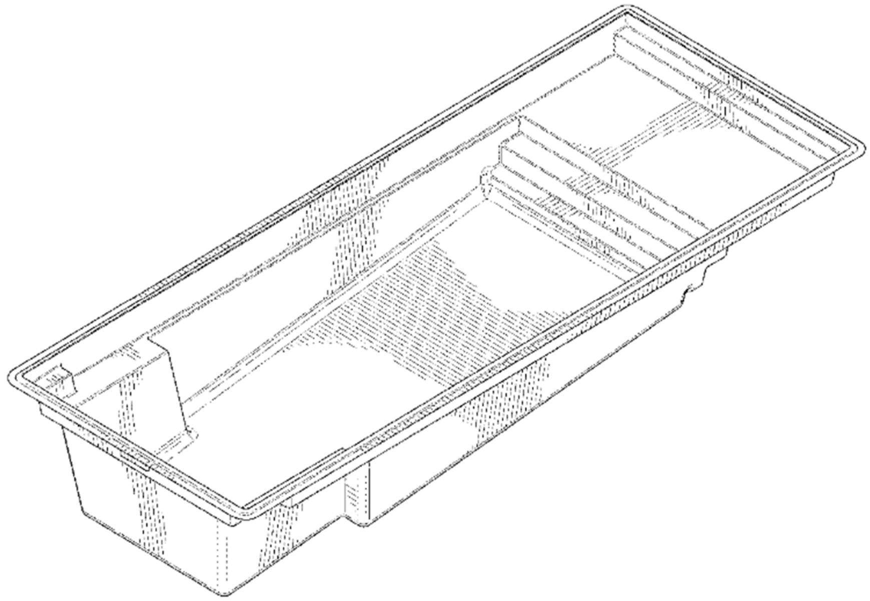
NSIP Law
Securing Innovation℠
Intellectual Property
Front Lines of Design℠
Summer 2025
A Design Patent and Trademark Newsletter

DESIGN PATENT NEWS

THE FEDERAL CIRCUIT APPLIES "PLAINLY DISSIMILAR" TEST TO UPHOLD SUMMARY JUDGMENT OF NONINFRINGEMENT OF A U.S. DESIGN PATENT

On April 24, 2025, the U.S. Court of Appeal for the Federal Circuit in *North Star Technology International Ltd v. Latham Pool Products, Inc.*, applied the so-called "plainly dissimilar" test to uphold a U.S. District Court's granting of summary judgment that a U.S. design patent was not infringed.

Plaintiff North Star owned U.S. Design Patent No. D791,966, which claims the ornamental design for a swimming pool:



North Star also manufactured products that embody the patented design. Defendant Latham manufactured and sold a fiberglass swimming pool that it branded the Corithian 16:

NSIP Law is a full service intellectual property firm that specializes in the procurement of enforceable IP rights to protect innovations and investments pertaining to patents, trademarks, and copyrights.

