

## DESIGN PATENT NEWS

### **Patent Office Proposes New Examination Guidelines for the Written Description Requirement in Design Patent Cases**

On April 15, 2016, the U.S. Patent and Trademark Office issued a Notice in the Federal Register proposing new examination guidelines for the written description requirement of 35 U.S.C. 112(a) as applied to design patent applications. The Office requested comments to the proposed examination guidelines, as well as examples of how those guidelines may be implemented. The Notice is a follow-up to the Roundtable Discussion of March 5, 2014 soliciting public comments regarding the application of the written description requirement in instances where a design claim has been amended, or where a continuing or reissue design application has been filed which claims only a subset of the originally disclosed design elements. The Notice seeks to resolve a continuing controversy between the Office, design patent applicants, and practitioners on this important issue.

In design patent practice, the drawing figures showing the design are often presented with some or all of the features of that design shown in solid lines (which indicate that they are claimed), and the remaining features of the design are shown in broken lines (to indicate that they are not claimed). Applicants may later amend the drawing figures, and hence the design claim, during the prosecution of the application by either converting claimed solid line features to broken lines, in order to disclaim them, or by converting features from broken lines to solid lines in order to claim them. Applicants do this in order to change the scope of the design claim, for example, to avoid the cited prior art.

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Applicants may also file continuing design patent applications which claim different subsets of features of the design as it was originally disclosed, or they may seek a reissuance of an already granted design patent in order to broaden or narrow the scope of the design claim.

In order to be patentable, such amendments (or new continuing or reissue design claims) must all meet the written description requirement of Section 112(a) and therefore be supported by the disclosure of the design shown in the original application. Such support is usually provided visually in the drawing figures of the original application, although it may be supplemented by the written specification. In the two years between the Roundtable Discussion and the issuance of the Federal Register Notice, the Office has experimented with many different standards for determining whether an amendment to a design claim (or a design claim presented in a continuing or reissue application) meet the written description requirements. Those standards ranged from a requirement of a verbal or visual indication in the original application that would guide or direct a designer of ordinary skill in the art to select the particular combination or subset of features that are later claimed, to a requirement that the subset of features not be an arbitrary selection of individual features, or that the particular composition of elements in the new design claim would have been recognized as a preconceived design within the totality of the originally-disclosed design.

In the process of formulating these standards, the Office interpreted and applied them broadly, in order to routinely reject design claims that had been amended, or to reject design claims that had been presented as part of continuing design patent applications, because they allegedly failed to provide a written description that supported the change in the subset of design features that were claimed. Unfortunately, the Office neglected to provide guidance or examples for how the drawing figures or written specification of the original application could provide the particularized identification of the newly-claimed subset of design features that the Examiners consistently required. This generated a tremendous amount of controversy in this area of design patent practice.

The practical effect of this examination policy has been the denial of the right to amend the drawing figures (which define the design claim) in any way which changed the grouping of the claimed features.

## **Highlights: USPTO Design Day 2016**

On April 19, 2016, the United States Patent and Trademark Office held its annual Design Day conference that brought together senior managers from the USPTO's Technology Center 2900 (which is responsible for examining design patent applications), administrative law judges from the USPTO's Patent Trial and Appeal Board, and attorneys and practitioners in the field of designs.

The following are highlights of the issues discussed during the Design Day 2016 conference:

### **Federal Register Notice**

Commissioner Andrew Hirshfeld delivered a welcome address noting the increasing importance of design patents. Commissioner Hirshfeld encouraged the public to submit comments and examples for the application of the Written Description Requirement in Design Patent Applications, which was published in the Federal Register Notice on April 15, 2016 (reported here <https://www.federalregister.gov/articles/2016/04/15/2016-08760/request-for-comments-on-the-application-of-the-written-description-requirement-to-specific>).

**For more information, please see the explanatory article in this issue beginning on page 1.**

As a result, it was very difficult, if not impossible, for an applicant to narrow the scope of the design claim in order to, for example, avoid prior art that had been used to reject the application. This practice also made it challenging for an applicant to claim domestic priority for a continuation application back to the earlier filing date of its parent application, or to seek a broadening of a design claim through the Office's patent reissue process.

This shifting examination policy undoubtedly prompted some applicants to file appeals of the written description issue to the Patent Trial and Appeal Board, or to file Petitions to the Director of the USPTO which challenged whether the Examiners were applying the correct legal standards to assess the written description requirement. The Examiners have relied on court cases involving utility patents, primarily in the chemical and biotech arts, in order to provide the legal standards that it applied to design patents, even though those utility patents have significantly different and stricter requirements for finding an adequate supporting written description than is the case with designs. The Examiners largely ignored the body of case law from the U.S. Court of Appeals for the Federal Circuit which interpreted and applied the written description requirement of Section 112(a) to design patent cases. This compounded the uncertainty and gridlock caused by the Office's examination policies.

