



Update on Post-Grant Design Patent Challenges

By Tracy-Gene G. Durkin and Mark W. Rygiel

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Since our last article on the topic of design patent reexaminations (see ["All or Nothing Design Patent Reexaminations: On the Rise,"](#) June 8, 2010), design patents are more popular than ever.

Interest in design patents is increasing, in part, because they can be obtained relatively inexpensively and quickly. Dennis Crouch recently reported that from 2010-2012 the majority of design patents issue within 12-months of their filing date (see ["Design Patents Are Still Relatively Quick"](#) by Dennis Crouch, *Patently-O*, January 21, 2012). In addition, most design patents issue without amendment and with little or no file wrapper estoppel, potentially leading to a "cleaner" patent with potentially fewer issues to be raised in litigation that could negatively affect the scope of the patent. The number of design patent filings has increased approximately 20% since 2009 (Robert Olszewski, "State of the Technology Center," USPTO Design Day 2013), and, with this increase it is reasonable to expect an increase in design patent enforcement.

Design patent infringement is based on a finding of "substantial similarity" between an accused design and the patented design in the eyes of an "ordinary observer". This typically involves a more straightforward analysis than utility patent enforcement, particularly given the Federal Circuit's warning of the dangers of reliance on a detailed verbal claim construction. See [Egyptian Goddess, Inc. v. Swisa, Inc., 543 F.3d 665, 680](#) (Fed Cir. 2008) (en banc). Moreover, the potential for disgorgement of the infringer's profit can motivate a defendant to quickly settle on reasonable terms.

Developments in the law and recent litigation activity will no doubt result in continued popularity of design patents. Indeed, David Kappos, the former Director of the United States Patent Office recently called design patents ["the new frontier for IP"](#). The Patent Law Treaties Implementation Act of 2012 extends the design patent term one year, from 14 years to 15 years, and also facilitates filing for multiple designs in a single international design application. Moreover, design patents were at the heart of the recent high profile global patent litigation between *Apple* and *Samsung*, and the large damages awarded in that case may inspire others to incorporate design patents into their IP protection strategy.

What remains to be seen is what effect the recently enacted America Invents Act of 2011 (AIA), which created new mechanisms for challenging issued patents at the USPTO, will have on design patents.

As of September 2012, Inter Partes Review (IPR) proceedings replaced inter partes reexamination proceedings. IPRs allow accused infringers and other interested parties to challenge the validity of any patent before the Patent Trial and Appeal Board (PTAB) at the USPTO based on patents and printed publications. The **first request** for IPR of a design patent was filed on December 5, 2012 against **U.S. Des. 617,465** for a children's drinking cup. The trial was instituted on April 25, 2013. See **IPR2013-00072**, Assigned to Luv N' Care, LTD., filed by Munchkin, Inc. and Toys "R" Us, Inc. Not surprisingly, this patent is involved in Federal District Court litigation between the parties to the IPR. There is also an inter partes reexamination pending (Control No. 95/001,973) for a related **U.S. Design Patent** (D634,439).

Another post-grant proceeding created under the AIA called Post Grant Review (PGR) may be used to challenge design patents issuing on applications filed on or after March 16, 2013. PGRs allow requesters to challenge the validity of a design patent based on all grounds of patentability, including 35 U.S.C. § 112. Although there are significant estoppel provisions associated with IPRs and PGRs, these proceedings will be available to third parties who may be looking to challenge the validity of a design patent outside of district court. The short pendency of design patent applications and the ability to petition for "rocket docket" treatment may make a design patent one of the earlier patents eligible for PGR.

In our prior article we expected to see an increase in post-grant challenges. The data bears this out. Following a drop in filings in 2009, we have seen a steady increase in these challenges. The number of design post-grant challenges in recent years is shown in the chart below.

| Year | # Design Post-Grant Challenges |
|-------------|---------------------------------------|
| 2007 | 19 |
| 2008 | 13 |
| 2009 | 7 |
| 2010 | 9 |
| 2011 | 10 |
| 2012 | 11 |