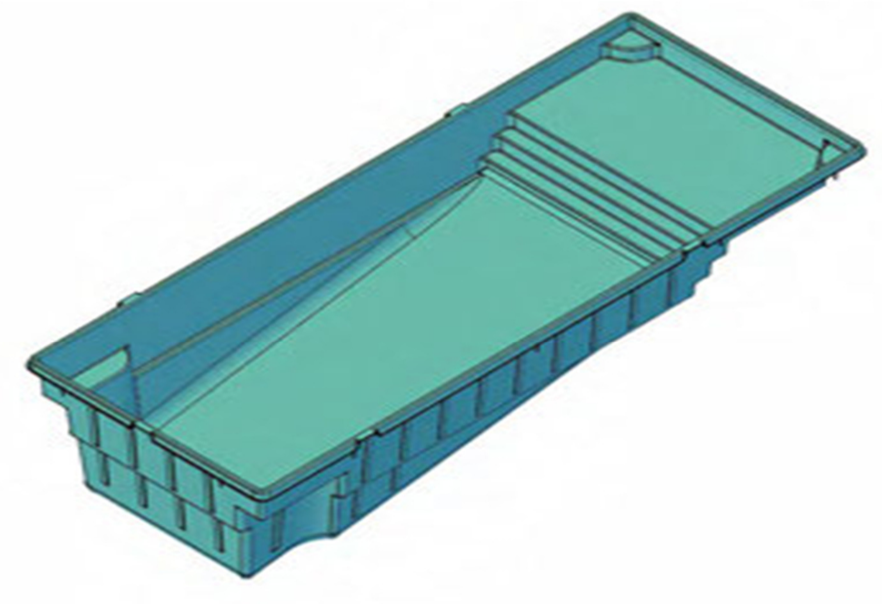
Contributors to
Front Lines of Design℠

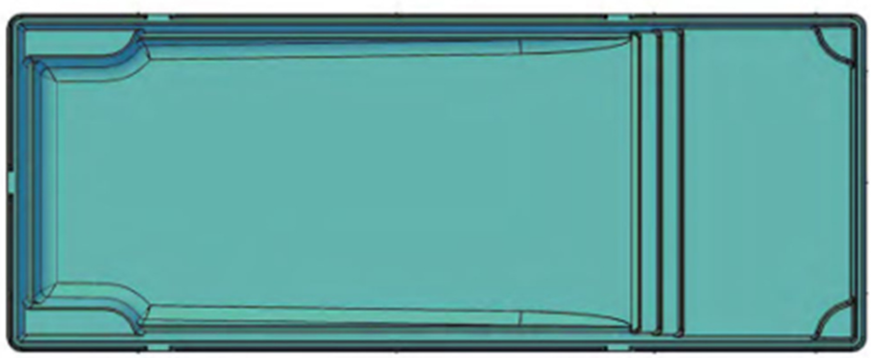
Charles Y. Park
Charles@nsiplaw.com

Shabnam Nowrouzi
Snowrouzi@nsiplaw.com

Rusty Briggs
Rusty@nsiplaw.com

TABLE OF CONTENTS





Both designs generally related to rectangular swimming pools with tanning ledges.

North Star filed a complaint against Latham in the U.S. District Court for the Eastern District of Tennessee alleging infringement of the ‘966 Patent. After the parties finished conducting discovery on the issues in the case, Latham filed a motion for summary judgment asking the District Court Judge to find, as a matter of law, without undertaking a jury trial, that the ‘966 Patent was not infringed. Under U.S. federal civil court practice, a court may enter summary judgment without conducting a jury trial if the facts of the case are not in dispute, and the relevant legal standards that are applied to the case require that a judgment of noninfringement (or infringement as the case may be) must be entered.

In the case of Latham’s motion, Lantham argued that the patented and accused infringing designs were “plainly dissimilar” and that “any similarities that do exist between the ‘966 Patent and the Corinthian 16

TABLE OF CONTENTS (Continued)

designs result from their use of design elements that were commonly used in the prior art of pool designs that existed before the ‘966 Patent.” The District Court agreed and entered summary judgement that the ‘966 Patent was not infringed. The District Court explained that the “prominent ornamental elements of the two designs”—including the shape of the entry steps and deep end benches—“differ significantly, creating an overall ‘plainly dissimilar’ appearance.” The Court added that a review of the prior art confirmed non-infringement because “[e]ach of the pertinent design elements included in the ’966 Patent and Corinthian 16 . . . existed before [North Star] filed the ’966 Patent.” The District Court cited two examples of pools with rectangular tanning ledges that pre-date the 966 Patent, as well as to Latham’s own use of the same deep end benches used in the Corinthian 16 in its older pool models.

North Star then appealed the District Court’s final judgement of noninfringement to the Federal Circuit. According to the Federal Circuit, a design patent is infringed “[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 can deceive such an observer, inducing him to purchase one supposing it to be the other.” The similarity or dissimilarity of the two designs must be assessed with reference to whether there are similar features disclosed in the prior art. Where the patented and accused designs are “plainly dissimilar,” the patent owner does not meet its burden of proving infringement, and those “[d]ifferences . . . must be evaluated in the context of the claimed design as a whole, and not in the context of separate elements in isolation.”