In reaction to this mounting controversy, the Deputy Commissioner for Patent Examination Policy issued the Federal Register Notice in which he announced a new framework of legal standards and factors that Examiners should apply when determining whether there is an adequate written description supporting an amendment to a design claim, or a claim of domestic priority for a continuing or reissue design application. That framework is based almost exclusively on Federal Circuit case law which has interpreted and applied the written description requirement to design patent cases. Those cases provide a broader and more permissive standard for meeting the written description requirement than the utility patent cases that had heretofore been applied by the Office.

The Deputy Commissioner relied primarily on the Federal Circuit's ruling in *Racing Strollers, Inc. v. Tri Industries, Inc.*, 878 F.2d 1418, 1420 (Fed.Cir. 1989) to find that "[a]s a practical matter, meeting the written description requirement of Section 112 is, in the case of an ornamental design, simply a question of whether the earlier application contains illustrations, in whatever form they may take, depicting the ornamental design illustrated in the later application and claimed therein."

### Highlights: Design Day 2016 (Con't)

#### Update on Hague Implementation

To date, 256 Hague Applications have been filed by the U.S. Convention Applicants. Under the Hague Convention, there are simple tools to guide filers, as well as cost benefits, efficiency, and flexibility.

There are two ways to file a Hague Application:

- 1) Directly through the Hague using the World Intellectual Property Organization (WIPO) interface.
- 2) Indirectly through the USPTO's electronic filing system.

For more information, please visit:  
[www.wipo.int/hague/en](http://www.wipo.int/hague/en)

#### Update on MPEP Changes and Implications

Bryce Rufener of Caterpillar Inc. presented on MPEP changes and implications, highlighting inconsistencies apparent in the MPEP. Mr. Rufener stated that it is not clear which standards and guidelines to follow, but provided that it is good practice to always use caution. An important change for practitioners is that applications filed in color no longer require a petition, the payment of a fee or 3 sets of drawings.

For more information, please visit:  
<http://www.uspto.gov/sites/default/files/documents/80-fr-17918.pdf>

The Deputy Commissioner also relied on the Federal Circuit's holding in *In re Owens*, 710 F.3d 1362, 1368 (Fed. Cir. 2013) to find that the written description issue presents the question of whether a skilled artisan would recognize upon reading the original application's disclosure whether the applicant had possession of the separately-claimed features. Finally, the Deputy Commissioner relied on the Federal Circuit's holding in *In re Daniels*, 144 F.3d 1452 (Fed. Cir. 1998) for the proposition that the written description requirement is met if the newly-claimed design "is clearly visible in the earlier design application, demonstrating to the artisan viewing that application that [the inventor] had possession at that time of the later claimed design of that article ..."

In adopting these standards, the Deputy Commissioner disregarded the stricter standards applied by the Office that resulted in consistent rejections or objections to design claims based on a failure to meet the written description requirement. Instead, the Deputy Commissioner stated that a written description is sufficient if the newly-claimed features are shown to have the same visual appearance, in either solid line or broken line form, in the original drawing figures provided:

"In the vast majority of such situations, the fact that a subset of originally disclosed elements composing the later-claimed design is visible (claimed or unclaimed) in the original/earlier application is sufficient to demonstrate to the ordinary designer viewing the original/earlier application that the inventor had possession of the later-claimed design at the time of filing the original/earlier application.

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In these situations, no further analysis by the examiner would be necessary with respect to the written description requirement."

When fully implemented, these new examination policies for the written description requirement will likely permit amendments to the design claim in order to distinguish the claim from the prior art reference, as well as permit the filing of continuation and reissue design applications which claim priority back to the filing date of an earlier parent application. Those actions should be permitted, as long as the subset of design features that are claimed in the amendment or later application are shown to have the same size, shape, placement, proportions and visual appearance as they were shown to have, in either solid line or broken line form, in the original drawing figures that were filed for that design.

### **Highlights: Design Day 2016 (Con't)**

Mr. Rufener also noted that the design patent term has been changed from 14 years to 15 years for applications filed on or after May 13, 2015 as a result of the adoption of the Hague Convention protocols.

### **Patent Prosecution Best Practices Panel: Views from Examiners and Practitioners**

A panel discussion among Examiners and practitioners provided insight on issues such as design patent titles, elements of the specification, unauthorized changes to the specification by Examiners without attorney or agent consent, "may" versus "must" language in Office Actions, Information Disclosure Statements, and ways both Examiners and practitioners can facilitate efficient examination and prosecution of U.S. Design Patent Applications.

