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US design patents – no longer second chair

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# US design patents – no longer second chair

By Corey M Beaubien, Melinda D Zatkoff and Jeffrey L Doyle, Reising Ethington PC

After a lifetime of deference to utility patents, in recent years design patents in the United States are enjoying a place of prominence. Design patent filings at the US Patent and Trademark Office (USPTO) have increased sharply and design patents are finding a more important role in corporate patent portfolios. Much of the attention stems from the *Apple v Samsung* smartphone litigation in which \$399 million in damages was awarded for design patent infringement.

But the impressive damages award is only part of the picture. Viewed more closely, design patent laws have been reshaped in a short amount of time on several fronts: the Supreme Court, the Court of Appeals for the Federal Circuit and the legislature. This chapter looks at each of these areas of activity.

## The Supreme Court and design patent damages

The smartphone litigation that brought fanfare to design patents made its way to the Supreme Court at the end of 2016. At issue was the damages award.

For over a century the Supreme Court had mostly sidestepped design patent jurisprudence. But in *Samsung v Apple* the court took on the damages remedy distinctive to design patent infringement in Section 289 of the Patent Act. The section makes it unlawful to make or sell an “article of manufacture” to which a patented design is applied and makes an infringer liable to the design patent owner “to the extent of his total profit”. The section does not embrace utility patents, and the prospect of total profits and the attendant deterrent effect have long been attractive traits of design patents in the United States.

## Total profit for product

Before the Supreme Court addressed Section 289, infringers would be compelled to disgorge all of their profits on the sale of a product, even when the design patent protection extended only to a portion of the product and hence, strictly speaking, only that portion of the product infringed the design patent. In a Federal Circuit decision from 2015, *Nordock v Systems*, this meant that the owner of a design patent covering a lip and hinge plate for a larger loading dock leveller was entitled to the profits of the entire dock leveller, not just profits based on the lip and hinge plate. Other decisions have had similar outcomes, finding no place in Section 289 for the rule of apportionment in which total product profits should not be recovered for protection on a mere portion of a product.

## Total profit for product or component thereof

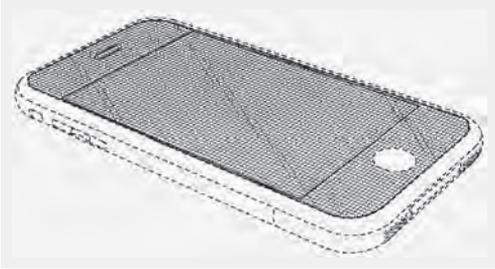
However, in *Samsung v Apple* the Supreme Court read the statute differently. Based on a broad understanding of the term, the court held that an ‘article of manufacture’ in Section 289 for a multicomponent product could be the product sold to consumers, as well as a component of that product. Interpreted as such, the section’s “total profit” need not always be assessed in view of the product embodying a protected component, and rather could be assessed in view of that component alone. The court set out a two-step framework for the determination:

- first, identify the article of manufacture to which the infringed design is applied; and
- second, calculate the infringer’s total profit made on that article.

The court went further, making clear that the word ‘total’ in “total profit” indeed means ‘all’.

The underlying dispute germane to Supreme Court review involved three of Apple’s design patents covering certain aspects of its iPhone. One of the design patents, US Design Patent D618,677, protects the front face of the device (see Figure 1). It shows the front face in solid lines and therefore claimed, and leaves a remaining rear portion of the device in broken lines and therefore not part of the claimed design. The other two design patents, US Design Patents D604,305 and D593,087, similarly leave the rear portion of the device unclaimed.

Figure 1.



In the lower court, a jury found that Samsung’s smartphones infringed the design patents. Apple was then awarded the total profit made from the sales of the infringing devices, in all \$399 million in damages. On appeal, the Federal Circuit affirmed the award, rejecting arguments presented by Samsung that the damages should have been limited to what Samsung viewed as the relevant article of manufacture – namely, the front face of the smartphone and not the entire smartphone itself.

Now, with the Supreme Court weighing in, the total profit to which Apple is entitled need not necessarily be assessed in view of the entire infringing smartphones, and rather could be assessed in view of just the front faces. In other words, the article of manufacture for purposes of Section 289 might merely be the front faces of the smartphones. The issue awaits action by lower courts.

For US design patent laws and Section 289, the holding in *Samsung v Apple* means that infringers will not always be compelled to disgorge all of their product profits when the infringing protection extends only to a component of that product. More will be known about the significance of the case as lower courts parse its holding, particularly as courts delve into the first step of identifying the ‘article of



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manufacture’ in the opinion’s two-step framework. Other remedies available to design patent owners under the Patent Act (ie, lost profits or a reasonable royalty) are not altered by the Supreme Court’s holding.

Still, the deterrent effect accompanying US design patents by and large endures. ‘Total profit’ decidedly means all profits in Section 289, although its application could be shifted in certain cases. For multicomponent products, the most effective strategy for protection remains a healthy mix of design patents of varying scope – those covering the overall product and those covering key components of the product.

**The Federal Circuit and functional aspects of a design**

The Federal Circuit recently sought to clarify how to construe claims in design patent cases. As background, design patents in the United States



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protect new and original ornamental designs for articles of manufacture. A general tenet of US design patent law is that the claim cannot cover a purely functional design having no ornamental features. If the appearance of an article of manufacture is purely functional, that article is not eligible for design patent protection because there is no ornamental aspect to it. This is in contrast to utility patents, which generally protect the functional aspects of an invention.