In reviewing the design elements of the swimming pool design claimed in the ‘966 Patent, the Federal Circuit agreed with the District Court’s assessment that the ‘966 Patent’s ornamental features are characterized by straight edges and “geometric shapes”—producing an overall “angular . . . appearance”—while the Corinthian 16 is characterized by “rounded shapes” and a “curved” design. For example, the Federal Circuit noted that the entry step in the ’966 Patent is a pool width rectangle, while the Corinthian 16 has two separate curved entry steps shaped like quarters of a circle. As a result, the Federal Circuit agreed that no “ordinary observer,” which was defined by the District Court as a “homeowner considering purchasing a swimming pool for their home,” would accidentally purchase one pool thinking it was the other, so that the designs are “plainly dissimilar.”

Although the Federal Circuit observed that the two designs share structural similarities, the Court noted that design patents only protect the original, “nonfunctional aspects of an ornamental design as shown in the patent.” According to the Court, North Star cannot monopolize common ornamental pool features or functional pool features by registering a combination of those features as a design patent. Both designs related to rectangular swimming pools with steps, benches, and tanning ledges, but the Federal Circuit found that North Star’s patent only protects the ornamental aspect—here, the angular shape—of those common features, not the features themselves.

The Federal Circuit’s decision in *North Star v. Latham* is instructive, because it reaffirms the legal principle that the U.S. Federal Courts will not hesitate to dismiss a claim for design patent infringement, without holding a jury trial, if the patented and accused infringing designs have clear visual differences that would allow an ordinary observer/customer in the relevant marketplace to visually distinguish between the two designs, so that they would not be confused into purchasing one while believing that it was the other. This is particularly true if significant visual features of the design claimed in the design patent are also found in the prior art for the product in question.

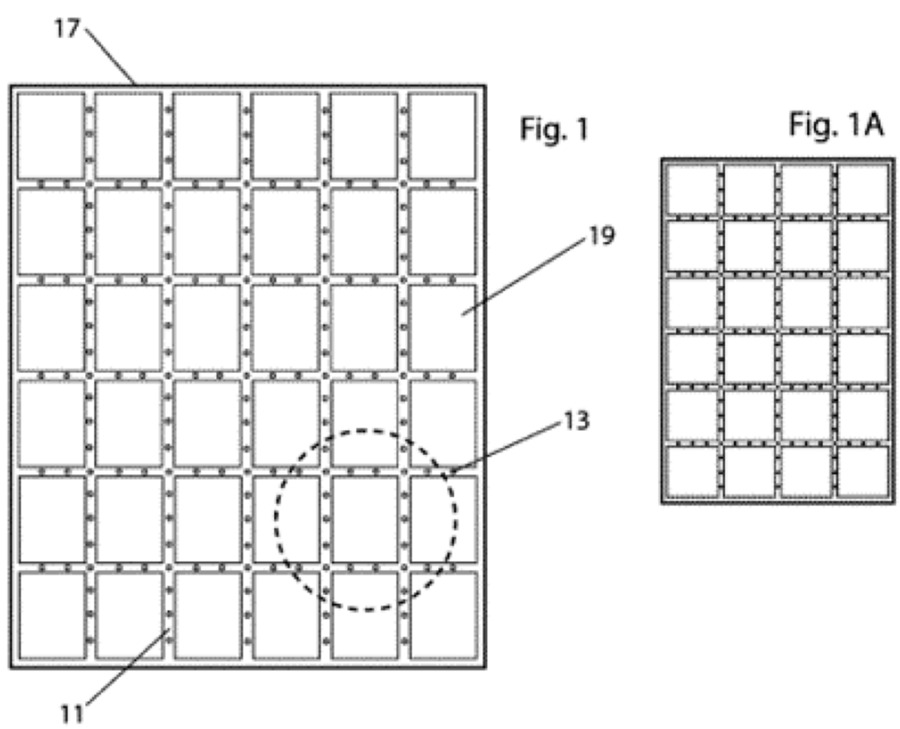
This case also provides another example of the analytical framework that will be applied by the U.S. federal courts when determining whether a design patent is infringed. Such courts will normally compare the overall design features of the two designs to assess their relative similarities or differences. They will then discuss whether specific visual differences between the two designs are significant or insignificant. As part of this analytical process, courts will generally give less weight to visual features of the two designs that are primarily functional in nature, or which are found in the prior art.