### **Permissible Hindsight: a Retrospective on Classic Cases that Influence Design Examination**

Daniel Gajewski selected several cases to provide examples of new matter, obviousness, and color. Mr. Gajewski discussed *In re Mann* and *In re Salmon* regarding the issue of new matter.



Although the Deputy Commissioner contemplated that there would be exceptions to this general rule, he seemed to indicate that this will only occur in instances where the new design could be recognized in the original drawings. As long as the new subset of features is created by the simple conversion of features from solid lines to broken lines, or vice versa, without any change in size, shape, or appearance of the individual features, then changes in the design claim should be permitted under the proposed new examination guidelines, without any question about whether that combination of features would have been previously recognized as a separately-claimable design.

This will undoubtedly make it easier for design patent applicants to amend the design claim to avoid cited prior art, to file continuation applications which claim various subsets of the features of the originally-disclosed design, or to file reissue applications which broaden the design claim. Comments to the Federal Register Notice are due by **June 14, 2016**.

## Overall Ornamentation Protected: An Update From the Federal Circuit

To be awarded a design patent, an invention must contain ornamental features. Naturally, the ornamental features for which protection is sought may coexist or coincide with functional, utilitarian aspects of the same invention. Courts have historically wrestled with distinguishing ornamental features of an invention from functional, utilitarian features. Many times, these determinations occur on a case-by-case basis; a functional feature in one field may be purely ornamental in another, and vice versa. Similarly, there is often a grey area in which expert analysis is required to assess the degree to which a feature is functional rather than ornamental. The U.S. Court of Appeals for the Federal Circuit's holding in *Sport Dimension, Inc. v. The Coleman Company, Inc.*, No. 15-1533 (Fed. Cir. Apr. 19, 2016) further clarified the application of this distinction, while also emphasizing the importance of drawing figures in construing the overall scope of a design claim.

Sport Dimension and Coleman are sporting equipment companies selling wearable floatation devices intended for outdoor water-sports activities. Each of the floatation device designs at issue includes a piece which wraps around the torso and two attached armbands. Sport Dimension's patented design, however, includes a slightly more detailed torso piece.

### Highlights: Design Day 2016 (Con't)

In addressing obviousness, Mr. Gajewski reviewed *In re Rosen* and other cases when considering prior art to be a primary reference. Lastly, Mr. Gajewski reviewed several cases regarding color and addressed the expansive concept that color may play a role in patentability, stating the possibility of instances where color alone is not a basis for patentability.

### *Apple v. Samsung* at the Supreme Court

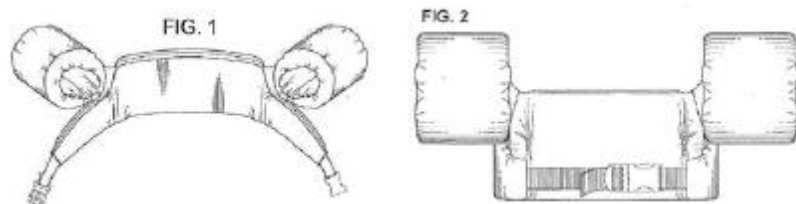
James Aquilina provided a detailed overview of the questions considered by the Supreme Court in *Apple v. Samsung*:

*“Where a design patent is applied to only a component of a product, should an award of infringer’s profits be limited to those profits attributable to the component?”*

Mr. Aquilina noted the origins of the current design patent damages statute and reviewed the arguments of the parties. Apple focuses on arguing the plain language of the statute, while Samsung argues the meaning of “article of manufacture,” “made from the infringement,” and whether 35 U.S.C. § 289 allows a double recovery.

Where Coleman's floatation device simply wraps around the torso, Sport Dimension's device includes shoulder straps forming a vest around the user's shoulders, as well.

### Coleman Floatation Device Design



### Sport Dimension Floatation Device Design



The chief concern at issue in the Federal Circuit's ruling was the manner in which Sport Dimension wanted to define the scope of their design patent claim more broadly by focusing on their invention's ornamentation versus its function. Essentially, Sport Dimension wished to remove the left and right armbands, along with the tapering of the side torso from the scope of their claim, arguing that the features are primarily functional and not ornamental. The remaining features, including the central torso portion and vest-like shoulder straps, were to serve as the only part of Sport Dimension's claim that would be applied to the Coleman vest. The District Court adopted this claim construction and Coleman objected.

In determining the validity of Sport Dimension's limited claim construction, the Federal Circuit primarily sought to reexamine similar holdings involving the relationship between ornamentation and function in design patents.

### Highlights: Design Day 2016 (Con't)

#### Recent Case Summaries

William Seymour presented a detailed overview of design patent decisions from the past year. Mr. Seymour noted several cases pertaining to infringement and whether the accused product appeared to be closer to the prior art or the patented design. Mr. Seymour additionally discussed a recent case involving a particularly detailed design which was nonetheless found to infringe despite the differences with the prior art. Mr. Seymour also discussed cases relating to subject matter eligibility and functionality.

