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DESIGN PATENT NEWS

USPTO HOLDS ALWAYS-POPULAR 2023 DESIGN DAY CONFERENCE.

On May 4, 2023, the U.S. Patent and Trademark Office held its annual Design Day Conference in Alexandria, Virginia, during which participants were provided with a variety of interesting and informative presentations and panel discussions by USPTO officials, design patent practitioners and members of industry who have used and benefited from design patents. The 2023 edition of the conference marked the first time in four years that it was held in person at the USPTO's Alexandria, Virginia campus, with remote viewing locations in the USPTO's satellite offices throughout the United States. However, in keeping with the current state of remote work, there was an option for participants to attend virtually through a web-based portal, which 350 participants took advantage of. The conference opened with remarks by Lakiya Rogers, the Operations Manager for Technology Center 2900, which is responsible for the examination for all design patents within the USPTO.

THE CURRENT STATE OF U.S. AND INTERNATIONAL DESIGN PRACTICE

Ms. Rogers then introduced Karen Young, the Director of Technology Center 2900, who presented the annual State of the Design Technology Center report. Ms. Young reported that the backlog of unexamined design patent applications currently stood at more than 79,000 as of the end of March 2023. The backlog has been increasingly significantly over the past few years as businesses recovered from the COVID 19 pandemic. Adding to the backlog is the fact that applicants filed more than 58,000 new design patent applications in Fiscal Year 2022, and have already filed 23,201 new applications in the first quarter of FY2023, only 1% below the number of filings in the same period the

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prior year.

That has resulted in a steady increase in the time between when a design patent application is filed, and when it receives the first action from the Examiner, whether that be a Notice of Allowance or an Office Action. That time to first action currently stands at 17.5 months. The total time that a design application is pending before the USPTO before it issues also increased to 21.2 months. The corps of Examiners within TC2900 have been productive, having issued over 14,000 first actions through the first quarter of Fiscal Year 2023, and over 21,000 total actions. Of those first actions, 39% involved an objection to or rejection of the design claim, and 40% of the actions involved the issuance of a Notice of Allowance. The USPTO issued more than 33,000 design patents in FY 2022, and has issued more than 20,000 already in FY 2023. However, that pace of productivity does not appear high enough to quickly work through the backlog of unexamined applications, given the continued high volume of new application filings.

In other areas, international filings through the Hague Convention procedures increased slightly in FY2022 to 2,677 with China joining the Hague Convention system. Of the pending Hague Convention applications, 42% received an objection or rejection as a first action, while 27% received a first action Notice of Allowance. With respect to so-called "Rocket Docket" applications (*i.e.,* those that are filed under a Request for Expedited Examination and the payment of an additional fee), those more than doubled from 4,246 in FY2021 to 9,899 in FY2022. For the first half of FY 2023 through April 2023, only 3115 new design patent applications have been filed under the "Rocket Docket" procedures, so the pace of those filings is slowing. According to Director Young, in FY2022 the Technology Center focused on examining the Rocket Docket cases, and gave Examiners additional productivity hours in which to examine each expedited case. Therefore, Rocket Docket cases generally received a first action within 6 months of filing, and were completed within 12 months of total pendency. Although the Examiners were able to keep up with expedited Rocket Docket filings, that appeared to divert resources away from the examination of ordinary design patent applications, which may have contributed to the increase (or at least the failure to decrease) the substantial backlog of pending applications.

Director Young also reported that the Technology Center is addressing the backlog of applications by hiring additional supervisory and examination staff. There are currently 23 Supervisory Patent Examiners,

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two (2) Design Practice Specialists, one (1) Quality Assurance Specialist and 302 Examiners reviewing and processing design patent applications. Over the past two fiscal years, the Technology Center has hired a significant number of new junior examiners to review the pending applications, 46 in FY2021 and 82 in FY2022. Additional new hires are expected for FY2023. However, since most of the examination corps in Technology Center 2900 is now comprised of junior examiners, it may take several years for them to gain sufficient experience in the examination of design patent applications to allow them to be productive enough to begin reducing the substantial backlog of unexamined applications by issuing actions on those applications at a faster rate. As a result, the substantial backlog of pending design patent applications, and the delay in obtaining first actions on them, will likely continue for the foreseeable future.

Next, a review of the international design protection system was provided by Courtney Stopp, a patent attorney in the USPTO's Office of Policy and International Affairs. Ms. Stopp asserted that the Hague Convention system for enabling a single application for a single international registration had experienced "explosive growth" over the past 4 years, and had grown to 99 contracting parties, representing 93 countries. The Hague Convention system enables applicants to include up to 100 distinct industrial designs in a single application within a single Locarno class. Countries can usually join the Hague system with minimal changes to their procedures and few if any changes to their national laws governing design patents. Hague convention filings increased significantly even during the pandemic, and rebounded strongly in 2021, particularly in originating countries such as Germany, the U.S., Italy, Japan and Korea.

Among the international initiatives that the USPTO is working on is the Hague Working Group, which is discussing adding official languages, such as Chinese, to the languages that applications can be filed in. The USPTO is also active in WIPO's Standing Committee on Trademarks, Design and Geographical (SCT) indications, which seeks to harmonize national laws and practices on those forms of intellectual property. As part of that effort, the USPTO seeks to extend design protection to graphical user interfaces, icons and typefaces. The SCT recommends practices for protecting those forms of intellectual property and periodically publishes non-binging recommendation documents.