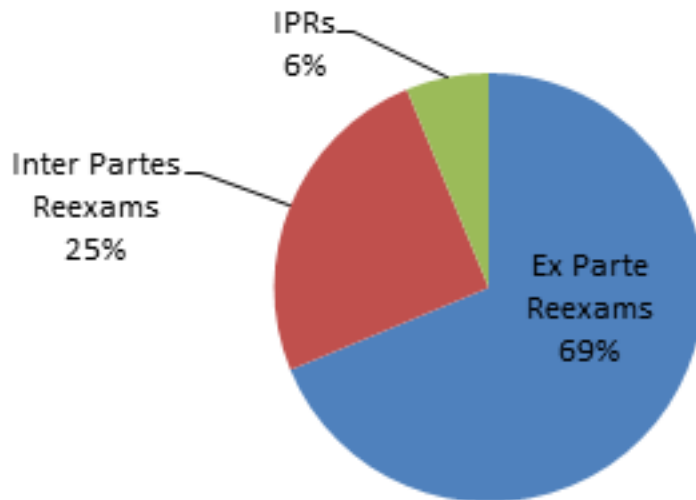
A deeper dive into the data since January 1, 2010 reveals some interesting facts.

What Challenges Have Been Made?

Since January 2010, 32 requests for a post-grant challenge of a design patent have been filed. Of these, 22 (or 69%) have requested ex parte reexaminations, 8 (or 25%) have been *inter partes* reexaminations, and 2 IPR petitions have been filed (or 6%). Given the elimination of *inter partes* reexaminations under

the AIA, one would expect to see a rise in ex parte reexaminations in the near future. Despite the recent fee increase by the USPTO, and the ex parte nature of the proceeding, ex parte reexaminations remain a potentially cost effective option for challenging the validity of design patents.

Design Patent Post-Grant Challenges (January 2010-April 2013)



In addition, it appears patent challengers are growing comfortable with the advantages and disadvantages of IPR proceedings. Between September 16, 2012 and May 21, 2013, there were 269 petitions for IPR filed. Trial has been instituted in 78 of those proceedings and denied in only five. The remaining petitions are still to be decided (3 cases were settled prior to a decision). Only two of these petitions have challenged a design patent. Despite the relatively high associated cost (\$9K request fee; \$14K post-institution fee), one would expect to see a rise in IPR petitions challenging the validity of design patents as well, particularly given that the third party requester can participate in the challenge beyond filing of the petition through limited discovery and opposition motion practice.

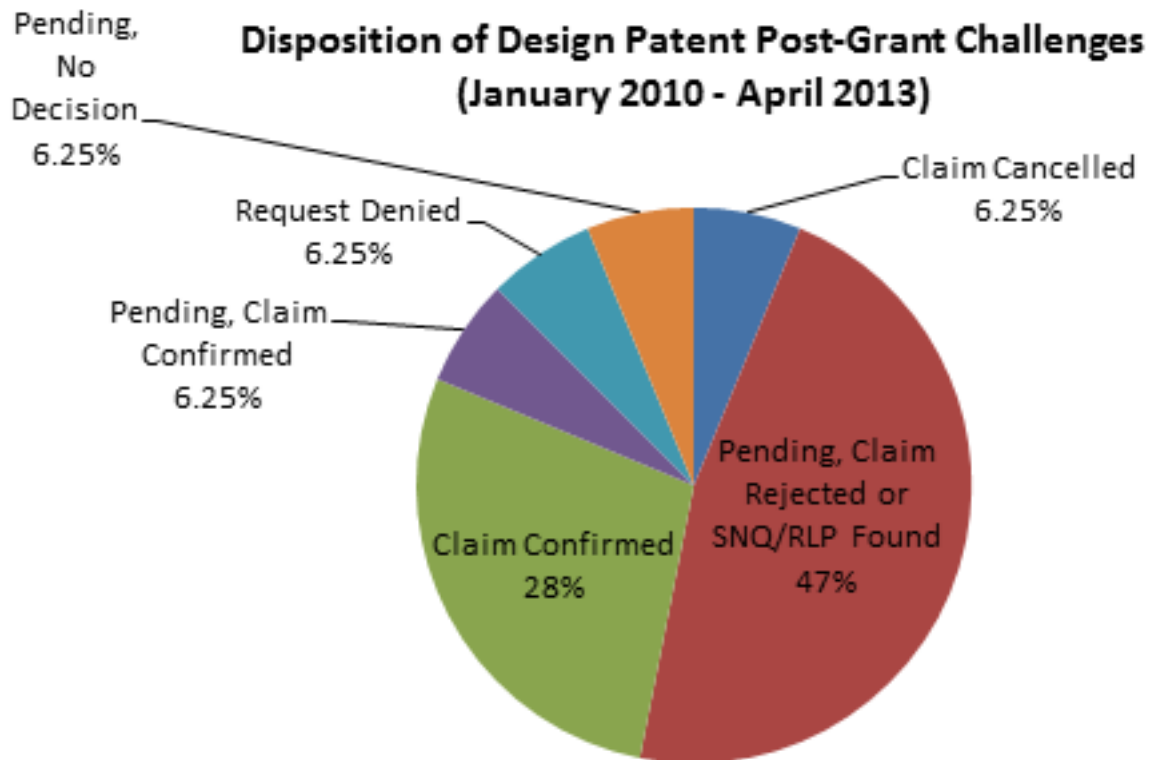
Have Recent Post-Grant Challenges Been Successful?

