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Increasing power of design patents

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Interest in design patents has increased recently, particularly following Apple's success in asserting its design patents associated with the iPhone and the iPad. Apple discovered that a few relatively inexpensive design patents were just as effective against Samsung's smartphones as its arsenal of utility patents on various phone and tablet functions.

When in-house counsel think of patents, they generally think of utility patents. Utility patents are intended to protect the way a device works or the composition of a chemical or pharmaceutical product. The type of application envisioned may depend on what part of the country the in-house counsel is in. For example, in-house counsel in Texas or Oklahoma may think of a patent for a downhole tool or other oilfield technology. In Silicon Valley, counsel might think of a patent covering clean rooms and the machines therein that manufacture equipment for making millions of microscopic semiconductors. Alternatively, one may think of patents covering the way in which data is processed, transmitted or presented on a so-called smartphone, but would general counsel ever think about design patents?

Apple v Samsung

In 2011 Apple Inc filed suit against Samsung Electronics Co Ltd in the Northern District of California. Included in its complaint were accusations of infringement on four design patents. These included US Patent D504,889, simply entitled "Electronic Device". The patent presented nine figures showing a thin rectangular cuboid with rounded corners. Below is Figure 1 from the '889 design patent, presenting the now well-known iPad design in perspective.

Apple prevailed on various IP claims at trial court level, obtaining a judgment against Samsung for almost $1 billion. A portion of the award (based on trade dress) was later reversed on appeal, but the portion of the judgment that was based on infringement of design patents was sustained, notwithstanding the functional aspects of the design. The finding of design infringement was based on the way Samsung's products looked, not on technical features.

Litigation continues between Apple and Samsung in different jurisdictions around the world. Some have termed this long judicial play 'the phone wars' – an obvious phonetic allusion to animated Star Wars television series *The Clone Wars*. In the meantime, Apple's small collection of US design patents has given it tremendous leverage against its chief rival in what is otherwise a highly technical and rapidly changing space.

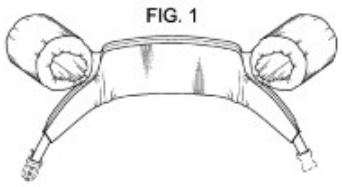
Design patent tests

The strength of the design patent can be attributed in part to a Federal Circuit decision issued in 2008. In *Egyptian Goddess* the Federal Circuit modified the design patent infringement test, adopting what is now known as the 'ordinary observer' test. The ordinary observer test requires the jury (or finder of fact) to look at the drawings in a design patent and then review the accused infringing product to determine whether the infringing product is a copy. Essentially, the jury is presented with the drawings in the patent at issue, and then the drawings are taken away. The jury is then presented with the accused product and asked: "Does the product look like a copy of the drawings that you just saw?"

This process is different from the earlier design patent infringement test. Previously, the jury was asked to focus primarily on a somewhat illusory "point of novelty". Design patent infringement analysis now involves consideration of the drawings in total to assess whether an ordinary observer would believe the accused infringing product to be a copy. Most litigants believe this is an easier process for demonstrating infringement.

Sport Dimension

Design patents still do not protect "functionality". However, in April 2016 the Federal Circuit clarified that a product having functional features is still valid where it also presents "ornamental" aspects. In *Sport Dimension Inc v Coleman Co Inc* an outdoor sporting equipment company asserted a patent for a personal flotation device against a competitor. Below is Figure 1 from the design patent.



As with the Coleman device in Figure 1, Sport Dimension's accused personal flotation device had two armbands connected on opposing sides of a torso piece. At trial, the California district court found that the armbands as well as the armband attachments, the shape of the armbands, the tapering of the armbands and the tapering of the side torso were all elements that serve a functional rather than ornamental purpose. The court then entered judgment against Coleman, essentially holding that any similarities with the Sport Dimension product related only to functional features.

On appeal, Coleman argued that the trial court had erred in excluding functional aspects of the drawings from the ordinary observer test. In considering the appeal, the Federal Circuit noted that "a design patent cannot claim a purely functional design" and that "a design patent is invalid if its overall appearance is 'dictated by' its function". However, the court added that "as long as the design is not primarily functional, 'the design claim is not invalid, even if certain elements have functional purposes'".

The *Sports Dimension* decision is a reminder that a design patent may contain both functional and ornamental elements. While the scope of a design patent claim is technically limited to the ornamental aspects of the design, to say that a functional feature renders a design patent to have no scope whatsoever is wrong. Design patents should be interpreted as an overall design, not as a collection of elements.

Comment

For in-house counsel, design patents are relatively easy to obtain. They typically cost less than half of what it costs to obtain a utility patent, and most design patents issue within a year of filing. Of greatest interest, Section 289 of the Patent Act gives design patent holders a tremendously powerful weapon: the ability to recover all profits that an infringer generates from a product that infringes on a design patent, regardless of whether the design played a role in the sale or that other features might have contributed to the consumers' purchasing decision. These factors, combined with the successes of Apple, should give in-house counsel reason to consider filing design patent applications.

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