Ms. Stopp also discussed the initiatives to conclude the Design Law Treaty (DLT). The DLT seeks to harmonize and standardize the rules for application formalities, such as the format for design patent specifications and the standard views shown in drawing figures. The treaty would also enact uniform rules for establishing a filing date for an application, allowing a grace period during which public disclosure would not affect novelty or originality requirements; relief from deadlines, reinstatement of rights when deadlines are missed, and the correction or addition of a priority claim. Enhanced disclosure requirements are also being considered that would require disclosure of the country of origin of any biological or genetic resources, or traditional knowledge or traditional cultural expressions that were used in the creation of the claimed design. A diplomatic conference that will discuss these proposals for the DLT is scheduled to convene in October 2023.

SIMILARITIES AND DIFFERENCES BETWEEN UTLITY AND DESIGN PATENTS IN PROSECUTION AND LITIGATION

Next, a panel discussion was held which identified the similarities and differences between utility and design patents when prosecuting their respective applications before the USPTO, and when litigating them

in U.S. Federal Court. With respect to the prosecution of design patents before the USPTO, it was noted that most applications receive a Notice of Allowance as the first action, rather than a rejection or objection to the design claim, and are quickly passed to issuance. This results in a relatively short pendency before the Office, which has been lengthened only by the increasing backlog of unexamined applications that is discussed above. This contrasts with utility patent applications, which may be pending for several years before they receive a first action from the Office. U.S. design patent also have a shorter term during which they are enforceable, *i.e.,* 15 years from the date of grant versus 20 years from the date of filing the application in the case of utility patents. Utility patents may also be granted extensions of the patent term to compensate for unusual delays in their examination by the Office, while design patents are not.

The subject matter that is eligible for design or utility patent protection is governed by a different enabling statute. Design patent protection is governed by 35 U.S.C. 171, which is focused on visual design subject matter that is new, original and "ornamental," while eligibility for utility patent protection is governed by 35 U.S.C. 101, which is focused on any new and "useful" process, machine, manufacture, or composition of matter, or any new and useful improvement thereof. Therefore, whereas design patent rights protect the visual, ornamental and nonfunctional aspects of an invention, utility patents protect the useful, utilitarian and functional aspects of an invention. Therefore, it is possible to obtain design patent and utility patent protection for the same invention, because those rights protect different aspects or qualities of the invention.

It is also possible to claim priority, both domestic and foreign, back to the earlier filing date of a utility patent application which discloses the same design. However, a U.S. design patent application must be filed within six months of the filing date of the foreign utility patent in order to claim foreign priority, rather than the usual 12 month grace period for filing a U.S. utility patent application which claims priority from an earlier-filed foreign utility patent application. Moreover, a design patent application cannot claim priority from an earlier filed U.S. provisional patent application. The related design and utility patent applications can also name different inventors, since the design patent application claims the ornamental, visual appearance of the design, while the utility patent application claims the functional or utilitarian aspects of the inventions. For a design invention, its inventors may be anyone who contributes to the ornamental, visual appearance of the article of manufacture. Therefore, the designers of the visual appearance of the invention may be different from the engineers or scientists who designed its composition, structure, function or utilitarian features.

Applicants who wish to file both design and utility patent applications for the same invention must be aware of the functionality doctrine. A design invention is not patentable under the functionality doctrine if the design invention is comprised of elements or features that are primarily functional in nature. That is, a valid design patent cannot be obtained for any invention whose design elements or features were selected because they primarily served a functional or utilitarian purpose related to the operation or usefulness of the article of manufacture, or if those design elements were the best way to accomplish the functions performed by the design, and all other choices were inferior or inoperable. Therefore, if an applicant files a utility patent application which also covers the design that is claimed in a design patent application, care must be taken so that the specification of the utility patent is not written so that it describes the features of the design for the product in terms of their functional or utilitarian benefits, or how those features are superior to prior art designs. Doing so may inject issues of functionality into the analysis of whether the design claimed in the

corresponding design patent application is patentable.

Although in general the U.S. patent laws and rules that apply to utility patents also apply to design patents, there are some exceptions. The requirements for the specification and drawing figures for a design patent are different from the requirements for the specification and drawing figures for a utility patent. Whereas the specification and drawing figures of a design patent are required to disclose what the article of manufacture looks like, the specification and drawing figures for a utility patent must include an extensive description of how the invention is structured, functions or operates, what is it made from, or how it is made, depending on the nature of the invention. Such a utility patent disclosure must be in sufficient detail that would enable a person of ordinary skill in the art to make and use it. A design patent application, by contrast, is usually only required to provide six standard views of the design (front, rear, left-side, right-side, top and bottom), plus one perspective view (usually a front or rear perspective).

In the case of a utility patent application, because it can disclose and claim more than one patentably distinct invention, it is possible, and in some cases advantageous, to add subject matter relating to the invention to the specification, and then file a "continuation-in-part" application which claims portions of the disclosed invention from the original application, as well as new features of the invention that were added in the "continuation-in-part" application. However, since a U.S. design patent application can, by law, only claim one patentably distinct design invention, there is really no advantage to adding subject matter to the original disclosure and then file a "continuation-in-part" application. Therefore, "continuation-in-part" practice is effectively absent from design patent practice. Also absent from design practice is the Request for Continuing Examination (RCE) that is often filed in utility patent applications, in order to reopen prosecution for further submissions by the applicant after the applicant response to the Examiner's Final Office Action. In design patent cases, if an applicant wishes to continue the prosecution of an application after a response to a Final Office Action is filed, then the applicant must file a Continued Prosecution Application (CPA). Applicants often overlook this variation of the patent rules, and incorrectly file an RCE instead of a CPA in a design patent case, causing administrative difficulties for the USPTO and the applicant.