These factors require the owners of U.S. design patents to objectively assess the visual similarities and differences between the patented and accused infringing products with reference to the known prior art, as well as whether any differences are significant, prior to filing suit for infringement, in order to avoid a situation where their complaint is dismissed, or summary judgment is granted at an early stage of the case, because the two designs are found to be "plainly dissimilar."

THE FEDERAL CIRCUIT FINDS U.S. DESIGN PATENT WAS INVALID FOR ANTICIPATION AND WAS NOT ENTITLED TO CLAIM PRIORITY TO UTILITY PATENT APPLICATION

On April 22, 2025, the U.S. Court of Appeals for the Federal Circuit in *In re: Floyd* found that a U.S. design patent application was unpatentable for anticipation by the patent owner's related utility patent application, and that the design patent application was not entitled to claim domestic priority back to the earlier filing date of that utility patent application in order to avoid invalidity.

On January 23, 2016, Bonnie Floyd filed utility patent application no. 15/004,938 that was directed to a cooling blanket featuring "an integrated ventilation system" and "multiple, sealed compartments." FIGS. 1 and 1A of the '938 Application depict embodiments of the inventive cooling blanket featuring six-by-six and six-by-four arrays of sealed compartments:



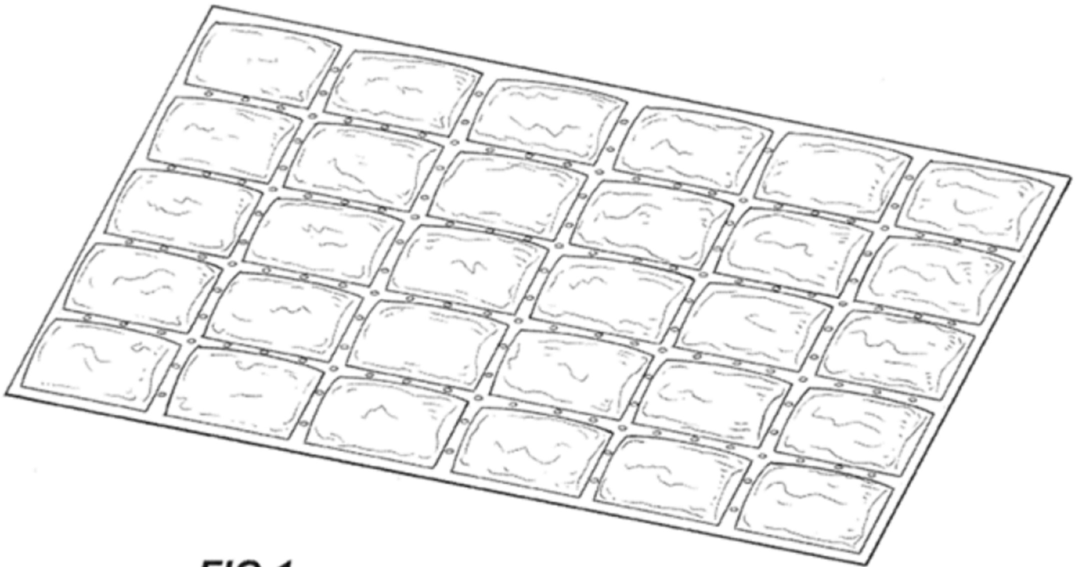


FIG.1

During prosecution of the ‘345 Application, the Examiner determined that the claimed design could not claim the benefit of the earlier priority filing date of the ’938 Application because the claimed design includes new matter that was not included in the ‘938 Application, and the change in the blanket’s number of compartments was not expressly shown in the ’938 Application. Thus, the Examiner concluded that the ’938 Application qualified as prior art and anticipated the claimed design. Ms. Floyd’s efforts to obtain reconsideration of the Examiner’s rejection were unsuccessful, and she appealed the final rejection to the USPTO’s Patent Trial and Appeal Board.

The Board affirmed the Examiner’s rejection of the 345 Application based on anticipation. Specifically, the Board concluded that “nothing in the ’938 Application leads to the precise visual appearance represented in the [six-by-five] array configuration claimed here.” While the Board acknowledged that the ’938 Application indicates that “the embodiment can be made in any size,” the Board concluded that this “could mean that the rectangular sections are of a different size, as opposed to the blanket having a different number of rectangular sections.” Further, the Board found that “the drawings of the [six-by-six] and [six-by-four] array configurations are not sufficient to narrow down [the numerous potential design] options to a specific visual impression of a blanket of any other configuration than those explicitly shown.”