#### Performance Statistics for Design Patent Applications

From the U.S. Patent and Trademark Office:

##### Applications Filed by Year:

2007	27,752
2008	27,782
2009	25,806
2010	29,059
2011	30,467
2012	32,799
2013	36,034
2014	35,378
2015	39,097

In *OddzOn Prods., Inc. v. Just Toys, Inc.*, the Court interpreted a design patent for a rocket-shaped football by limiting the scope of the claim to the “overall visual impression” of the design shown in the drawings, rather than the “broader general design concept” of a rocket-shaped sports ball. *OddzOn*, 122 F.3d 1396, 1405 (Fed. Cir. 1997). Essentially, *OddzOn* demonstrates the Court’s intention to protect an original design concept, while avoiding an overreaching determination based on a general appearance. The rocket-shaped sports ball deserved protection despite the functional aspects of its design.

Similarly, in *Richardson v. Stanley Works, Inc.*, the Court determined that a functional instrument, a multi-purpose utility tool including a hammer and crowbar, did not preclude the invention from receiving design patent protection. *Richardson*, 597 F.3d 1288 (Fed. Cir. 2010). Where the device included ornamental aspects which were combined with functional features, protection was still appropriate. In *Ethicon Endo-Surgery, Inc. v. Covidien, Inc.*, the Federal Circuit once again held that the functionality of a device did not render an invention free from ornamentation. If the design is not principally functional, “the design claim is not invalid, even if certain elements have functional purposes.” *Sport Dimension* (citing *Ethicon Endo-Surgery*, 796 F.3d 1312, 1333 (Fed. Cir. 2015)).

Of note is the Federal Circuit’s observation that in each of these holdings, despite the variation in subject matter receiving protection (sports equipment, utility tools, and surgical devices), no structural element was entirely eliminated from the claimed ornamental design even though it had an additional functional purpose. In light of the present case regarding personal flotation devices, the interpretation must follow: the torso tapering and left and right armband features cannot be excluded from the design claim based on *Sport Dimension*’s reasoning that they are functional and not ornamental. *Sport Dimension* failed to provide evidence demonstrating the appearance of those features is “driven purely by utility.” *Richardson*, 597 F.3d at 1294. Additionally, if *Sport Dimension*’s rationale were applied consistently, the torso and armbands of *Coleman*’s floatation device would also be functional and not receive design protection.

*Sport Dimension* emphasizes the view that design patents cannot be held to protect a casual combination of divisible features. Rather, design patents are intended to protect the overall ornamentation of a design which may include functional details.

## DESIGN STATISTICS (Con’t)

### Design Patents Issued:

2007	24,062
2008	25,565
2009	23,116
2010	22,799
2011	21,356
2012	21,951
2013	23,468
2014	23,657
2015	25,986

### Time Between Application Filing and First Action:

2014	10.7 -12.8 months
2015	12.7- 15.8 months
2016	13.7- 14.0 months

### Total Pendency of Application:

2014	15.6- 17.0 months
2015	17.0- 20.2 months
2016	19.8- 20.1 months

### Unexamined Application Backlog:

2014	32,348 – 37,303
2015	38,094 – 40,177
2016	40,078 – 41,055

### Design Allowance Rate:

FY2016	86%
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### Time Between Filing and First Action For Expedited Applications:

FY 2016	2.8 months
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Otherwise, the court would be required to enforce a comparison of each individual element of an invention to determine infringement, resulting in an arduous and inefficient evaluation of every individual visual aspect of a design – a virtually impossible task.

The practical impact of the Federal Circuit’s opinion in *Sports Dimension* is significant in several ways. The holding reaffirms the established fact that an invention can receive design patent protection based on its overall visual appearance, despite its functional or utilitarian aspects. Although the ornamental aspects of the design will be emphasized, the features that may have functional, utilitarian aspects will not be excluded. Further, this interpretation is generally applied evenly despite the varying fields of invention that design patents cover. Lastly, Applicants must exercise caution when providing images of their design claim. While detailed and inclusive drawings can provide greater coverage for design patents, they can also serve to limit the scope of protection, particularly if the field in which the inventor is working is already saturated with similar designs. As flotation devices are not a new field of design, this may be a valuable consideration for both companies. If Sport Dimension simply provided an image of their flotation device design with the allegedly “functional” aspects (*i.e.*, the left and right armbands, for example) in unclaimed broken lines as a sample environment or an example embodiment, they would not have been struggling to remove them from their overall claim, so that they would not have to apply them to Coleman’s potentially infringing design. Nonetheless, *Sport Dimension* provides essential precedent in solidifying the scope of design patent claims being defined based on the overall visual impression provided by a design.

