

Outside Counsel

Expert Analysis

Missed Opportunities to Clarify Analyses for Design Patents

In a pair of recent decisions, issued two weeks apart, the U.S. Court of Appeals for the Federal Circuit (CAFC) delved further into the thicket of design patent issues in attempting to clarify how one is to determine whether a design patent has been infringed. One might think that determining whether a design patent has been infringed should be a relatively easy endeavor. Yet, the CAFC's two most recent forays into design patent jurisprudence demonstrate, again, that litigants and the courts continue to struggle with this issue.

More than five years ago, we began observing here that the CAFC had awoken to the increased difficulties that litigants and the lower courts were having in the application of design patent law.¹ In the interim, the rules by which to evaluate the scope of design patents and infringement have changed greatly. As we wrote here, approximately 18 months ago, the CAFC made a tectonic shift in design patent law when it held that its points of novelty test no longer needed to be applied.² Unfortunately, because this recent pair of decisions provides little further guidance as to how to determine whether a design patent has been infringed, and it complicates and creates more issues than it clarifies, we expect that the CAFC will continue to be called upon to review decisions related to design patent infringement and validity.

Design Patent Basics

Design patents provide an enforceable intellectual property right in ornamental designs, and the U.S. Patent Office will award a design patent if the claimed design is new, non-obvious, original and ornamental.³ As patent practitioners readily appreciate, unlike utility patents, there is no separate utility requirement; instead the value is in the ornamental features.

Although these rights are codified in the patent statute, there has been congressional recognition that inventors of design patents (who may more appropriately be referred to as designers), as an incentive to create new designs, do not need as long a monopoly as do inventors of utility



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inventions. Accordingly, whereas utility patents are in force for a period of 20 years from the earliest effective filing date, design patents are in force for 14 years as measured from the date of issuance of the patent.⁴

'Crocs Inc. v. ITC'

In February of this year, the CAFC decided *Crocs v. ITC*.⁵ Among the issues on appeal was whether the U.S. International Trade Commission had correctly construed the Crocs design patent claim. The Crocs design patent was directed to an ornamental design for footwear,⁶ and claimed part of the design of the now well-known Crocs shoe.

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The case was originally filed in the International Trade Commission alleging importation of infringing products from Asia. The Administrative Law Judge found that the accused products did not infringe the patent. In making the determination, the ALJ provided a 164-word description of the claim, and then described the elements of the claim that he believed were not met. The ALJ's determination was affirmed within the commission, and Crocs then appealed to the CAFC.

In its decision, the CAFC expressed its disapproval of the ALJ's reliance on a detailed verbal description, reminding litigants that it "has cautioned and continues to caution, trial

courts about excessive reliance on a detailed verbal description in a design infringement case."⁷ The use of a verbal claim construction, the court held, placed too much focus on particular features, which in this case incorrectly described the design, and the description led the ALJ and the commission to an incorrect finding of non-infringement.⁸

The CAFC then reemphasized that the proper test for determining whether there is design patent infringement is the ordinary observer test, which requires an inquiry into whether an ordinary observer, familiar with the prior art designs, would be deceived into believing that the accused product is the same as the patented design.⁹ Thus, as the CAFC noted, the ordinary observer test is to be applied to the patented design in its entirety and minor differences should not be the basis for a finding of non-infringement. Rather than remanding, the CAFC then applied the ordinary observer test and held that there was infringement.

The CAFC also, however, highlighted the most significant problem with its ordinary observer test, though it did not identify it as a problem. As is widely appreciated by designers, some designs are more innovative than others. Thus, the more innovative the design is, the more likely that it will have a large number of features that differ from the prior art or the differences will be dramatic. In response to this reality, the CAFC postulated that if the patented design is close to prior art designs, small differences between the accused design and the patented design assume more importance to the eye of the hypothetical observer.¹⁰ Conversely, where the prior art is dramatically different from the claimed design and where the design is truly innovative, small differences in the designs would be less important.

This framework is problematic, because the scope of the patented claim can change depending on the prior art of record, and the prior art of record may change from one litigation to the next. For example, if in a first litigation, the only prior art of record is that found by the Patent Office, the design may be viewed as a dramatic departure from the prior art and infringement may be found. However, if in a second litigation, the accused infringer who sells a product with the same design as the first infringer does a more thorough prior art search, he may find references that are much closer, though not invalidating, to the claimed design than what the Patent Office

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found. The second accused infringer's design may also be closer to that of the references found in her supplemental search than to the claimed design. Thus, whereas the first infringer may have been found to have infringed, the second infringer, who sells the same design, may be found not to have infringed. This in effect permits an accused infringer who undertakes a better prior art search than the Patent Office to narrow the scope and coverage of a patented claim.

'Richardson v. Stanley Works'

Most recently, the CAFC decided *Richardson v. Stanley Works*.¹¹ In *Richardson*, the design patent at issue was for a multifunctional carpentry tool.¹² Because the design was for a device that had clear utility, the CAFC needed to consider how to construe the functional aspects of the claimed design.

Among the several elements of the design that were driven by their utility, the CAFC recited the handle, the hammerhead, the jaw and the crowbar.¹³ It then noted that a claim to a design that contains numerous functional elements mandates a narrow construction,¹⁴ which foreshadowed that it would affirm the finding of non-infringement.