Thus, the Board concluded that the design claimed in the ’345 Application could not claim domestic priority back to the ’938 Application’s earlier priority filing date, meaning that the ‘938 Application would be considered prior art to the claimed design. The Board then applied the “ordinary observer” test for anticipation (which is the same test that is applied to determine whether a U.S. design patent is infringed) indicating that the two designs were “substantially the same,” and affirmed the Examiner’s finding that the ’938 application anticipated the design claimed in the ’345 application, so that the claimed design was not patentable.

In doing so, the Board rejected Ms. Floyd’s argument that it was “grossly inconsistent” for the Board to find that the utility patent application failed to provide written description support for the design patent application, and also find that the utility patent application nonetheless anticipated the claimed design because the two designs were substantially the same. The Board explained that "the standard for evaluating whether a claim obtains the benefit of an earlier filing date is different than the standard for evaluating anticipation."

Ms. Floyd appealed the Board's decision to the Federal Circuit. Interestingly, Ms. Floyd only challenged the Board's decision relating to priority and, specifically, its finding that her prior filed utility application does not provide written description support for her claimed design. Ms. Floyd chose to admit "that if the claimed design . . . is found not to be entitled to the filing date of Appellant's earlier '938 Application, then the claimed design . . . would be anticipated" by the same '938 Application that does not provide written description support. Therefore, the Federal Circuit was not asked to provide an opinion regarding the obvious inconsistency that is created when finding that the '938 Application anticipated (i.e., was substantially the same as) the claimed design, but that there was no written description in the '938 Application that would support the design claim for purposes of claiming priority.

In undertaking its analysis of the issue on appeal, the Federal Circuit stated that an invention described in an earlier filed application may benefit from the filing date of the earlier application under 35 U.S.C. § 120 when the earlier application provides a supporting written description of the invention claimed in the later application under 35 U.S.C. § 112(a). When determining whether written description support exists, the Federal Circuit applies the same test to both design and utility applications, which is "whether the disclosure of the application relied upon reasonably conveys to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date."

Ms. Floyd advanced several arguments to support her position that the Board erroneously concluded that the '938 Application does not provide written description support for the design claimed in the '345 Application. In particular, Ms. Floyd argued that (1) the specification of the '938 Application states that the disclosure of the invention is not limited to the specific embodiments depicted in the figures; (2) a skilled artisan would recognize that Ms. Floyd possessed the six-by-five array configuration based on her disclosure of arrays that "lie in adjacent size juxtaposition," *i.e.,* the six-by-six and six-by-four arrays disclosed in the '938 Application; (3) the claimed design is inherent in the '938 application's disclosure, (4) the precise number of compartments is a functional, rather than ornamental, feature that does not limit the claimed design, and (5) the Board relied on an erroneous interpretation of 35 U.S.C. §§ 112, 120, and 171.

With regard to Ms. Floyd's first argument that the Board erred by limiting the '938 Applicant's disclosure to the specific embodiments of the design depicted in the drawing figures, the Federal Circuit concluded that the Board's interpretation of the expansive statements in the specification of the '938 Application that they refer to the size of the overall size of the cooling blanket, rather than to the number or array of individual square compartments, was reasonable, because that disclosure does not lead to the precise visual appearance represented in the six-by-five array configuration claimed in the '345 Application. As a result, the Court found that the Board correctly determined that Ms. Floyd did not have possession of a cooling blanket comprised of a six-by-five array of square compartments at the time that she filed the application for the earlier '938 Application.

The Federal Circuit also rejected Ms. Floyd's argument that she was in possession of the claimed design at the time that she filed the '938 Application, because the utility patent application discloses six-by-six and six-by-four arrays of square compartments that "lie in adjacent size juxtaposition" with the six-by-five array that is claimed in the '345 Application. Ms. Floyd argued that because of the predictability of this design concept and the simplicity of the invention, less detail was needed in the '938 Application to allow a designer of ordinary skill in the art to recognize that she also possessed the six-by-five configuration.