Utility patent applications also differ from design patent applications because they are published 18 months after their filing date. Design patent applications and their file histories, by contrast, are only made public if and when they actually issue as a design patent. Prior to issuance, design patent application files are maintained as confidential by the USPTO and are not available to the public. Although both utility patent and design patent applications and issued patents may be found unpatentable or invalid because they are either fully anticipated (*i.e.,* lack novelty) or are obvious in view of the prior art, slightly different legal standards apply to the analysis of those issues. For anticipation, all of the elements of the invention that is claimed in a utility patent application must be literally disclosed in a single prior art reference. However, for a design patent application to be rendered unpatentable for anticipation, the ornamental visual features of the claimed design must be disclosed in a single prior art reference, but anticipation of a design patent claim may still be found if there are insubstantial differences between the claimed design and the design disclosed in the single prior art reference. Therefore, the legal standard for deign patent anticipation includes a flexibility that is not present in the legal standard for utility patent anticipation.

For unpatentability or invalidity based on obviousness, utility patents are judged under the standard set forth in the Supreme Court's *KSR* decision, which rejected the application of a rigid, mandatory formula to the

obviousness inquiry, and replaced it with a more flexible approach to obviousness and to the motivation to combine prior art teachings. Under *KSR,* a patent claim may be found unpatentable or invalid if it claims the same function, and is used in the same way, in order to achieve the same result. Other valid bases for finding obviousness in the utility patent context include combining prior art elements according to known methods to achieve predictable results; the substitution of one known element for another to obtain predictable results; the use of a known technique to improve similar devices in the same way; and "obvious to try," *i.e.* choosing a claimed element from a finite number of identified, predictable solutions with a reasonable expectation of success.

By contrast, design patent obviousness is governed by the U.S. Court of Appeals for the Federal Circuit's two-step process that it described in its *Rosen* and *Durling* decisions. According to the first step, a "primary reference" must be identified which is "basically the same" as the claimed design, based on a determination of the visual impression of the design as a whole. According to the second step, one or more "secondary references" must be identified which are used to modify the teachings of the primary reference, because the "secondary references" are so related to the primary reference that the appearance of certain ornamental features in one would suggest the application of those features to the other. As discussed in more detail below, the Federal Circuit recently refused to rule that the flexible standard for determining obviousness in the utility patent context that is set forth in the *KSR* decision would also apply to design patents. Therefore, the Federal Circuit maintained the *Rosen* and *Durling* standards in place, because many of the elements of an acceptable obviousness analysis for utility patents under *KSR*, which focuses on the structure, and the technical and functional operation of an invention, would not be relevant or helpful to the visual analysis of the ornamental (*i.e.,* nonfunctional) features required for design patents.

For utility patents, the title to the invention, or the preamble to a patent claim does not necessarily narrow or limit the scope of property rights that are conveyed, unless the title or preamble are essential to distinguish the invention from the prior art, or are critical to the operation of the invention. However, with design patents, U.S. Federal Courts have ruled that the title to the invention, and the identification of the article of manufacture in the claim, may limit the scope of the design claim to the particular type of product that the title and claim identifies. This also mayh have an impact on the categories of prior art references that will be considered relevant to the validity of the design patent's claim, particularly with respect to obviousness, and it may also impact the categories of products that the design patent may be enforced against in order to prove infringement. That is, if the title to the invention identifies the design as a "basket," then prior art designs for a chair or a blanket would not apply to find the design claim for the basket unpatentable or invalid for obviousness. Similarly, it is unlikely that a design patent for a "basket" design could be successfully enforced against a similar chair or blanket design, because they are different articles of manufacture, even if they share similar design attributes.

Finally, the focus shifted to Information Disclosure Statement (IDS) practice. Under U.S. patent practice, applicants have a duty to disclose all prior art that they are aware of that may be material to the patentability of the invention. For design patents, applicants usually take the "kitchen sink" approach to submitting prior art from all related design and utility patent applications worldwide (*i.e,* they submit everything but the kitchen sink). This results in applicants submitting a high volume of other patents, published patent applications and printed publications such as product catalogs, advertisements, social media posts and other

visual matter from themselves and their competitors. Examiners who review design patent applications reported that the vast majority of the cited references in a particular case are not relevant to the design that is claimed in the application, or have nothing to do with claimed designs at all. According to Examiners, this reduces Examiner efficiency and slows the rate at which the unexamined application backlog is reduced. Therefore, Examiners request that applicants only cite visually relevant references in their IDSs for design applications and exclude references that provide no useful visual information that is relevant to the claimed design. Also, when filing an IDS in a design patent case late in the application process, it is important to remember that design patents are not eligible for the streamlined QPIDS (Quick Path Information Disclosure Statement) system that can only be used for utility patent applications. If a design patent applicant wishes to file an IDS after the issue fee is paid, it must file a CPA and reopen prosecution, even if the references cited in the IDS are not found by the Examiner to affect the patentability of the design claim. This is an inefficiency in the design patent system that should be corrected.

ANATOMY OF A DESIGN PATENT LITIGATION

Next came a lively discussion of the elements of an effective design patent infringement litigation in U.S. Federal District Court, from the perspective of both the patent owner/plaintiff and the accused infringer/defendant. A design patent infringement case, like all U.S. federal civil litigation is commenced with the filing of a written Complaint. Approximately 250 new design patent cases are filed with the U.S. Federal District Courts every year. The Complaint identifies the parties to the lawsuit, the design patent that is being asserted and the accused infringing product(s), as well as the rationale for why the accused products infringe the single claim of each design patent. It is important that the patent owner tell the story of the design patent in the Complaint, as well as why the patent owner believes that the design patent is infringed by the accused product. Including drawing figures from the patent along with a comparison of those drawings to images of the accused product is considered to be important as well. Judges and their Clerks often read the Complaint to form their first impressions of what the case is about, and whether the claim for infringement may be strong or week, based on the visual and narrative information contained within it.

