For example, the *AIPLA 2019 Report of the Economic Survey* provides that with one to ten million dollars at risk, the median cost is \$1,500,000

38. Source: https://law.lexmachina.com/cases?q=%22design%20patent%22&case_types-include=27&pending-from=2009-01-01&pending-to=&filters=true&tab=timing&view=analytics&cols=475.

39. See *AIPLA 2019 Report of the Economic Survey*; see also https://law.lexmachina.com/ptab/?filing_date-from=2012-09-16&filing_date-to=&tech_center-include=2900&filters=true&tab=timing&view=analytics&cols=127.

(utility).⁴⁰ With 10 to 25 million dollars at risk, the median costs rise to \$2,700,000 (utility).⁴¹ With more than 25 million dollars at risk, the median costs are \$4,000,000 (utility).⁴² Post-grant proceedings tend to be less expensive, with a median cost of around \$400,000 to \$450,000 for cases regarding utility patents.⁴³ Similar statistics are not kept for design patent cases. Generally speaking, design patent cases are considerably less expensive to litigate. Nevertheless, they are an expensive proposition, often delving in to costly discovery and fact intensive issues.

A winning party may also recover certain costs arising from litigation, such as filing fees, printing and transcript costs, and witness costs. Additionally, in exceptional cases, parties may be able to recover attorney's fees, which can make up a large part of litigation expenses. In most cases warranting attorney's fees, the court will rule that the losing party has shown egregious behavior, such as fraud or abuse of the judicial process. However, the "American Rule" typically governs U.S. design patent litigation and provides that each party bears its own costs and attorney's fees.

(h) Enforcement of Decisions

After a district court decides whether there is or is not design patent infringement, a trial judge will enter judgment against the relevant party depending on the pleadings. Typically, the judgment will include one or several of the following: (1) A ruling on the validity and infringement of the design patent; (2) An award of monetary damages; and (3) An award of injunctive relief. The patent owner has the power to enforce the judgment of the trial court unless post-trial motions have been filed or the case is awaiting appeal. In the case of monetary damages, patent owners may attach liens on certain assets of the infringer, unless the infringer has voluntarily paid the amount owed. It is vital to ensure that the court order or judgment has clarified the exact amount to be paid and the timeline of payment. In the case of an injunction, the primary step is to notify the opposing side of the order of the court. Notification of those relevant to the injunction or underlying controversy will ensure an easier time when seeking help of the court to enforce the judgment.

A judgment on the validity of a design patent might also have effects on other proceedings regarding the same patent. For example, if a design patent is deemed invalid, *res judicata* prevents enforcement of the design patent in subsequent litigation. Therefore, it is important to object or file an appeal of a decision that

may be in error. Furthermore, a decision on validity will require communication with the USPTO and other governmental entities that may seek to establish or maintain the rights of the patent owner.

(i) Legal Remedies

The Federal Circuit has exclusive jurisdiction over patent appeals, including those for design patents. This applies to decisions of the PTAB, the International Trade Commission and U.S. federal district courts. Appeals are typically heard by a panel of three judges, after which the panel will affirm or reverse the lower level decision. A party may also request that the case be heard *en banc*, allowing the entire Federal Circuit to hear the case before deciding its disposition. A typical case originating from the district court will take approximately 14 months from docketing to a final decision.⁴⁴ Cases arising from the PTAB typically have a similar time of 15 months.⁴⁵ In recent years, the length for ITC review has been faster, at about 11 months.⁴⁶ Like most cases, the length of higher court review may depend on the number of issues before the court, or the complexity of the issues.

Decisions of the Federal Circuit may be appealed to the Supreme Court. However, appeal to the Supreme Court is not of right, and a party must petition for review by filing a *writ of certiorari*. The Supreme Court receives around 7,000 petitions for review from appellate courts, and typically grants review for approximately 0.1 percent of the petitions. In the design context, the Supreme Court has not faced many design patent cases in recent years. *Samsung Electronics Co. v. Apple Inc.*⁴⁷ is the only design patent case to reach the Supreme Court in the past 100 years.⁴⁸ As such, it is more typical that the highest level of review that a design patent case faces is the Federal Circuit.

(j) Service Abroad

The service of foreign defendants is guided by the Service Abroad of Judicial and Extrajudicial Documents in Civil and Commercial Matters ("Hague Convention"). To date, approximately 75 sovereign states have signed the Hague Convention and participate in the international service program. Namely, the Hague Convention secures "the freedom to send judicial documents, by postal channels, directly to persons abroad," for citizens of the U.S. who are a part of the

44. http://www.cafc.uscourts.gov/sites/default/files/the-court/statistics/07_Med_Dispatch_Time_MERITS_table.pdf.

45. *Id.*

46. *Id.*

47. See *Samsung Electronics Inc. v. Apple Inc.*, 132 S. Ct. 429 (2016).

48. *Apple v. Samsung* was the first time the Supreme Court has ruled on a design patent case in nearly 120 years.

40. *Id.*

41. *Id.*

42. *Id.*

43. *Id.*

Convention. Requests for service under the Hague Convention are subject to several requirements, such as a \$95 fee, the completion of a Mandatory Form, and multiple copies of the document in English, French or the official language of the requested State.⁴⁹ Service on a defendant can be accomplished through international postal channels, direct service by a participating agency, diplomatic agents, or judicial officials. The Supreme Court has held that service through international postal channels is “permissible if two conditions are met: first, the receiving state has not objected to service by mail; and second, service by mail is authorized under otherwise-applicable law.”⁵⁰ Further, the Hague Convention requires that separate requests be filed when service is upon multiple persons. Service may also be achieved through the Central Authority, which will take 4 to 12 months, but will guarantee a proof of service.

(4) Influence of Foreign Decisions

The Federal Circuit has held that foreign patent judgments are not binding precedent in U.S. patent litigation.⁵¹ In addition, foreign decisions do not have a collateral estoppel effect. However, it is possible for a court to apply a foreign decision under a theory of comity. It is not uncommon for U.S. examiners to look to foreign judgments as evidence during the prosecu-

tion of a U.S. design patent application, but the variations in law may mean that the foreign judgments have little weight. As it stands, foreign cases are occasionally still used to address the validity and merits of a U.S. design patent.

(5) Design Enforcement Statistics

Over the last five years there have been approximately 400 design patent infringement cases filed in U.S. district courts. Less than 5 percent of those cases made it to trial. A large amount of design patent infringement cases is resolved with a defaulted judgment or settlement.

As for venue, the three most popular venues to file design patent infringement lawsuits are U.S. District Court for the Central District of California (C.D. Cal.) (Los Angeles), U.S. District Court for the Southern District of New York (S.D.N.Y.) (New York) and the U.S. District Court for the Northern District of Illinois (N.D. Ill.) (Chicago).

In 2018, a jury awarded Apple \$533.3 million for Samsung’s infringement of its design patents. This jury verdict stands as the largest award of all time for a design patent infringement. ■

Available at Social Science Research Network (SSRN): <https://ssrn.com/abstract=3519438>

49. Source: <https://www.abclegal.com/international-service-of-process/hague-service-convention>; see also <https://www.hcch.net/en/instruments/conventions/full-text/>.

50. *Water Splash, Inc. v. Menon*, 137 S. Ct. 1504, 1513 (2017).

51. See *Medtronic, Inc. v. Daig Corp.*, 789 F.2d 903, 907-08 (Fed Cir. 1986).