

The **GREAT DEBATE:** *The* Changing Face of IP

Trade Dress v. Design Patents: Clash of the IP Rights



Design Patents/Trade Dress Panel

- **Daniel Shulman** – Chief Intellectual Property Counsel, Assistant General Counsel, *Pactiv Corp.*
- **Kamau King** – Worldwide Licensing & Retail Operations Counsel, *The Coca-Cola Company*
- **Karen Feisthamel** – Senior Legal Counsel – Intellectual Property, *CVS Caremark Corporation*
- **Nancy Lee Carter** – Senior Counsel, Trademark & Copyright, *Kimberly-Clark Worldwide, Inc.*
- **Greg Norrod** – Partner, *Foley & Lardner LLP*
- **Cynthia Franecki** – Senior Counsel, *Foley & Lardner LLP*



Trade Dress Protection Overview

- Trade dress refers to the overall appearance and image of a product.
- Trade dress must be inherently distinctive or develop secondary meaning as a source-identifier in order to be protected.
- Product design can never be inherently distinctive while product packaging may be. *Wal-mart Stores v. Samara Bros.*, 529 U.S. 205 (2000).
- Trade dress infringement is proven by demonstrating (1) non-functionality, (2) either inherent distinctiveness or secondary meaning, and (3) likelihood of confusion.



Design Patent Protection Overview

- Design patents protect the ornamental features of an article of manufacture rather than its utilitarian features. 35 U.S.C. § 171.
- The drawings of a design patent define the metes and bounds of the ornamental invention.
- Trade dress protection and design patent protection may exist concurrently and/or consecutively.



Protecting the Design Features of a Business Client's New Product

- “I would like to launch an idea I have for a new shoe. Without incurring too much expense, how do I prevent my competitors from copying my new product?”





How Long Will It Take? & How Long Will It Last?

■ Trade Dress

- 15.1 Months – Current Average Pendency of Trademark Applications in USPTO
 - However, secondary meaning is usually acquired only after **several years** and with considerable expense
 - Supplemental Registration provides notice & access to federal courts
- Trade dress has a potentially perpetual term

■ Design Patent

- 18 Months – Current Average Pendency of Design Patent Applications in USPTO
 - It is important that a business client make a commitment to a final commercial embodiment of the product before filing
- Design patent has a 14-year term from date of issue



What is This Going to Cost?

- Trade Dress
 - Cost of application preparation and filing is relatively low (\$673 median cost in 2006)
 - Development of secondary meaning through advertising is the considerable cost
 - \$42 million over 9 years for Owens-Corning's pink insulation – *In re Owens-Corning Fiberglass Corp.*, 774 F.2d 1116 (Fed. Cir. 1985).
 - \$5 million in 1 year for L.A. Gear's shoe trade dress – *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117 (Fed. Cir. 1993).
- Design Patent
 - \$1500 – Median cost of application preparation and filing in 2006
 - Compare this to \$6500, which was the median cost in 2006 to prepare and file a utility patent application
 - Unlike utility patents, design patents have no maintenance fees during the life of the patent



What do I get if Someone Infringes?

- Trade Dress Remedies
 - Lanham Act §§ 34-35
 - Preliminary and/or permanent injunction
 - Damages – either defendant’s profits or plaintiff’s actual damages
 - Plaintiff’s actual damages may include costs of corrective advertising
 - In “exceptional” cases...
 - Treble Damages
 - Statutory Damages
 - Attorneys’ Fees and Costs
- Design Patent Remedies
 - 35 U.S.C. §§ 283-85, 289
 - Preliminary and/or permanent injunction
 - Compensatory damages based on “entire market value” – no less than “reasonable royalty”
 - In “exceptional” cases...
 - Treble damages
 - Attorneys’ fees
 - Statutory remedy for design patents under § 289



Litigation! How Much Time and Money Are We Talking About Now?

■ Litigation Costs and Trends

– Representative Design Patent Infringement cases

- See e.g. *Junker v. Eddings*, 396 F.3d 1359 (Fed. Cir. 2005); *Precor v. Life Fitness*, 13 Appx. 913 (Fed. Cir. 2001); *Etna v. Q Marketing*, 2004 US Dist. LEXIS 15323 (S.D.N.Y. 2004).

– Representative Trade Dress Infringement cases

- See e.g. *Hartco v. Wang's*, 142 Fed. Appx. 455 (Fed. Cir. 2005); *Pearle Vision v. Star Vision*, 2008 US Dist. LEXIS 45253 (S.D. Ala. 2008); *Ford v. Cross*, 441 F. Supp.2d 837 (E.D. Mich. 2006).

– Internal costs of litigation

- Depositions and other discovery; Trial involving business clients; Trial involving company officers



Litigation! How Much Time and Money Are We Talking About Now? (continued)

■ Forum Selection Issues

– Practical Considerations

- Speed of Docket; Pro-Plaintiff vs. Pro-Defendant; Historical Verdicts and Damage Awards; International Trade Commission

– Governing Law

- Design patents are litigated under the one law of the Federal Circuit
- Trade Dress law is applied by the 11 different circuits
 - Example: Doctrine of Aesthetic Functionality has had varied application among and within the different circuits



Competition vs. Infringement

- “A product I recently launched was designed to compete with and looks a lot like the competition. I received a letter accusing the company of patent and trade dress infringement. What now?”