### ***Design Tips:***

## **What are Design Patents and Why are they Important?**

Design patents are proving to be valuable assets to obtain. Good design is key to being successful in today’s economy. Consumers do not buy products with bad designs; they expect good user experience and economical designs. Design patents can be used to strengthen the protection of that user experience. Any efforts to replicate or copy such user experience may result in infringement, and/or an award of damages, including the infringer’s total profits. Design patents can therefore be used to strengthen the protection of that user experience.

### **Trademark Tips: Protect All of Your Marks**

Trademarks are important and valuable intellectual property rights because of the essential role that they play in defining the brand identity of a business or organization.

However, many businesses or organizations fail to recognize the breadth of options for protecting and registering trademarks, and thus fail to adequately protect or register them at the state or Federal level.

Trademarks eligible for protection include:

- 1) **Word Marks** include the distinctive word (actual or fanciful) chosen as the trademark to represent a product or service.
- 2) **Design Marks** refer to a logo, symbol, or graphical design used as a brand for products or services.
- 3) **Combination Marks** include both words and logos/graphical designs displayed together to represent a product or service.
- 4) **Product Configurations** include the ornamental, nonfunctional aspects of a design of a product.



Any efforts to replicate or copy such user experience may result in infringement, and/or an award of damages, including the infringer's total profits. Design patents can therefore be used to strengthen the protection of that user experience. Any efforts to replicate or copy such user experience may result in infringement cases and/or damages being sought after. Thus, a design patent can be an extremely powerful tool to inhibit a competitor from replicating or stealing your design.

### **The USPTO Continues to Scrutinize Priority for Amendments to the Drawing Figures in Applications and Continuation Applications**

To avoid possible objections to foreign priority and domestic priority for corresponding U.S. Design Applications, include multiple sets of drawing figures disclosing variations and subsets of the claimed design in an application, with each set claiming different features and parts of the design.

- File a design application in the U.S. or a foreign country claiming all design features of an article in solid lines as an application claiming all features of a particular design.
- File additional applications which claim subsets of those design features at the same time as filing the design application claiming the overall whole design.
- Each design patent application claims a different combination or variation of design features.

Include a descriptive statement in the specification that each individual feature is part of the claimed design, and may be claimed separately or in combination with other features in a later application to possibly use as support for the ongoing objections and rejections regarding any variation from a Design Applications consider including multiple sets of drawing figures disclosing variations and subsets of the claimed design in an application, with each set claiming different features and parts of the design.

- File a design application in the U.S. or in a foreign country claiming all design features of an article in solid lines as an application claiming all features of a particular design
- File additional applications which claim subsets of those design features at the same time as filing the design application claiming the overall whole design
- Each design patent application claims a different combination or variation of design features.

### **Trademark Tips (Con't)**

**5) Certification Marks** include any word, phrase, symbol, design, or combination thereof which certify that the goods or services of others meet certain standards.

**6) Collective Marks** include any words, phrases, symbols, designs, or combinations thereof owned by a cooperative or association and used by its members to indicate the source of goods or services (i.e. BORDEAU for French wine).

**7) Collective Membership Marks** include any mark that indicates that the user is a member of a particular organization. For example, REALTOR® is used by members of the National Association of Realtors.

While registration is not necessary for its use or protection, a federal trademark registration provides valuable legal presumptions and rights:

- Presumption of ownership and exclusive right to use the mark.
- Presumption that the mark has nationwide protection.
- Ability to use the federal “®” registration symbol.
- Ability to register the trademark with U.S. Customs & Border Protection to stop counterfeit products at the border.
- Ability to obtain treble damages and injunctions against counterfeiters.

Include a descriptive statement in the specification that each individual feature is part of the claimed design, and may be claimed separately or in combination with other features in a later application to possibly use as support for the ongoing objections and rejections regarding any variation from a parent application.

### **Design Drawings are of Critical Importance**

Design drawings must always be clear, sharp (solid lines, surface shading lines and details all shown in smooth, clear, and continuous lines), high quality and resolution, with sufficient views to fully disclose the claimed design, in a complete, definite, and consistent manner.

### **U.S. Design Patent Practice is Evolving**

The USPTO has become strict in applying requirements for patentability during prosecution, including: drawing figures, description in the specification, written description/new matter, prior art and priority.

Understanding the broader context of a design patent allows the practitioner to write and obtain stronger, more effective design patents, and to create possible market barriers that protect the client's products, not only from direct "knock offs," but also from more subtle attempts to mimic the feel of designs. It also allows the proposal of variations of the design that may also be beneficial to the client.

It is important to know the full and complete intent and desired aspects of every detail and feature that are part of the designs. Photograph drawings and CAD drawings may be beneficial to understand the complete and overall design sought to be protected.