In order to determine whether a design patent claim covers a purely functional design, courts must set out which features are dictated solely by function and which features are ornamental. Articles of manufacture subject to design patent protection often have some functional aspects and some ornamental aspects. Many courts have struggled to identify precisely what is functional and what is ornamental for the purpose of determining the scope of a design patent claim.

### The 'factoring out' approach

In 2010 an approach for handling functionality as it relates to a design patent arose out of the Federal Circuit decision in *Richardson v Stanley Works*. In the case, the lower court identified and 'factored out' several functional components of a multi-functional tool (US Design Patent D562,101), stating that the design patent's scope did not extend to these functional elements. By ignoring the functional elements, the lower court found the patented design different from the accused design and entered a judgment of non-infringement.

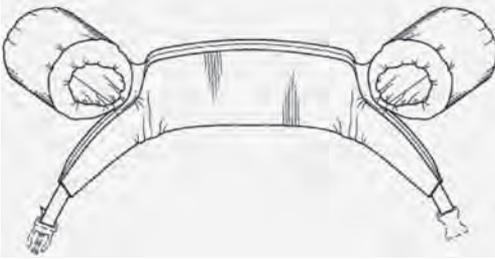
The Federal Circuit affirmed the analysis, stating that several elements of the multi-functional tool were driven purely by utility. This led many lower courts to disregard functional aspects of a patented design during claim construction. Courts instead focused solely on the ornamental features. Under the analysis, design patent claims were viewed as more limited in scope.

### Functional aspects considered

More recently, the Federal Circuit has backed away from this approach to claim construction. In 2016 in *Sport Dimension v Coleman Co* the Federal Circuit reversed the lower court's analysis, which excluded from consideration functional aspects of a design.

In the case, the Coleman Company asserted US Design Patent D623,714 (D'714) against Sport Dimension. The D'714 patent covers a personal flotation device, consisting of left and right arm bands connected to a torso piece (see Figure 2). The sides of the torso piece are shown tapering toward a connecting strap. The lower court found that the left and right arm bands and the side torso taper were functional aspects of the design, not ornamental. For this reason, the court eliminated these features from the claimed design during claim construction and, as a result, entered a judgment of non-infringement of the accused design.

Figure 2.



In reversing the lower court decision, the Federal Circuit stated that the arm bands and side torso taper could not be entirely eliminated from the claimed design. The Federal Circuit reasoned that it is not proper to entirely eliminate an element from the claimed design, even if that element serves a functional purpose. Instead, the Federal Circuit instructed that courts should focus on what these elements contribute to the overall ornamentation of the design, rather than focusing on their particular functional design. While the scope of coverage of functional elements may be limited, these elements

cannot be entirely disregarded from the overall design.

The Federal Circuit also set out several factors to assist the lower courts in determining what aspects of a design are functional:

- whether the protected design represents the best design;
- whether alternative designs would adversely affect the utility of the specified article;
- whether there are any concomitant utility patents;
- whether the advertising touts particular features of the design as having specific utility; and
- whether there are any elements in the design or an overall appearance clearly not dictated by function.

With this analysis from the Federal Circuit that functional elements cannot be ignored, design patent coverage in the United States is perhaps broader than previously thought. While functional features are given more limited protection than ornamental aspects, they must be considered for what they contribute to the overall ornamental design per the holding in *Sport Dimension v Coleman Co*.

### The legislature and the Hague Agreement

In addition to case law, legislation has reshaped US design patent laws in recent years. In 2015 the Hague Agreement came into effect in the United States, representing the largest legislative development directed at design patents in decades and a considerable step towards international harmonisation. While there are many similarities between regular US design applications/patents and Hague design applications/patents, there are meaningful differences.

Perhaps the biggest difference is that Hague design applications are published six months from the application's filing date, whereas regular design applications remain confidential until patent issuance. One benefit of publication is that under certain circumstances, a patentee can collect reasonable royalties from an infringer calculated during the period from publication

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to issuance – a privilege in the United States known as ‘provisional rights’ and previously only available to US utility patent owners.

Another difference lies in the number of designs that a Hague design application may include. An application filed under the Hague Agreement can include up to 100 designs, provided that the designs all fall into the same class of the Locarno Classification. Regular US design applications, in contrast, have typically been limited to a single design, although they may include multiple embodiments of that single design concept. One caveat is that while a Hague design application may include different designs, the application will nevertheless be subject to US restriction practices in which patentably distinct designs cannot remain in a single application.

Further, the Hague Agreement brought an extra year of protection for design patents. US design patents filed before the Hague Agreement came into effect receive a term of 14 years from the date of issuance. Following Hague enactment, all US design patents – both regular and Hague designs – will receive a term of 15 years from the date of issuance.

While Hague design applications still represent a substantially smaller percentage of new filings at the USPTO compared to regular US design applications, that percentage should increase steadily as stakeholders find more familiarity and comfort with the Hague option.

## Conclusion

With newfound prominence and maturing laws, design patents are sure to continue their rise in the United States. Nonetheless, the attention is overdue. Products are poised to benefit most with an acute focus on design patent protections, especially when protection is aimed at key components of a product and at components that are commonly replaced amid use of a product. In the end, as more patent stakeholders view design patents in the same light as utility patents, products will gain protection and corporate patent portfolios will gain strength – a win on several fronts. **iam**



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