The allegations set forth in the complaint must have a good faith factual and legal basis that states a plausible claim for design patent infringement. Rule 11 of the Federal Rules of Civil Procedure (and the Federal case law interpreting and applying it) requires that this good faith factual and legal basis must result from an diligent investigation undertaken by the patent owner after reviewing the patent, its prosecution file history, the relevant case law, and the design of the accused infringing product, which the patent owner must have acquired and studied. Failure to perform an adequate pre-lawsuit investigation that supports a plausible claim for design patent infringement will likely result in the lawsuit being dismissed, and the patent owner being sanctioned for filing a baseless lawsuit under Rule 11.

As noted above, the U.S. Federal District Courts have exclusive original subject matter jurisdiction over civil lawsuits involving U.S. design patents. In addition, the Court must have personal jurisdiction over the accused infringer/defendant before it can adjudicate that defendant's rights. Personal jurisdiction can be established over any individual person or corporate entity that resides or has a principal place of business in the judicial district in which the case is brought. If the defendant is located outside of that district, personal jurisdiction can still be exercised over that defendant if he or it has had substantial business contacts with the judicial district that relate to the sale of the product that is involved in the lawsuit.

After the Complaint is filed, the Clerk of the District Court in which the case is pending will send U.S. Court Form AO120 to the Director of the USPTO, notifying that agency that a litigation is pending which relates to that patent. The Clerk will forward additional Forms AO120 when the case is finally decided, and/or when patents are added to or removed from the case. This alerts the USPTO to the fact that there are Court proceedings that are pending that may affect the validity and/or enforceability of the design patent that is involved in the lawsuit.

The Clerk of the Court then attaches a signed Summons to the Complaint which commands the defendant to respond within 21 calendar days. The Complaint and Summons are then served on the Defendant. Such service may be made personally, by delivering a copy of the Complaint and Summons to the named defendant (if it is an individual person) or to a corporate defendant's headquarters or established place of business in the federal judicial district where the Court is located. Service of a Complaint and Summons may be made by U.S. mail, if the defendant or its attorney consent to that method of service. Service by mail extends the time to respond to 60 days.

The defendant to a design patent infringement lawsuit has several options for responding to the Complaint. It may enter into a quick settlement agreement with the patent owner to resolve the dispute. It may also file a simple Answer and Affirmative Defenses in which it admits or denies each factual or legal allegation set forth in the Complaint, and states its affirmative defenses to the plaintiff's claim. Such an answer does not have to be particularly long and it does not have to be particularly detailed, unless the defendant has a compelling affirmative defense that it wishes to explain to the Court. As part of the Answer, the defendant may assert a Counterclaim against the plaintiff for a declaratory judgement that the design patent or patents in suit are invalid, unenforceable and/or not infringed, based on certain factual and legal grounds, such as prior art, failure to properly disclose the design invention, failure to disclose material prior art to the Examiner during the application process, or substantial visual differences with the claimed design.

If the Complaint has been filed in a federal judicial district where the defendant does not reside, or where it is not headquartered or maintains a substantial place of business, the the defendant may file a motion to transfer venue for the case to a federal district where it resides, was incorporated, is headquartered or maintains a substantial place of business which has more substantial connections to the accused infringing product than the plaintiff's chosen venue. Such a district may be more favorable to or convenient for the defendant. Such a motion may be granted if the plaintiff did not file the lawsuit in a judicial district where the plaintiff resides or where the defendant does not have a substantial physical presence, which is common practice, such as if the plaintiff chose to file the lawsuit in a popular patent litigation court, such as the Eastern District of Texas or the Northern District of California.

A defendant may also file a motion to dismiss the Complaint based on one of the legal grounds stated under Rule 12(b) of the Federal Rules of Civil Procedure. The most commonly used provisions of this rule are motions to dismiss for lack of personal jurisdiction under Rule 12(b)(2), where a defendant will argue that the Court does not have jurisdiction because the defendant does not have minimal business contacts with the judicial district relating to the case so that it would be unfair to require the defendant to defend a lawsuit there. Also, defendants to a design patent infringement case may file a motion to dismiss for failure to state a plausible claim of infringement under Rule 12(b)(6). In such a motion, the defendant will compare the patented design to the accused infringing design, and argue that no reasonable jury could find infringement.

Although such motions are disfavored by Courts, because the evidentiary record relating to the design patent and the accused infringing product has not yet been developed through discovery, some Courts have been willing to dismiss the Complaint for failure to state a plausible claim for infringement if the Judge believes that the two designs are "plainly dissimilar," because there are too many visual differences between their respective features to allow an "ordinary consumer" to confuse the two at the point of purchase, which is the legal standard for finding design patent infringement. Such Courts often do so, without undertaking a full analysis of the design claim in relation to the available prior art, which is a requirement of the design patent infringement analysis. In this way, the Judge will end a case that he or she believes is very weak, without requiring the parties to spend the time and money to take full fact and expert discovery.

Finally, the defendant may file a Petition for *Inter Partes* Review (IPR) or Post Grant Review (PGR) with the USPTO's Patent Trial and Appeal Board (PTAB). The Defendant will usually argue that the design claim is invalid for anticipation (*i.e.,* lack of novelty) and/or obviousness based on cited prior art references. The PTAB may either agree to institute the proceeding or deny institution. If the PTAB institutes the proceeding, the civil lawsuit that is pending in the Federal District Court may be stayed pending the outcome of the IPR or PGR proceeding. The parties will then conduct the proceeding before the PTAB through discovery and trial. The PTAB will then make a decision about whether it believes that the single claim of the design patent is valid or invalid based on the parties' trial presentation. The PTAB's decision may then be appealed to the U.S. Court of Appeals for the Federal Circuit by the party that the PTAB ruled against. If the PTAB finds that the design patent claim is invalid, and that decision is affirmed by the Federal Circuit, then the Federal District Court case will be dismissed, and the defendant will have defeated the patent owner's claim without having to undertake the time and expense of a full federal civil litigation in court. Therefore, the filing of an IPR or PGR against a U.S. design patent by a patent infringement defendant is a popular, and possibly very effective option for responding to a Complaint.