It is more difficult to obtain broad design patent protection based on claiming a few fundamental design features. Examiners routinely reject such broad design claims.

### **Hague Convention Applications**

Although applications filed under the Hague Convention simplify filing, the substantive examination applied by each Office of the design rights afforded by participating countries are not changed. Under the Hague Convention, users are able to file up to 100 different designs in a given application centrally by designating the particular countries in which they wish to file a design patent application. The application may be filed directly with WIPO or indirectly with the Office in which the Applicant is filing (e.g., USPTO Office for U.S.).

## **Enforcing Your Trademark with the U.S. Customs and Border Protection Service**

The U.S. Customs and Border Protection Service (CBP) is the primary federal agency responsible for protecting America's borders. This includes the protection of intellectual property rights, including trademark rights, against infringement.

CBP is tasked with intercepting counterfeit and pirated goods which infringe U.S. trademark rights at the border to prevent those goods from causing harm to the U.S. economy and to prevent harm to the health and safety of Americans.

The owner of a U.S. trademark may request the assistance of CBP to intercept, detain, and seize imported merchandise at the U.S. Border which infringes the trademark.

Eligibility for CBP's assistance requires the trademark owner to do following:

- ❖ Obtain a U.S. Trademark Registration for its word mark, logo or combination word mark/logo.
- ❖ Record the trademark registration with CBP.
- ❖ Pay a recordation fee of \$190 for each international class for which the trademark is registered.

While the Hague Convention saves some costs, it does not alter the cost of government fees. The Hague Convention does not change the substantive rules governing examination or prosecution of the design application. The Office reviewing the application will still apply the laws, statutes, and guidelines associated with that Office in examining substantive matters pertaining to design patents. Further, many participating countries have a different set of rules for drawing requirements and providing a single set of design drawings to file under the Hague Convention may prove to be quite difficult.

## TRADEMARK NEWS

### The Federal Circuit Clarifies Country of Origin Requirements for Trademark Owners

On March 2, 2016, the United States Court of Appeals for the Federal Circuit provided clarification in the case of *JBLU, Inc. v. United States*, Appeal No. 2015-1509 (Fed. Cir. 2016) of the country of origin labeling requirements that must be followed by trademark owners when importing goods from abroad under the regulations administered by U.S. Customs and Border Protection.

JBLU, Inc. filed applications for trademark registration with the U.S. Patent and Trademark Office for the marks “C’est Toi Jeans USA” and “CT Jeans USA,” which were brand names for its jeans. JBLU stated in the applications that these marks had been used in commerce since 2005. However, JBLU did not file a trademark application to register another brand name for its jeans, “C’est Toi Jeans Los Angeles.” No evidence was presented that the latter mark had been used in commerce.

JBLU imported jeans that were embroidered with “C’est Toi Jeans USA,” “CT Jeans USA,” or “C’est Toi Jeans Los Angeles” in various font sizes on their backs, pocket linings, back waistbands, and hangtags. At the port of entry, Customs inspected samples of the jeans and found that they did not comply with Section 304 of the Tariff Act, because they did not include a properly-sized, conspicuously-placed country of origin marking or label.

#### Enforcing Trademarks (Con’t)

- ❖ If the trademark or trade name at issue is not registered, the trademark owner may also obtain an exclusion order from the U.S. International Trade Commission after proving that the imported goods infringe upon the unregistered mark. CBP will enforce such exclusion orders.

Recording a U.S. Trademark Registration with CBP is a simple process that may be completed electronically through CBP’s e-Recordation system.

For more information, please visit: [www.apps.cbp.gov/e-recordations/](http://www.apps.cbp.gov/e-recordations/)

CBP registration requires the following:

- ❖ Trademark registration number.
- ❖ Name, complete business address, and citizenship of the rights owner.
- ❖ Places of manufacture of the products represented by the trademark.
- ❖ Names and addresses of individuals authorized to use the trademark.
- ❖ Identity of any parent company or subsidiary authorized to use the mark.

Such labeling must comply with either the stricter labeling requirements Section 134.46 of the Customs Regulations, or the more lenient requirements of Section 134.47, depending on the particular markings found on the products.

Customs determined that because the imported JBLU jeans were marked with brand names that included “USA” and “Los Angeles,” they are required to be marked according to the stricter country of origin labeling requirements of Section 134.46, because they included markings (in this case brand names) that referred to a geographic location (*i.e.*, “USA” or “Los Angeles”), which may mislead or deceive the ultimate purchaser as to the actual country of origin of the article. In such cases, Section 134.46 requires that the jeans must be marked with their country of origin (*i.e.* China) in such a manner that is legible and permanent, and which is “in close proximity to [the geographical location] words, letters or name,” and “in at least a comparable size.”