Design Patent Infringement

- Required Elements
 - Valid and enforceable design patent rights
 - Infringement (Prior to September 22, 2008)
 - “Ordinary Observer” Test and “Point of Novelty” Test

- *Egyptian Goddess* – (Sept. 22, 2008; CAFC, *en banc*)
 - Reaffirmed & clarified test: “ordinary observer as informed by the prior art”
 - Rejected “Point of Novelty” and “Non-Trivial Advance” Tests
 - Detailed claim construction within court’s discretion

- Does the business client’s recently launched product infringe on the design patent of the competition?



Design Patent Litigation Strategies

- Pragmatic Business Strategies
- Trends in Case Law



Trade Dress Infringement

- Required Elements
 - Valid and enforceable trade dress
 - Possessing either inherent distinctiveness or secondary meaning
 - Not primarily functional
 - Infringement
 - Likely to cause confusion
- Does the business client's recently launched product infringe on the competition's trade dress?



Trade Dress Litigation Strategies

- Pragmatic Business Strategies
- Costs of Litigation
- Trends in Case Law



General Information / Practical Tips

- Industry Categories that Commonly Seek Trade Dress Protection
 - Restaurant décor and design
 - Food Products
 - Bottles and Cans
 - Toys and Games
 - Sporting Goods and Apparel
 - Publications
 - Health Care Products
 - Computer Products
 - Pharmaceuticals
 - Automotive Products
 - Footwear



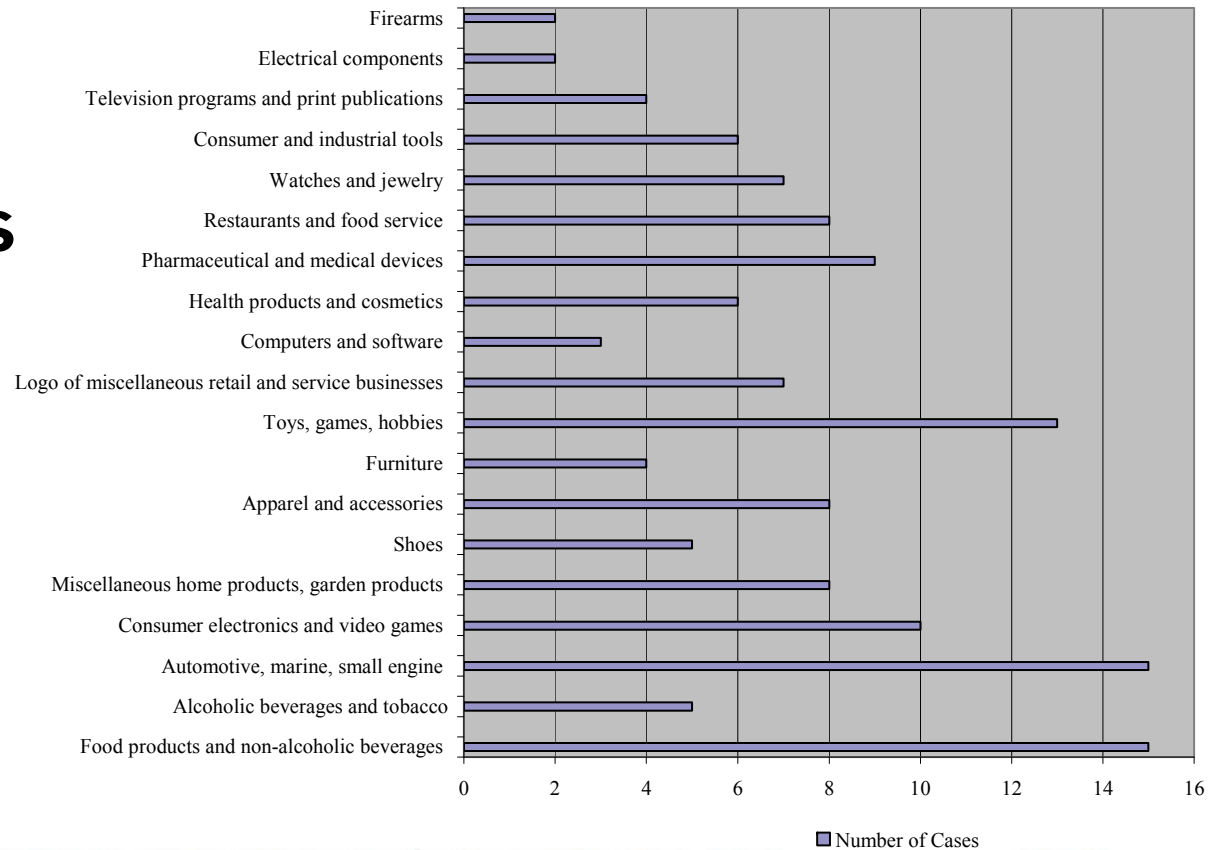
General Information / Practical Tips

- Product Features that Have Been Claimed by Companies as Trade Dress
 - The color pink for insulation
 - The red and yellow can for Pam® cooking spray
 - The packaging for M&M's®
 - The shape of a Dom Perignon® champagne bottle
 - The shape of a Pedialyte® carton
 - The shape of Ferrari® cars
 - The design of a lollipop shaped like a diamond ring
 - The uniform worn by the Dallas Cowboys cheerleaders
 - The format of Reader's Digest®
 - The interior features of a restaurant chain
 - The overall look and feel of the Adidas Superstar® shoe



General Information / Practical Tips

Federal Trade Dress Cases in Past 5 Years (by Industry category)



“Where the Rubber Meets the Road”:

Recent Trade Dress Litigation