The CAFC also reiterated its instructions in *Crocs* that claim construction in a design patent should be adapted to a pictorial setting. However, the CAFC conceded that it was proper in this case for the trial court to identify which elements were functional and thus, not part of the claimed design.¹⁵

Richardson seems to hold that there is no prohibition against using a verbal description of a design patent's claim scope, but the verbal description should only be used to facilitate the application of the ordinary observer test. Under *Crocs*, a court commits error if it uses the verbal description to convert the ordinary observer test into a checklist of elements to be satisfied as a prerequisite to a finding of infringement. But under *Richardson*, a verbal description apparently can be used to exclude functional portions of the design; whether the accused device infringes the remaining, ornamental portions is judged by the ordinary observer test.

The CAFC in *Richardson* affirmed the lower court's holding of non-infringement and emphasized that the district court was permitted to identify the functional elements of the patented article, to consider only the ornamental features, and to recite the differences between the ornamental features and the accused product, so long as these acts were used to assist in applying the ordinary observer test.¹⁶

In discussing its affirmance of the lower court's decision, the CAFC elaborated and unfortunately used careless language, stating: "ignoring the functional elements of the tool, the designs are indeed different."¹⁷ In its next design patent case the CAFC should clarify that functional elements should not be ignored, and if a patentee chooses to include both functional and ornamental features in a claimed design, that choice should not be ignored in determining the scope of the claim.

During patent prosecution, if an applicant wants to disclaim a feature, regardless of whether the feature is functional or ornamental, the applicant can draft the feature in broken lines and state that the particular feature forms no part of the claimed design.¹⁸ If the applicant chooses not to disclaim functional features, then during claim

construction he should be bound to a construction that includes all of the depicted features, and be permitted to prevail on a claim of infringement only, as the U.S. Supreme Court declared more than a century ago:

[I]f, 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 observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other.¹⁹

The CAFC had previously correctly recognized that if a patentee fails to render elements in broken lines, this signals inclusion of the feature in the scope of the claim.²⁰ Thus, when the patentee includes functional features in a design, an ordinary observer cannot help but consider them in the context of the ornamental features. Accordingly, although the accused infringer should not be held liable if the similarity is only with the functional features of the claimed design, the patent holder should not be able to establish infringement by ignoring differences in the functional features.

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If a fact finder were permitted to ignore or to read out functional features, which under the literal language of *Richardson* a patentee might argue is appropriate, then the court would in effect be rewriting the patent claim. During prosecution, the patent applicant would have made a choice to present the functional features in solid lines and the Patent Office would have issued the patent relying on the choice. However, under the loose language of *Richardson*, a court may ignore the choice made during prosecution. Until *Richardson* is clarified, one would expect there to be an increase in the number of patent applicants who argue that certain features are functional and thus should be ignored during claim construction analyses.

Legacies

Crocs and *Richardson*, the CAFC's latest forays into design patent law, highlight two of the problems for trial courts when trying to interpret design patent claims and to evaluate claims of infringement. *Crocs* represents the aftereffect of the death knell that the CAFC gave to its points of novelty test, which had previously required triers of fact to consider, in addition to the ordinary observer test, the issue of whether accused designs contained the features that were novel over the prior art. Without that test and as most recently reiterated by *Crocs*, litigants are still left to consider the prior art during infringement analyses, but now must gauge whether the accused design falls closer to the ornamental features of the prior art or of the

patent claim. As noted above, this is particularly troubling given that claim scope should be set the day that a patent issues. However, under *Crocs*, the scope may change depending on the prior art before a court.

Richardson is also unsatisfying because it continues to avoid the issue of how to weigh functional elements in a claimed design. The Patent Office has procedures for disclaiming elements that patentees do not wish to have limit their claims, yet the CAFC missed a prime opportunity to reemphasize to patentees that they should use that process in the Patent Office, and not ask the courts, by ignoring functional features, to correct their failure to do so.

While design patents represent a relatively small number of the patents that are issued by the Patent Office, they can be of significant economic importance to patent holders, particular designers in the luxury and fine goods industries as well as in the traditional apparel industries and other industries. Unfortunately, as more entities obtain these types of rights and try to enforce them, they will be confronted with a less than clear framework under which to analyze the scope of these rights. In recent years the U.S. Supreme Court has expressed a renewed interest in clarifying many different aspects of patent law. One can only expect that in the near future the issue of construing and enforcing design patents will be before them.

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1. "Design Patents Take Center Stage in the Federal Circuit," Vol. 232, No. 121 NYLJ (Dec. 23, 2004).

2. "Distinct Points of Novelty Test for Design Patents Ends," Vol. 240, No. 86 NYLJ (Oct. 31, 2008).

3. 35 U.S.C. §171.

4. 35 U.S.C. §§154(a)(2) and 173.

5. 2010 U.S. App. LEXIS 3793 (Fed. Cir. Feb. 24, 2010).

6. US D517,789, Footwear to Scott Seamans (March 28, 2006).

7. Id. at *13.

8. Id. at *14.

9. Id. at *15.

10. Id. at *15-16.

11. 2010 U.S. App. LEXIS 4895 (Fed. Cir. March 9, 2010).

12. Id. at *1-2.

13. Id. at *7.

14. Id. at *8.

15. Id. at *9.

16. Id. at *12.

17. Id. at *13.

18. 37 CFR 1.152.

19. *Gorham Co. v. White*, 81 U.S. 511, 528 (1871).

20. *Door-Master Corp. v. Yorktowne Inc.*, 256 F.3d 1308, 1313 (Fed. Cir. 2001).