Customs found that the “Made in China” labels affixed to the JBLU jeans did not have lettering that was as large as the lettering of the geographically-descriptive brand names printed on the jeans, nor were they placed in close enough proximity to those brands. It notified JBLU that it must re-label the jeans with a proper country of origin label and redeliver them. JBLU filed protests against those notices. JBLU argued that since “C’est Toi Jeans USA,” “CT Jeans USA,” or “C’est Toi Jeans Los Angeles” were trademarks, it only had to meet the more lenient country-of-origin labeling requirements of Section 143.47, which only required that the labeling be legible and permanent, and that it be placed in a “conspicuous location,” because the geographical location words (“USA” and “Los Angeles”) were part of a trademark or trade name.

Customs agreed that the “Made in China” labels met the more lenient requirements of Section 134.47, but only with respect to the two brand names, “C’est Toi Jeans USA,” and “CT Jeans USA” for which JBLU had filed trademark applications, and only during the period after those applications were filed. However, Customs asserted that the stricter marking requirements of Section 134.46 applied to jeans with the brand names, “C’est Toi Jeans USA,” and “CT Jeans USA” that were imported prior to the filing date of the trademark application, and for jeans bearing the “C’est Toi Jeans Los Angeles” brand, which was not the subject of a trademark application.

#### Enforcing Trademarks (Con’t)

There are several benefits of utilizing the e-Recordation system:

- ❖ Provides trademark information to all ports of entry to assist CBP personnel in making an infringement decision.
- ❖ Eliminates time-consuming paperwork and the submission of supporting documents.
- ❖ Allows trademark owners to upload images showing examples of their protected rights.

CBP also provides an electronic system, known as e-Allegations, that may be used by trademark owners to submit allegations of infringing shipments.

Trademark owners are encouraged to provide the following information to CBP:

- ❖ A description of the accused infringing goods.
- ❖ The source of origin of the goods – *i.e.*, the name of the manufacturer, freight forwarder, or importer.
- ❖ The country of origin of the goods.
- ❖ The possible ports of entry for the goods.



Customs thus interpreted the “trademark or trade name” requirement of Section 134.47 to include only marks that were registered or the subject of a pending trademark application. Unregistered trademarks or trade names were not included.

JBLU filed suit against the U.S. government to contest the denial of its protest with regard to jeans imported into the U.S. before the filing of the trademark applications, or whose brand name was not the subject of a trademark application. The trial court agreed with Customs’ interpretation of Section 134.47 that it should only apply to goods marked with trademarks that had either been registered, or were the subject of a pending application for registration. JBLU appealed, arguing that Section 134.47 was not ambiguous, and that the term “trademark” clearly includes both federally registered trademarks, and unregistered “common law” trademarks that had been used in commerce to represent products.

The Federal Circuit agreed. The Court reviewed available definitions of “trademark” and found that it was not limited to registered trademarks. To the contrary, a trademark can be “any word, name, symbol or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others,” whether registered or not. The Court reemphasized that trademark rights are acquired through use, not registration. There was no distinction found between the use of the term “trademark” in an intellectual property sense and its use by Customs in Section 134.47.

Therefore, products that display geographically-oriented brand names, logos or other markings that function as trademarks to designate the source of origin of the particular goods or services that they represent must only comply with Section 134.47, regardless of whether or not those trademarks are registered. As a result, such products may be imported into the U.S. if they have a country of origin marking or label that is permanently affixed to the product in any conspicuous location, regardless of whether it is in close proximity to the trademark or is of the same size. The *JBLU* decision thus removes a potentially onerous requirement that would have unduly burdened the importation of products whose brand names refer to a geographical location.

#### Enforcing Trademarks (Con’t)

- ❖ Submissions may be anonymous and may include photos of the accused infringing goods and other relevant documentation.
- ❖ CBP also encourages the reporting of matters that may pose an immediate threat to public health or safety to CBP’s 1-800-BE-ALERT hotline.

CBP distributes this information to the relevant offices and ports of entry for investigation. CBP may target specific activities and may refer appropriate cases for criminal prosecution, as intentional counterfeiting of trademark rights is a U.S. federal crime.

In addition, trademark owners are encouraged to provide CBP with “Product Identification Guides.” Guides help CBP make an infringement determination at the port when inspecting suspect shipments.

Further, guides may provide extensive information about the recorded trademark rights, including the following:

- ❖ Information about the company that owns or uses the trademark.
- ❖ The intellectual property owned by that company.

## Supreme Court May Weigh in on Offensive Trademarks

The Supreme Court is set to decide whether it will weigh in on the issue of whether Section 2(a) of the Lanham Act properly gives the U.S. Patent and Trademark Office (PTO) the authority to cancel the federal registration of trademarks based on a finding that they are disparaging or offensive. At issue are two cases involving trademarks that were deemed disparaging and offensive to particular racial or ethnic groups, and where the Courts have thus far reached completely different results.