The Federal Circuit found instead that although the technology in the utility application is simple and perhaps predictable, this does not eliminate the need to provide written description support for the ornamental visual appearance of the design within the four corners of the specification. According to the Court, the predictability of the technology embodied in the utility patent application does not necessarily carry over into the predictability of the designs, which are not limited to their utilitarian functionality, and which may range from the straightforward to the ornate.

Therefore, the Court found that substantial evidence supported the Board's determination that the '938 Application's drawing figures do not support any designs other than those that are specifically displayed. In the Court's view, this position was supported by the fact that Ms. Floyd failed to identify anything in the '938 Application disclosing a range of possible arrays rather than the distinct examples depicted in the figures, and that FIG. 1 and FIG. 1A of the '938 Application differ not only in the number of rows and columns each depicts, but also in the shape of their compartments. As a result, the Court concluded that because the figures show embodiments that differ in multiple ways, not just in the array configurations they embody, the '938 Application reasonably supports the Board's view that the figures, rather than defining a range, depict distinct embodiments that are different from the design claimed in the '345 Application.

With respect to Ms. Floyd's argument that the design claimed in the '345 Application was inherently disclosed in the arrays having a plurality of individualized compartments that was included in the drawing figures of the '938 Application, the Federal Circuit sided with the Board's conclusion which rejected that argument. The Federal Circuit found that while a skilled artisan implementing the '938 Application's invention may possibly select a design having a six-by-five array, there is nothing in the specification of the '938 Application to suggest that a skilled designer would necessarily do so. The Federal Circuit therefore concluded that the '938 Application's disclosure of two specific arrays of compartments provides no basis on which to conclude that a skilled artisan would necessarily recognize that Ms. Floyd possessed the different claimed six-by-five design.

Ms. Floyd next argued that the number of individualized compartments included on the cooling blanket should be given less weight, because the number of compartments is a functional element of the design, rather than an ornamental element, because it is "related to providing a blanket of sufficient size to address a proposed use." The Federal Circuit rejected this argument as well, because it was not raised before the Board, and was thus waived, and because it was contrary to the substantial evidence that was considered by the Board.

Finally, the Federal Circuit rejected Ms. Floyd's argument that the Board applied erroneous interpretations of the relevant statutes that apply to U.S. design patents, *i.e.,* 35 U.S.C. 112, 120 and 171. The Federal Circuit found instead that those arguments amounted to nothing more than Ms. Floyd's disagreement with the Board's interpretation of the Federal Circuit's case law interpreting and applying those statutes. As a result, the Federal Circuit ruled that the Board did not err in concluding that the claimed design lacks written description support in the '938 Application.

In *In re Floyd,* the Federal Circuit appeared to take a very narrow and literal view of the written description of the claimed design that must be found in the priority application before it will provide a supporting written description for a claim of domestic priority. This view may have been influenced by the fact that the priority application was a utility patent application, not a design patent application, thus requiring the Court to separate its functional/utilitarian aspects from its ornamental/visual aspects, thus resulting in a narrower interpretation of the utility patent application.

However, it may be the case that if the priority application does not disclose a design that is substantially identical to the design that is claimed in the later-filed U.S. design patent application, then the Applicant may have difficulty claiming domestic or foreign priority back to the earlier filing date of the priority application. Also, in light of the Federal Circuit's ruling, if it is known that the disclosure of a design in a utility patent application will be used as the basis for claiming priority to a later-filed design patent application, more care must be taken to broaden the scope of the embodiments disclosed in the utility patent application, particularly if those embodiments will be slightly different than the design claimed in the design patent application.

TRADEMARK NEWS

U.S. SUPREME COURT RULES THAT ONLY THE CORPORATE ENTITY THAT IS ACTUALLY NAMED IN A TRADEMARK INFRINGEMENT LAWSUIT MAY BE HELD LIABLE FOR MONETARY DAMAGES

The U.S. Supreme Court recently ruled in *Dewberry Group, Inc. v. Dewberry Engineers, Inc.* that under the U.S. Lanham Act, that an award of damages for trademark infringement may only be entered against the corporate entity that is named as a party defendant, and not against any separately incorporated affiliate entities that are not parties to the lawsuit.