If the case is still active before the Court after the defendant's response, the parties will begin taking full factual and expert discovery. Discovery is where each party gathers the facts that they will present to the Court and jury, and where they develop their theory of the case with respect to the infringement and validity of the design patent. It is usually the most time-consuming and expensive part of the case. Because of that, it is also the phase during which one or both of the parties gives up and seeks a settlement to avoid the cost and distraction of the litigation.

For fact discovery, the parties will usually exchange written discovery requests in the form of requests for documents, interrogatories and requests for admission. After responses to the written discovery requests have been provided, the parties will use that material as the basis for taking the oral depositions of the opposing parties' witnesses under oath. The plaintiff patent owner will generally focus its discovery efforts on obtaining evidence concerning the ornamental visual appearance of the accused infringing products that were on sale, as well as whether there is any evidence of actual copying of the patented design by the defendant. The plaintiff will also focus on obtaining information regarding the value that the design has to the marketability and pricing of the defendant's accused products, as well as financial information from the defendant regarding sales and profit earned from that product. The defendant will generally focus its discovery efforts on obtaining prior art, including past versions of the product design from the plaintiff, in order to narrow the scope of the design claim or to prove that the design claim is invalid. The defendant will

generally focus its discovery efforts on obtaining prior art, including past versions of the product design from the plaintiff, in order to narrow the scope of the design claim or to prove that the design claim is invalid. The defendant will also likely focus on establishing that major features of the patented design are primarily functional, and are therefore outside the scope of the design claim.

After responses to those discovery requests have been exchanged by the parties, and the depositions of fact witnesses have been taken, they will then conduct expert discovery. Each party will likely retain a design expert who is knowledgeable of the design of the particular type of product that is covered by the design patent. The best design experts are usually those individuals who possess a technical and design background in the industry covered by the design patent. Failure to present an expert with specific design experience in the industry and products covered by the patent may make the expert vulnerable to having their testimony excluded from evidence under the Supreme Court's *Daubert* standard, because he or she does not possess expert knowledge that is helpful to the Court or jury. That expert will provide technical design testimony concerning the scope and interpretation of the design patent's claims, and whether it is valid and infringed by the accused product in view of the prior art that is of record. An expert concerning the financial damages recoverable by the patent owner as a result of the infringement of the design patent may also be retained by each party. The parties' experts are required to submit expert reports which summarize the outer limits of their testimony concerning the issues that they have been requested to analyze. The parties will then generally take the oral depositions of the opposing party's fact and expert witnesses under oath, in order to test their theories and opinions of the case, and obtain the witnesses' anticipated trial testimony, so that there will be no surprises at the actual trial.

After the parties finish taking discovery, they will evaluate the evidence that is relevant to the issues in the case, and consider whether they will file a motion for summary judgment on the issues of whether or not the design patent is valid, enforceable and infringed, as well as the nature and amount of damages for such infringement. The summary judgment procedure allows the Court to review the evidence on any issue regarding the infringement and/or validity of the design patent, and the damages payable to the patent owner that the parties present in their motions, and if the evidence supports it, the Court may enter a final judgment on any of those issues without a jury trial. At the summary judgment stage of the case, the Court will also consider the parties' legal and factual arguments regarding claim construction under the Supreme Court's decision in *Markman v. Westview Instruments.* Based on those arguments, and its own review of the evidence, the Court will determine what the design patent claim means as a matter of law. This claim construction will be used both as a basis for deciding motions for summary judgement, and it will be used to instruct the jury what the design claim means if the case goes to trial.

The claim construction process for design patents is usually not as complex or involved as it is with utility patents. The Court will still consider the design claim, which limits the scope of the design patent rights to the particular type or category of product (*i.e.,* refrigerator, automobile, graphical user interface, etc.) that is identified in the title and claim, as well as the specification (which describes the attributes of the design shown in the drawings), the drawing figures and the prosecution file history. In the past, Federal District Courts provided detailed, verbal descriptions of the major features of the claimed design shown in the drawing figures, and described in the specification and prosecution history. However, recent decisions of the Federal Circuit in design patent cases criticized that practice, and indicated that such a detailed, narrative construction

was unnecessary and counterproductive to an understanding of the scope of the design claim.

As a result, more recently, District Courts have tended to enter simpler constructions of design claims, such as indicating that the design that is claimed is as it is shown in the drawing figures and described in the specification. Amendments or arguments which narrowed the scope of the design claim, or which gave up subject matter in order to overcome the Examiner's objections or rejections during prosecution would also be specifically addressed in the Court's claim construction. For example, if a Restriction Requirement had been entered during prosecution of the application, and the applicant elected one embodiment to prosecute in the application and did not file a divisional design patent application which claimed the unelected embodiment(s), then those unelected embodiments may be considered public domain, and no longer protectable, which could adversely affect the scope of the design claim and whether there was infringement. The issue of which elements of the claimed design, if any, are primarily functional would also be addressed at the claim construction stage, in the context of their contribution to the overall visual appearance of the claimed design. However, Courts may no longer exclude such unprotectable functional design elements from the scope of the design claim entirely, but instead give them the appropriate (*i.e.,* lower) weight in determining the overall visual appearance of the claimed design. The same treatment is generally given to features of the claimed design that are shown in the prior art.

