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Design Patents: Don't Overlook Their Potential Value

Contrary to popular culture, patents are not limited to the functional, utilitarian, or scientific aspects of a product. In fact, design patents, although often overlooked, can be a tremendous, cost-effective asset to many companies IP portfolios. Despite the fact that design patents last only fourteen years from the date of issuance, they can provide businesses with invaluable time to build their products and brands at a relatively low cost. Indeed, design patents provide a number of strategic advantages: (1) the great majority of design patent applications are granted and their cost is relatively low; (2) few design patents have been invalidated in recent years; and (3) design patents provide valuable flexibility for patentees seeking to exploit proprietary rights.

Design patents protect the ornamental design of an "article of manufacture." 35 U.S.C. § 171. A design patent can be awarded for the "visual characteristics" of an article's design when the design is novel, non-obvious, and ornamental. Design patents can cover everything from computer screen shots to tennis shoes and, for the reasons discussed below, can be important assets. Last year, the USPTO issued Design Pat. No. D599,372 to Google for its familiar "ornamental design for a graphical user interface."

Rate of Issuance

The high rate of issuance of design patents is demonstrated in the U.S. Patent and Trademark Office's annual reports. Design patents enjoyed an average allowance rate of about 90% during the period FY2005–FY2009 as measured by the percentage of disposals that were allowances. In addition, design patents that issue are subjected to less arduous prosecution than issued utility patents. In a survey of design patents that were issued in 2009, only about 1.2% were rejected on the basis of conflicting prior art, such as prior patents or publications, and 81.6% sailed through prosecution without any rejections at all.¹ Meanwhile, most applications for utility patents issued in 2009 were rejected on prior art grounds. Reflecting the less rigorous examination of design patents, over one half of design patents issued in 2009 were pending for less than a year, contrary to the average utility patent pendency of well over two years. The relative ease with which design patents are issued reduces an applicant's costs.

Validity and Enforceability

Courts have found few design patents invalid in the past several years. In 2008, the Federal Circuit generally enhanced design patent rights by making design patent infringement easier to prove under the so-called "ordinary observer" test. See *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665 (Fed. Cir. 2008). More recently, the Federal Circuit held that the "ordinary observer" standard applies not only with respect to design patent infringement, but also in determining design patent validity. *Int'l Seaway Trading Corp. v. Walgreens Corp.*, 589 F.3d 1233 (Fed. Cir. 2009). This decision could change how easily design patents are issued by the PTO and invalidated by courts. But in general a relatively favorable environment for design patent owners is likely to continue, with design patent protection well worth the cost.

Flexibility

Owning a design patent in addition to other intellectual property protection can provide a patentee with flexibility in terms of enforcement and damages. Where a product is protected by both utility and design patent protection, a patentee has the opportunity to prevail on a design patent claim even if the claim for utility patent infringement fails. In terms of damages, the Patent Act provides that a prevailing patentee will receive compensatory damages of at least a "reasonable royalty," and possibly lost profits, for the utilitarian invention claimed. 35 U.S.C. § 284. Additionally, if the patentee can prove that the infringer also infringed a design patent, the infringer is liable to pay the patentee an amount equal to the infringer's profits attributable to the infringing article(s). 35 U.S.C. § 289. Therefore, a patentee who owns a utility patent for utilitarian features and a design patent for ornamental features can potentially receive compensatory damages for each patent. In addition, since

a design patent is likely to issue much sooner than a utility patent, the design patent may allow the patentee to sue and obtain injunctive relief much earlier in a product's life cycle.

In sum, it is worth taking another look at the often overlooked design patent.

Design patents can be a powerful and cost-effective part of a comprehensive IP portfolio. They can provide a high value for a low cost and add flexibility to a patentee's enforcement and remedy options, strengthening the value of a company and its brand.

¹ See D. Crouch, Design Patent Rejections, Patently-O Blog, www.patentlyo.com/patent/2010/01/design-patent-rejections.html (study based on review of file histories of 1049 U.S. design patents issued in 2009). A total of about 23,415 U.S. design patents issued in 2009. See USPTO Performance and Accountability Report: Fiscal Year 2009, Table 1 at 112, available at www.uspto.gov/about/stratplan/ar/index.jsp.