The trademark dispute in this case was between two unrelated real-estate companies that included the word "Dewberry" in their names. Dewberry Engineers is a company that provided real-estate development services for commercial entities across the United States, and in particular several southeastern States. It owns a U.S. trademark registration for the word "DEWBERRY," which gives Dewberry Engineers certain exclusive rights to use the "DEWBERRY" name when offering real-estate services.

Petitioner Dewberry Group is also a real-estate company operating in the southeastern United States, and is owned by developer John Dewberry. Dewberry Group provides services solely to about 30 other, separately incorporated companies in Mr. Dewberry's real-estate portfolio. Each of those affiliate companies owns a piece of commercial property that it leases to others, and Dewberry Group provides management and business services to those affiliates. The income generated by leasing the commercial properties is recorded on each affiliate's books and Dewberry Group only earns a service fee, which is set at less than market rates and results in Dewberry Group operating at a constant financial loss, while the affiliates earn tens of millions of dollars in profit.

According to the Supreme Court, the success of John Dewberry's business network came in part from its infringement of Dewberry Engineers' trademark rights in the "DEWBERRY" name. Prior to the present case, Dewberry Engineers had sought to defend its trademark rights against Dewberry Group for almost 20 years, resulting in a civil lawsuit for trademark infringement. That lawsuit resulted in a settlement agreement limiting Dewberry Group's use of the word "DEWBERRY," which the Group later breached, when it resumed using the "DEWBERRY" name in its marketing materials for its real estate leasing business. As a result, Dewberry Engineers sued Dewberry Group again. That lawsuit only named Dewberry Group, and it failed to name any of the Group's affiliate entities. The lawsuit included claims for trademark infringement and unfair competition under the federal Lanham Act and breach of the settlement agreement under state law.

The U.S. District Court found Dewberry Group liable on all counts. In a particularly scathing opinion, the District Court found that Dewberry Group's violations of the Lanham Act were "intentional, willful, and in bad faith." Dewberry Group had ignored "numerous red flags alerting it to the illegality of its conduct," yet continued to use the trademarked name. Those findings of willful trademark infringement were affirmed by the U.S. Court of Appeals for the Fourth Circuit.

The District Court also awarded to Dewberry Engineers the "defendant's profits" that were earned as a result of Dewberry Group's willful trademark infringement. Although the Dewberry Group was the sole corporate entity that was named as a party defendant, and the Group never showed a profit, the District Court decided to treat Dewberry Group and its affiliated corporate entities as "a single corporate entity" for purposes of calculating a profits award, even though none of the affiliated corporate entities was a party to the case. The District Court reasoned that since the profits from the Dewberry Group's illegal conduct "show up exclusively on the [property-owing affilates'] books, that "economic reality" requires that all of those entities must be grouped together, otherwise the "entire Dewberry Group enterprise" would "evade the financial consequences of its willful, bad faith infringement." Considering all of the companies together would prevent the "unjust enrichment" that the Lanham Act was meant to remedy. When the District Court totaled the affiliates' real-estate profits from the years that Dewberry Group infringed, the profit award was nearly $43 million.

Dewberry Group appealed the District Court's judgment to the U.S. Court of Appeals for the Fourth Circuit, which affirmed the damage award. The Court of Appeals agreed that the "'economic reality' of Dewberry Group's relationship with its affiliates," required the treatment of all the companies "as a single corporate entity." That approach, the Court reasoned, properly "held Dewberry Group to account" for its use of infringing materials to generate corporate profits. It did not matter to the Court that the affiliates, rather than the Group, "receive[d] the revenues" earned, given the links among those companies. To hold otherwise, the Court reasoned, would give businesses a "blueprint for using corporate formalities to insulate their infringement from financial consequences."

The Supreme Court granted certiorari in response to Dewberry Group's Petition. The Court found that the text of the Lanham Act provision authorizing a profits award for trademark infringement offers no support for the approach that the lower courts took to arrive at their unified damages award. The section of the Lanham Act addressing remedial issues provides that a plaintiff like Dewberry Engineers is "entitled" to "recover [the] defendant's profits." The term "defendant" is not specially defined, and thus should be given its usual legal meaning, which is commonly understood to be "the party against whom relief or recovery is sought in an action or suit."