If the evidence shows that there is no dispute as to any material fact regarding the issues of infringement, validity, enforceability or damages the Judge may enter judgment as a matter of law that the design patent is or is not infringed, or that it is or is not valid, and that the damages should be a certain type and amount, according to what the weight of the evidence proves. The Judge may grant motions for summary judgment as to some of the issues raised in the parties motions, but not others, thereby allowing those issues to go to trial. The current trend in the U.S. Federal Courts is to grant fewer summary judgements that the design patent is ***infringed***, because such decisions have in recent years had a higher likelihood that the Federal Circuit would reverse them on appeal, and send the case back to the District Court for a jury trial. If the case for design patent infringement is relatively strong, Courts have therefore been more willing to allow the case to proceed to a jury trial for decision. However, an increasing number of District Courts have granted summary judgement of ***noninfringement,*** in order to avoid a jury trial of an infringement claim that is determined to be weak, based on the evidence.

At the summary judgement stage of the case, defendants usually make a tactical decision to file a motion for summary judgement that the design patent is not infringed and is invalid, in order to lock the plaintiff into taking specific positions regarding claim construction, and the description of the accused infringing device and the prior art that it must follow at trial, even if the motion for summary judgement is denied. This will usually allow the defendant to limit the types of infringement and validity arguments that the plaintiff/patent owner can make to the jury at trial, particularly if the defendant is successful in using its description of the prior art to obtain a narrow construction of the design patent claim as part of the claim construction process.

If any issues survive summary judgment, then the case enters the pre-trial/trial preparation phase. During this phase of the proceedings, the parties take all of the discovery material, both factual and expert, and distill it down and organize it into a simple, coherent presentation that ordinary citizens unfamiliar with design patent law who sit on the jury can understand and agree with. As part of that process, each party must select the exact pieces of evidence and witness testimony that they will use in their respective trial presentations, as

well as to cross-examine the opposing party's witnesses at trial. As the trial date approaches, the parties will have a conference with the Court to argue about and finalize the instructions regarding the law that the Judge will read to the jury at the close of the evidence at trial. Those instructions provide the legal and evidentiary standards that the jury is required to apply to the evidence to reach a verdict which decides the issues of design patent infringement, validity and/or damages that are presented to them. The Intellectual Property Owners Association publishes a set of Model Jury Instructions for design patent cases, which summarized the current legal standards and principles for design patent that parties may refer to as a starting point for creating a set of jury instruction that are specific to their case.

At trial, the parties make their presentation of the evidence to the Court and Jury in the form of documentary exhibits, witness testimony and multi-media presentations. At the close of the evidence, the Court uses the jury instructions to instruct the jury regarding the legal standards to apply to resolve the issues of design patent infringement, validity and damages that are presented to them. The jury is also usually given a special jury verdict form which consists of a list of questions that the jury must answer concerning whether the design paten is infringed, is invalid, is unenforceable, as well as the nature and the amount of monetary damages that they are awarding the patent owner if infringement is found. The party that the jury has ruled against may ask the Court to set aside the jury's verdict due to a lack of supporting evidence after the trial. Once those post-trial motions are resolved, the party who has lost the case may appeal the jury's verdict and/or the Court's post-trial ruling to the Federal Circuit. On average, a well-litigated design patent case will generally cost each party between $2 million and $5 million to take from the Complaint stage to an appeal to the Federal Circuit.

REVIEW OF RECENT DESIGN PATENT CASES

The Design Day presentation concluded with an always popular discussion of recent design patent cases that were decided by the Federal Circuit, the various U.S. District Courts and the USPTO's Patent Trial and Appeal Board (PTAB). The following are summaries of two of the more interesting cases that were reported.

On January 20, 2023, the U.S. Court of Appeals for the Federal Circuit in *LKQ Corporation v. GM Global Technology Operations LLC* upheld the current legal standards for determining whether a design patent claim is unpatentable or invalid for obviousness. General Motors owns U.S. Patent No. 797,625 (the '625 patent) for an "ornamental design for a vehicle front fender," as shown in the following drawings:

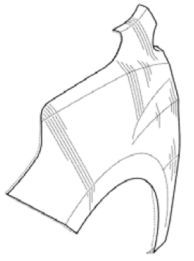


FIG. 1

FIG. 3

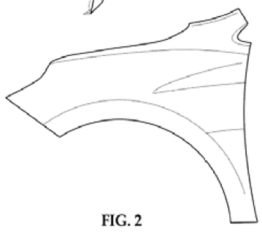


FIG. 2

FIG. 4

General Motors, of course, manufactures and sells a full line of automotive vehicles. LKQ sells automotive body parts used in the repair of most mainstream vehicle models available, including front fenders for vehicles manufactured by GM. GM had previously licensed the '625 patent (among many others) to LKQ under the terms of a license agreement that expired in February 2022 due to a failure of the parties to agree on terms for a renewal. After the license expired, GM sent letters to LKQ's business partners alleging that LKQ's now unlicensed replacement parts infringed its design patents.

In response, LKQ petitioned the USPTO's Patent Trial and Appeal Board (PTAB) for *inter partes* review of the '625 Patent, on grounds that it was anticipated by U.S. Patent No D773,340 to Lian ("the Lian patent"), and that it would have been obvious over Lian alone or in combination with the design for the 2010 Hyundai Tucson SUV ("the Tucson design"), as disclosed in a promotional brochure. Under current U.S. design patent law, a design claim is anticipated by a single prior art reference if an ordinary observer, giving the two designs the ordinary level of scrutiny at the point of purchase, would have been confused into believing the patented design was actually the prior art design, or vice versa. In analyzing the anticipation issue in the present case, the PTAB first defined the ordinary observer as including both retail customers who purchase replacement fenders and commercial replacement part buyers, because the '625 patent claims a "vehicle front fender," not a vehicle in total. Then the PTAB applied that understanding of the ordinary observer to conclude that although there were some similarities between the claimed design and the Lian reference, there were too many visual differences that contributed to different overall visual appearances of the two designs that prevented a finding of anticipation.