It may be too early to tell definitively whether recent post-grant design patent challenges are ultimately successful. However, the trend since January 2010 suggests that Requesters have achieved success in having post grant proceedings granted or instituted in nearly every case.

In particular, the request or petition was granted in 28 of 32 proceedings (or 94%). Only 2 of 32 requests/petitions (or about 6%) in this timeframe were denied, and one of those requests appears to have been terminated based on procedural grounds. Of the 28 granted proceedings, only 34% of the time was the claim confirmed (28%) or the proceeding is still pending with the claim confirmed (about 6%). 2 pending cases are awaiting a decision on initiation of the proceeding.

In the majority of these proceedings, however, the patent owner appears to be losing. In 2 of the 32 cases (or about 6%), the request was granted and the claim was cancelled. In 15 of 32 (or 47%), the request was granted and the proceeding remains pending with the claim rejected or a substantial

new question of patentability (SNQ) or reasonable likelihood of success (RLP) found.

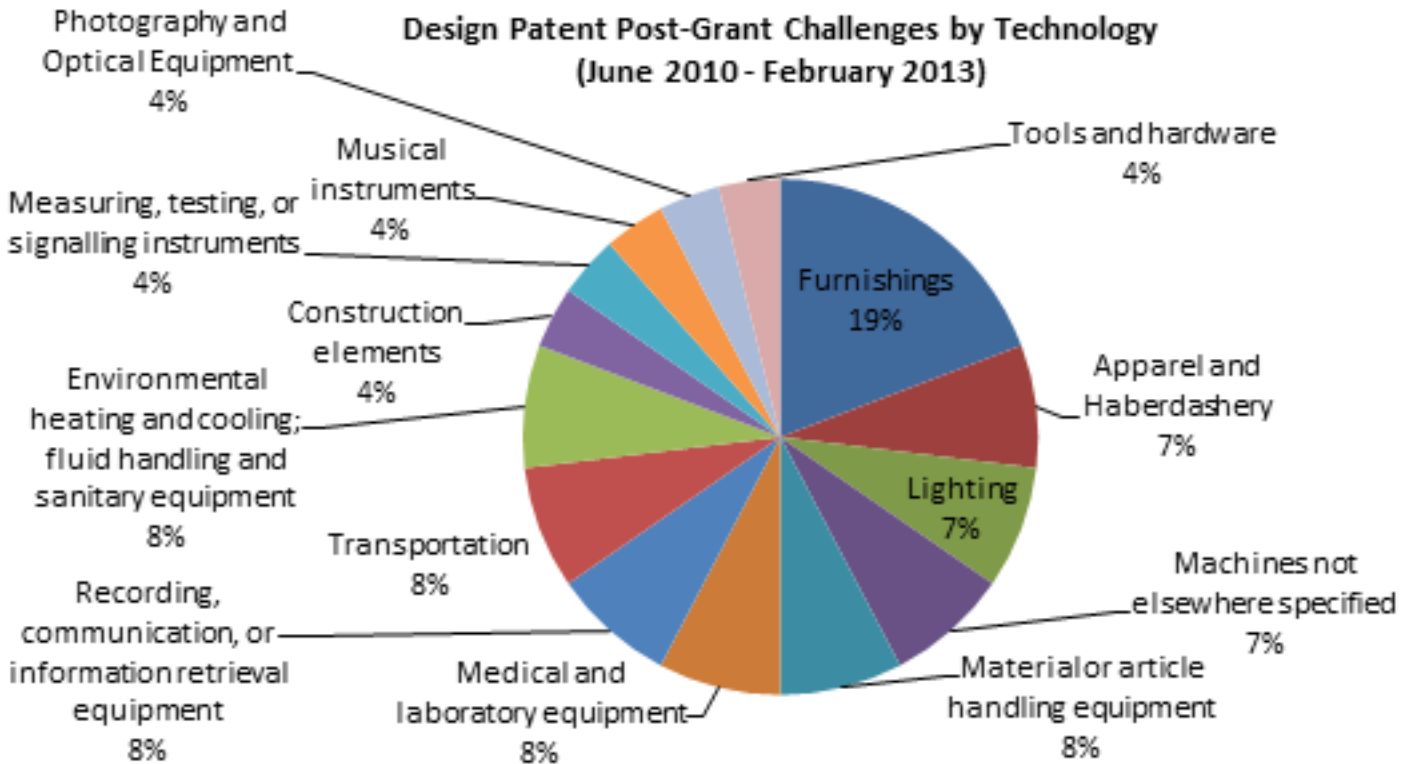


Who Has Been Filing Design Patent Post-Grant Challenges?

Since January 2010, 23 of 27 (or about 85%) of the requests in which the third-party requester can be identified, involve U.S.-based requesters: 2 requests (or about 7%) were filed by Taiwanese-based requesters. One request each (or about 4%) was filed by a German and a French requester. The number of requests filed by anonymous third parties has decreased slightly: 5 of 32 (or only about 16%) have been initiated anonymously. This rate was previously about 23%. As expected, the number of owner-initiated requests remains small, with only 4 of 32 (or about 12%) being filed by the design patent owner.

It appears that challengers are adopting a pro-active approach with respect to challenging design patents. Of the 32 post-grant challenge requests filed since January 1, 2010, 18 (or 56%) were filed when there was no pending litigation between the patent owner and the third party requester involving the subject patent at the time the Request was filed. Fourteen requests (or 44%) were filed reactively where there was a pending litigation involving the subject patent between the patent owner and the third party requester at the time the Request was filed. Although in many of these cases the requesters may have already received threats from the patent owner (e.g., a cease and desist letter), the data suggests that potential infringers are nevertheless using post-grant challenge proceedings to more proactively attack the validity of design patents. In fact, in one case during this time period, the challenged patent was in litigation but not involving the third party requester.