The Supreme Court observed that the defendant in the present case is the entity named in Dewberry Engineers' complaint as being liable for infringing the "Dewberry" trademark., and that entity is Dewberry Group alone. Dewberry Engineers chose not to add the Group's property-owning affiliates as defendants. Accordingly, the Court found that the affiliates' profits are not the "defendant's profits" that could be recovered for trademark infringement under the Lanham Act.

In making this finding, the Supreme Court reasoned that "it is long settled as a matter of American corporate law that separately incorporated organizations are separate legal units with distinct legal rights and obligations." According to the Court, that is so even if the entities are affiliated—as they are here by virtue of having a common owner. Although American corporate law states certain limited exceptions to these principles, Dewberry Engineers did not rely on any of those exceptions in order to "pierce the corporate veil" to obtain an expansive award of profits. Therefore, the Supreme Court concluded that under the Lanham Act's text, the "defendant's profits" are the ***defendant's*** profits, not including its affiliates'.

The Supreme Court also rejected Dewberry Engineers' alternative explanation for the District Court's and the Court of Appeals' calculation of damages for trademark infringement based on the Dewberry Group's and its affiliates' profits. Dewberry Engineers relied on the provision of the Lanham Act's remedies section that states "If the court shall find that the amount of the recovery based on profits is either inadequate or excessive[,] the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances." In the Engineers' view, that so-called "just-sum provision" enables a court, after first assessing the "defendant's profits," to determine that a different figure better reflects the "defendant's true financial gain."

And at that "second step" of the process, the court may consider "as relevant evidence" the profits of related entities—for example, to see if the defendant diverted some of its earnings to an affiliate's books. According to the Dewberry Engineers, the Courts below actually followed that approach, in that they considered the affiliates' profits as evidence in assessing Dewberry Group's "true financial gain" under the just-sum provision.

The Supreme Court did not believe that the Dewberry Engineers' argument was credible, since the record reflected that the lower courts simply treated Dewberry Group and its affiliates as a single, unified corporate entity and merely added up their profits. There was no two-step analysis of whether the Dewberry Group's profits (or lack thereof) alone would be inadequate, or that the affiliates' profits should be combined with the Group's (lack of) profit to arrive at a "just sum" damage award based on the Group's "true gain."

In remanding the case to the lower courts for further proceedings, the Supreme Court was careful to state that its holding was very narrow, in that it was only deciding that the lower courts were wrong to treat Dewberry Group and its affiliates as a single entity for purposes of calculating the "defendant's profits," because Dewberry Group was the sole named defendant, and the language of the Lanham Act only permitted an award of profits against that named entity. The Supreme Court made clear that it was leaving open for the lower courts' consideration whether Dewberry Engineers would be able to "pierce the corporate veil" to reach the affiliates' profits, or whether it would be able to rely on the "just-sum" theory on remand.

As a result of the Supreme Court's ruling in *Dewberry,* owners of U.S. trademarks who wish to obtain a full and complete award of damages from acts of trademark infringement carried out by a corporate entity, they should pay careful attention to how that corporate infringer is structured with respect to any subsidiaries or affiliates that may have also played an operational role in the infringement, or which may be responsible for the sales of infringing products or services that generate the profits used to calculate the award of damages. In those cases, trademark owners should consider naming those additional corporate subsidiaries or affiliates as defendant parties to the case, even if it would be cumbersome, inefficient or costly to do so, in order to ensure that they will be entitled to use those other entities' revenues or profits as the basis for an award of damages. If it is not practical to do that, then pursing a theory of damages based on "piercing the corporate veil" or the "just sum" provision of the Lanham Act at an early stage of the case, including discovery, may be a viable alternative, in order to avoid the situation that Dewberry Engineering found itself in this case with its damage award being disallowed.

NSIP Law, LLP, 1120 Connecticut Avenue Northwest, Suite 461, Washington, DC 20036
United States of America
Tel: (202) 429-0020 Fax: (202) 315-3758 info@nsiplaw.com
www.nsiplaw.com