Regarding the issue of obviousness, the PTAB applied the well-established legal standards set forth in the *Rosen* and *Durling* decisions to find that LKQ had failed to identify a sufficient primary reference that was "basically the same" as the claimed design, as required by *Rosen,* and therefore failed to prove obviousness. Because LKQ had failed to identify a proper primary reference, there was no need to apply the *Durling* analysis of a secondary reference, such as the Tucson SUV, that could be used to modify the primary reference to arrive at the overall visual appearance of the claimed design. As a result, the PTAB found that the '625 Patent was valid in view of the cited prior art. LKQ appealed the PTAB's decision to the Federal Circuit.

On appeal, the Federal Circuit agreed with the PTAB's definition of the ordinary observer for purposes of finding anticipation, and affirmed the PTAB's conclusion that the Lian patent was not an anticipating reference because there were too many visual differences between it and the claimed design. Regarding the issue of obviousness, LKQ asserted that the *Rosen* and *Durling* tests on which the PTAB relied to find the '625 Patent not obvious were implicitly overruled by the Supreme Court's decision in *KSR International v. Telflex, Inc.* The *Rosen* and *Durling* tests were adopted as safeguards against a patent infringer picking and choosing features from multiple references to create something entirely new, fundamentally changing the overall visual impression of the original designs, which would be considered improper.

In *KSR*, the Supreme Court rejected the "rigid, mandatory formula" embodied in the Federal Circuit's then-prevailing "teaching suggestion motivation" requirement for finding obviousness in utility patents, because such an inflexible standard improperly limited the obviousness inquiry. The Supreme Court in *KSR* instead prescribed a more flexible approach to obviousness and motivation to combine prior art teachings. LKQ

argued that the two-part *Rosen/Durling* test, which is the only test applied by U.S. Federal Courts to the design patent obvious analysis, is an example of the "rigid, mandatory formula" that the Supreme Court rejected in *KSR*, because it required the identification of a primary reference that is "basically the same" as the claimed design. Without such a primary reference, obviousness cannot be found. Of course, the *KSR* decision did in not involve design patents, and did not discuss the legal standards for determining design patent obviousness.

In analyzing LKQ's arguments, the Federal Circuit noted that in the more than fifteen years since *KSR* was decided, the Federal Circuit had decided over fifty design patent appeals. In those appeals, the Federal Circuit continually applied *Rosen* and *Durling* just as it had in the decades preceding. Notably, the correctness of the current law on design patent obviousness in light of *KSR* was raised in only two of those over fifty appeals, only indirectly, and was not addressed in the Court's decisions in those two cases. In the *LKQ* case, the Federal Circuit ultimately determined that the three-judge panel hearing the present appeal had no authority to overrule *Rosen* and *Durling,* as only the Supreme Court or the Federal Circuit sitting *en banc* (*i.e.,* with all the Judges present and deciding) have the authority to overrule existing Federal Circuit precedent. Since it was not clear that the Supreme Court has overruled *Rosen* or *Durling*, even based on the reasoning cited by LKQ in its arguments, the Federal Circuit panel was bound to apply existing law to this appeal. Applying the *Rosen* and *Durling* standards to the facts of this appeal, the Federal Circuit agreed with the PTAB that the Lian patent was not a proper primary reference, and therefore, the '625 Patent was not invalid for obviousness.

Although this is the most prominent recent challenge, based on the Supreme Court's *KSR* decision, to the legal standards set forth in the *Rosen* and *Durling* decisions for deciding design patent obviousness, it is unlikely to be the last. It is unclear what alternative standard would be applied in place of those legal standards, and none was discussed in the *LKQ* case. It is equally unclear whether the Federal Circuit or the Supreme Court will determine that the *KSR* decision would even apply to design patent obviousness, because the Court's reasoning in *KSR* was directed to the legal and factual principles that apply to utility patents, not design patents.

As was noted in a concurring opinion in the present *LKQ* case, although 35 U.S.C. § 103, which deals with obviousness, does not differentiate between types of inventions, and hence applies to all types of patents, the considerations involved in determining obviousness are different in design patents from what they are in utility patent cases. Obviousness of utility patent claims requires considerations such as the invention's unexpected properties, structure, utility, and function. Design patents, on the other hand, relate to considerations such as the overall appearance, visual impressions, artistry, and style of ornamental subject matter. Ornament is in the eyes of the beholder. Functional utility, structure or physical composition is objective. Obviousness of an ornamental design thus requires different considerations from those of a utility invention. *KSR* did not address any of those design-related considerations, and it did not even mention design patents. Therefore, it is unlikely that the Federal Circuit will readily overrule the *Rosen* and *Durling* decisions, and substitute a completely different standard for finding design patent obviousness.