The losing parties in both cases have filed a Petition for a Writ of Certiorari asking the Supreme Court to decide whether Section 2(a) is constitutional.

The first case, *Lee v. Tam*, involves the Asian-American dance-band The Slants, who sought to register the name of their band with the PTO, but were refused registration under Section 2(a), because the term “slants” was considered to be an offensive racial slur against persons of Asian descent. Similarly, in *Pro-Football, Inc. v. Blackhorse*, the Washington Redskins football team is challenging the PTO’s cancellation of six (6) of its longstanding U.S. trademark registrations for its “Redskins” name and logo under Section 2(a) because those trademarks were considered to be offensive and disparaging to Native Americans.

The trademark owners in both cases raised the issue of whether Section 2(a) was unconstitutional because it violated their right to freedom of speech under the First Amendment to the United States Constitution. The Redskins have also argued that Section 2(a) is unconstitutionally vague and that the cancellation of their long-standing trademark registrations decades after they were issued allegedly violates their right to due process under the Fifth Amendment to the United States Constitution. The Redskins have so far been unsuccessful in their challenge, having lost the first round at the U.S. District Court for the Eastern District of Virginia, which refused to find that the cancellation of the Redskins’ trademark registrations was unconstitutional.

However, in *Tam*, the dance-band won a major victory when the U.S. Court of Appeals for the Federal Circuit ruled, in an *en banc* decision, that Section 2(a) of the Lanham Act violated the First Amendment, and was therefore unconstitutional because it imposed impermissible content-based and viewpoint-discriminatory burdens on protected speech.

### Enforcing Trademarks (Con’t)

- ❖ Contact information for the company.
- ❖ The trademark registration number.
- ❖ The CBP recordation number for the trademark(s).
- ❖ U.S. International Trade Commission investigation number, if an exclusion order for infringing goods has been obtained.
- ❖ A description of the physical characteristics of the products which use the trademark(s).
- ❖ Photos of genuine goods and suspected counterfeit or pirated goods.
- ❖ Manufacturing information about the genuine and counterfeit or pirated goods.

CBP has seized billions of dollars of counterfeit and pirated goods at the U.S. Border over the past five (5) years alone, as shown in the following statistical summary:

#### Total Number of Seizures:

2015 – 28,865  
 2014 – 23,140  
 2013 – 24,361  
 2012 – 22,484  
 2011 – 24,792

As a result, the Court found that “The Slants” were entitled to a trademark registration.

On April 20, 2016, the U.S. government filed a Petition for Writ of Certiorari in *Tam*, requesting that the Supreme Court reverse the Federal Circuit’s ruling and hold instead that Section 2(a) is constitutional and did not violate the band’s right to freedom of speech. Thereafter, on April 25, 2016, the Redskins took the unusual step of filing their own Petition for Writ of Certiorari, requesting that the Court hear their appeal at the same time as it hears *Tam*, even though the Redskins’ case has not yet been decided by the U.S. Court of Appeals for the Fourth Circuit, which is what must usually happen before a party may ask that the Supreme Court may take its case. The Redskins argued in their Petition that their case should be heard right away because they were in a better position to present *all* of the relevant Constitutional issues that relate to the enforceability of Section 2(a), particularly those constitutional arguments relating to vagueness and due process that were not considered by the Federal Circuit.

*Tam* and *Pro Football* involve the rare intersection of intellectual property and constitutional law. Although these cases do not affect a large number of trademarks, as it is historically rare for a trademark to be found offensive or disparaging by the USPTO, they highlight the potential limits that the government’s regulation of intellectual property may have within the U.S. Constitutional system, and the role that intellectual property rights play in our personal and commercial expression. The outcome may also prevent individuals and groups from challenging the validity of federal trademark registrations because they are offended or feel disparaged by the content of the message that is allegedly conveyed by the trademark. The legal system may no longer provide them with a clear remedy for their grievances. As a result, whether the Supreme Court decides to hear this case may have important societal as well as legal implications.

### Enforcing Trademarks (Con’t)

#### Total Dollar Value of Goods

##### Seized:

2015 - \$1.35 billion

2014 - \$1.23 billion

2013 - \$1.72 billion

2012 - \$1.26 billion

2011 - \$1.41 billion

- ❖ Watches, handbags/wallets, jewelry, clothing/footwear, electronic products, and pharmaceuticals/personal care products are the most frequently counterfeited goods.
- ❖ Express courier and cargo carrier are the most frequently used modes of transport for counterfeit and pirated goods.

*The contents of this newsletter are for general informational purposes only, and do not serve as legal advice or opinions related to individual situations. The advice of counsel is strongly recommended for planning and advice before taking any legal action.*