There remains no clear trend as to the technology area most targeted for post-grant design patent challenges. The chart below shows that requests filed since January 2010 have been distributed over numerous technologies, including furnishings, tools and hardware, apparel, and lighting.



How is The USPTO Examining Design Patent Post-Grant Challenges?

Since January 2010, there have been some interesting findings with respect to how examination is being conducted in the various design patent post-grant challenge proceedings. First, the trend of an “all-or-nothing” proceeding remains, as there have been no amendments to the claim in any of the pending or concluded proceedings. As discussed previously, this may be attributed to the fact that a design claim, which is represented only by the application figures, may be difficult to amend without adding new matter.

The type of art being applied in an SNQ or RLP is also worth noting. Of the 28 applicable proceedings (2 requests were denied with no application of prior art, and 2 remain pending with no decision), 14 (or 50%) include a utility patent in at least one SNQ/RLP finding or rejection, 15 (or 54 %) include a design patent, and 20 (or 72%) include non-patent literature (NPL). In the 8 cases that include at least one pending or dispositive rejection, not surprisingly, 7 are based on obviousness under § 103 and only 1 is based on anticipation under § 102.

Conclusion

Based on the growing popularity of design patents, design patent owners who enforce their patents – and perhaps even those that not actively threatening competitors – are likely to see an increase in post-grant challenges against them. Third party requesters are achieving success in at least having post grant challenges initiated, and, thus, forcing design patent owners to defend the validity of their patents. If they are able to withstand the challenge, patent owners can reap the many benefits of their design patent.

About the authors

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View the original article [here](#).

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