In the second case to be summarized, the USPTO's Patent Trial and Appeal Board recently cancelled the design claim of a U.S. design patent due to statutory disclaimers filed by the patent owner, and otherwise found that design claim unpatentable in view of cited prior art in the Post-Grant Review (PGR) captioned

Early Warning Services, LLC v. WePay Global Payments, LLC., PGR2022-00031 and PGR2022-00045, (PTAB February 9, 2023). The PTAB instituted the PGR against the sole design claim of U.S. Patent No. D930,702 ("the '702 patent") based on petitioner Early Warning's assertion that the '702 Patent was invalid for anticipation under 35 U.S.C. 102 by U.S. Patent Application Publication No. 2018/0260806 to Reddy ("the Reddy Publication"), and for obviousness over the Reddy Publication in view of the graphical user interface design disclosed in the www.youtube.com video entitled "SGQR – Singapore Quick Response Code" ("the SGQR design"). The '702 Patent disclosed and claimed a design for a display screen portion with animated graphical user interface. Petitioner Early Warning also alleged that the '702 patent was anticipated by the animated graphical user interface that was disclosed in the www.youtube.com video entitled "GrabPay Standalone," and was obvious in view of the graphical user interface designs disclosed in two other www.youtube.com videos.

The PTAB also permitted Early Warning to submit a motion for adverse judgment against WePay and the '702 patent, based on WePay's statutory disclaimer of patented subject matter. Although the '702 patent could only have one claimed design, the drawing figures of the '702 patent included two embodiments of the claimed animated graphical user interface design: Embodiment 1, FIGS. 1 and 2; Embodiment 2, FIGS. 3-5.

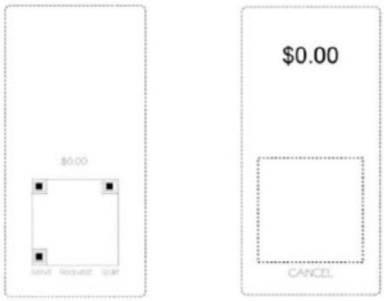
<table>
<tr><th colspan="2">'702 Patent</th></tr>
<tr><td>First Embodiment</td><td> 

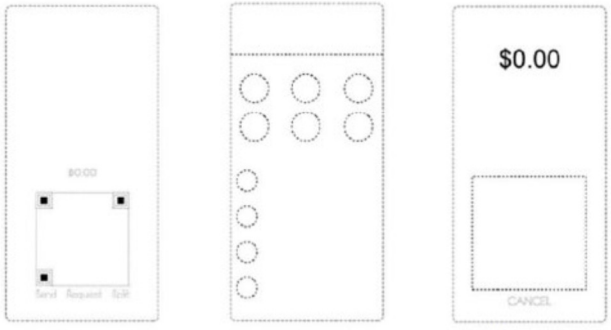
FIG. 1 FIG. 2</td></tr>
<tr><td>Second Embodiment</td><td> 

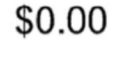
FIG. 3 FIG. 4 FIG. 5</td></tr>
</table>

The patent owner, WePay, filed a statutory disclaimer of the first embodiment shown in FIGS. 1 and 2. The patent owner then filed a statutory disclaimer of the second embodiment shown in FIGS. 3, 4 and 5. As a result, the PTAB found that WePay had, by disclaiming all figures and embodiments described in the '702 patent, disclaimed the entire scope of the sole design claim at issue, such that no challenged claim remained valid in the PGR proceeding. The PTAB therefore determined that adverse judgement against WePay

should be entered.

In order to remove any doubt about whether any portion of the '702 patent remained valid, even considering the complete statutory disclaimer, the PTAB went on to determine that the challenged design claim of the '702 patent was unpatentable based on the cited prior art. The PTAB undertook its analysis of the validity of the '702 patent based only on the presentation of evidence provided by Early Warning, because the patent owner, WePay, did not participate in the trial phase of the PGR proceeding. Therefore, the PTAB reaffirmed the findings that it made in its decision to institute the PGR that the sole design claim of the '702 patent was invalid.

In particular, the PTAB found that the Reddy Publication either anticipated the '702 Patent, or rendered the design claim obvious. The PTAB found that the Reddy Publication had the same overall visual appearance as the claimed design, as shown in the following side-by-side comparison:

'702 Patent Ex. 1001	an image of this: 	followed by an image of this: 
Reddy Ex. 1004	an image of this: 	followed by an image of this: 

On that basis, the PTAB found that both designs include an image of a Three Square Arrangement, followed by an image of "a $0.00 in practically identical style and font." The PTAB determined that Early Warning proved by a preponderance of the evidence, "that 'the overall visual effect of the claimed design,' when compared to 'the design disclosed in Reddy[,] would be substantially the same to an ordinary observer.'" Based on the full trial record, the PTAB agreed that "there is no material difference between Reddy and the claimed design such that Reddy anticipates the challenged claim." Paper 22, 11; Pet. 67–69.

To the extent "any 'slightly different spacing of the squares,' as between the claimed and prior art designs," is not *de minimus*, the PTAB found "that the ordinary designer would have modified Reddy's design to mirror the claimed design" in order "to increase the amount of data" contained in the code. The ordinary designer, considering Reddy alone, "would find the claimed 'design as a whole has substantially the same overall visual appearance as the Reddy design,' as so modified." Therefore, the PTAB concluded that the Reddy Publication rendered the challenged claim unpatentable as obvious.

The *WePay* case is unusual because the patent owner, WePay, voluntarily disclaimed both embodiments disclosed in the design patent, leaving no property rights that were left to enforce. Although the PTAB did not discuss the reasons that prompted WePay to voluntarily disclaim the entire design patent (or whether it realized that it had disclaimed its entire patent right), the cancellation of the '702 patent would obviously have serious consequences for the ten (10) pending federal court cases in which the '702 patent was being asserted against defendants such as Amazon, Samsung, Tesla, J.P. Morgan Chase, McDonald's Corporation and others. Apparently WePay understood that the '702 Patent was not valid, and they had no other choice but to concede that fact, which, again, is very unusual for a patent owner to do.

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