

ORANGE COUNTY BUSINESS JOURNAL

RUTAN RUTAN & TUCKER, LLP

Design Patents Should Be Part of Your IP Arsenal

by Ronald Oines, Partner, Rutan & Tucker

You own one of the most innovative widget companies in the United States. You have spent more than a year and hundreds of thousands of dollars developing a new design for your next generation widget. Your marketing department, working with your team of design engineers, has come up with a product that they believe will take the marketplace by storm and become your flagship product for the next several years. The design is not novel functionally, it just looks really good.

You invest an additional hundreds of thousands of dollars gearing up for the annual widget trade show and the new product launch. The new widget is a smash hit at the trade show, and your sales team cannot wait to get the new widget into the sales channels. In the midst of your celebration, you get a call from your salesman who is responsible for servicing your biggest reseller, Widget-Mart. Apparently, your new widget was such a hit at the trade show, Knock-Off Inc. decided to copy your design, but make it faster with much cheaper raw materials and labor. Unfortunately, Widget-Mart decided to go with the cheaper widget from Knock-off Inc.

You have no intention of letting your investment of hundreds of thousands of dollars and thousands of hours of employee time go to waste. What do you do? If you took the prudent step of filing a design patent application for your new widget, you can sue Knock-off Inc. (you may want to sue Widget-Mart too) for patent infringement. Under the current legal standard for determining design patent infringement, Knock-Off Inc's widget infringes your design patent if an ordinary observer, familiar with prior art designs, would be deceived into believing that the accused product is the same as the patented design. The infringement analysis focuses on a comparison of the overall design of the product, as opposed to individual similarities or differences between the design patent and the accused product. If Knock-Off's widget infringes your design patent, you can seek an injunction and damages, and if the infringement was willful, treble damages and attorneys' fees.

If you do not have a design patent, you might be surprised to learn you have an uphill battle. You might be able to sue Knock-Off Inc. for trade dress infringement, but to establish trade dress infringement you will need to establish that your product design has acquired "distinctiveness," also known as "secondary meaning." The courts have held product designs can never be inherently distinctive under the trademark laws. In other words, you would have to show that, like a distinctive word mark or logo, there is a link in the minds of consumers between the product design and the source of the product. You would likely be able to do this if Knock-Off Inc. started selling its cheaper widget several years after your product launch and after you have sold hundreds of thousands of your widgets. But in this case, your widget has not even hit the market yet, so you probably will have an uphill battle seeking to establish secondary meaning.

As the foregoing suggests, you should seriously consider obtaining a design patent for any significant new product design. Design patents are relatively inexpensive to prepare and prosecute. Unlike a utility patent, a design patent merely consists of a series of drawings that depict the design you are claiming. Design patents are relatively easy to obtain. Essentially, you must merely convince the Patent Office that your design is ornamental (not functional) and novel. Finally, design patents typically issue much quicker than utility patents. Why then do companies obtain a relatively small number of design patents? In 2011, for example, the United States Patent and Trademark Office issued 224,505 utility patents, but only 21,356 design patents.

Some may be hesitant to obtain a design patent because it lasts for only 14 years.

However, the vast majority of product designs likely have a useful life of less than 14 years. Sure, there are exceptions (the Gibson® Les Paul® and Fender® Stratocaster® come to mind), but how many current product designs can you think of that were introduced in or before 1998? Not many. So you probably will not need protection for more than 14 years. In any event, after your design patent expires, you should still be able to protect your product design under trade dress law. Although some courts have questioned whether it is proper to recognize trade dress protection on a product design that was the subject of an expired design patent, most courts recognize that design patents and trade dress protection can coexist. As long as the design has acquired distinctiveness in the minds of consumers, a court should protect your design from imitation even after your design patent expires. Therefore, in my opinion, it is a "no brainer" to file a design patent application for any new product design you think might be valuable to you in the marketplace.

If you are not convinced yet, consider some recent trending statistics for some innovative companies. For example, according to USPTO statistics, Apple Inc. obtained 122 U.S. design patents from 2006 to 2008, and 379 U.S. design patents from 2009 to 2011. HTC Corporation obtained two U.S. design patents from 2006 to 2008, and 66 U.S. design patents from 2009 to 2011. And lest you think only smart phone and tablet manufacturers are obtaining more design patents these days, consider that Hyundai Motor Corporation obtained one U.S. design patent from 2006 to 2008, and 36 U.S. design patents from 2009 to 2011. Ford Motor Company obtained 30 U.S. design patents from 2006 to 2008, and 248 U.S. design patents from 2009 to 2011.

If it is worth spending hundreds of thousands of dollars or more on developing and marketing a new product design, it ought to be worth spending a relatively small amount to obtain a design patent to protect that new product. The design patent will give you peace of mind and a valuable tool when the next Knock-Off Inc. comes along. Just having the design patent (or even a pending design patent application) may keep the Knock-Off Inc.s of the world on the sidelines. And when your new product is copied, your trial attorney will be happy to learn you have that design patent.

Postscript: As this article is going to press, on June 26, 2012, a Judge in the Northern District of California granted a preliminary injunction in favor of Apple Inc. and against Samsung's Galaxy Tab 10.1 tablet computer, finding that Apple is likely to prevail on its claim of design patent infringement. On that same day, Samsung appealed to the Federal Circuit Court of Appeals. Stay tuned...

Ronald Oines

Ronald Oines is a partner in Rutan & Tucker's Trial section and co-chair of Rutan's Intellectual Property Group. Mr. Oines has handled numerous intellectual property matters involving design and utility patents, as well as matters involving trademarks, copyrights, trade secrets, and rights of publicity. Mr. Oines also handles other complex business litigation matters, such as those involving product defects, contract disputes and business torts and can be reached at 714.662.4680 or roines@rutan.com.



About Rutan & Tucker

Rutan & Tucker's lawyers are widely known as the best and most effective attorneys in California. Rutan recruits top lawyers from the finest law schools around the country. As a result, Rutan is staffed with attorneys of the highest caliber who provide the most sophisticated legal services available today. Rutan's commitment to excellence and value set us apart from other top firms, and enable us to meet the challenge of obtaining the desired results for our clients at the best possible cost.

Rutan's roots lie in Orange County, Calif., and trace back to 1906. Today, Rutan & Tucker's practice extends nationwide, while maintaining our connection to the fabric of Orange County and California. Rutan & Tucker continues to distinguish itself as Orange County's largest full-service law firm, as it has for decades, while also developing a significant presence in Silicon Valley.