



The Goods on IP®

An Intellectual Property Newsletter for Consumer Product Companies

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The October 2017 issue of Sterne Kessler's *The Goods on IP*® discusses using your utility patent portfolio to expand design protection, tips for aligning your consumer product European patent portfolio with U.S. best practices, and the latest on design patent infringement damages since the Supreme Court's *Apple v. Samsung* decision. In our News & Notes column, we provide quick summaries on recent developments in consumer product IP litigation. We also update the current design patent PTO litigation statistics and trends.

Sterne Kessler's **Consumer Products** practice is focused on the unique intellectual property needs of consumer product companies. Our practice integrates utility and design patent and trademark expertise to implement the right combination of IP tools available to meet our clients' global business goals. For more information, please contact **Mark Rygiel** or **Tracy-Gene G. Durkin**.

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By: [Mark W. Rygiel](#)

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Preparing European Priority Applications for Stronger U.S. Patents

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The current U.S. patent climate mandates a heightened focus on quality prosecution. For consumer product companies headquartered in Europe, and for those that regularly innovate there, this means preparing and filing European patent priority applications that will produce U.S. patents that withstand the scrutiny of PTAB challenges, like *inter partes* review and post-grant review. It also requires priority applications that provide U.S. practitioners with the flexibility to obtain stronger claims that cover all aspects of the invention and avoid easy design arounds. Without first aligning EP priority cases with U.S. best practices, the most important patents in your portfolio may fail to deliver the maximum return on investment.

Nothing is a substitute for a comprehensive global prosecution strategy that aligns best practices in all jurisdictions. But here are a few quick tips for preparing EP priority applications with stronger U.S. patents in mind:

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- [Design Patent Owners See Quick Settlement](#)
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"Retro" Designs: Using Your Utility Portfolio to Expand Design Protection

By: [Mark W. Rygiel](#) and [Dan A. Gajewski](#)

From gadgets to apparel, retro is all the rage these days. What does this mean for your consumer product patent portfolio?

The obvious strategy is to consistently file design applications covering your product releases, so you're always covered. But what about products that didn't have the design interest or IP budget at the time of release, but that are now popular and being knocked off? One strategy is to mine your pending US utility portfolio for the design. A US design application can be filed as a continuation of a utility application. So long as the design is fully supported in an old pending utility application, you should be able to turn that into a viable design application.

Nothing new with "retro"

Design applications are subject to the same conditions as utility applications when it comes to claiming priority under 35 USC § 120.[i] Chief among these conditions may be the requirement that the design claimed be disclosed in the parent utility application in a manner sufficient to satisfy the written description requirement of § 112. Depending on the nature of the design, this may be satisfied by at least a few good-quality, clear, and consistent views of the design, whether line drawings or photographs.

In preparing the drawings for your design continuation, do not stray from the utility disclosure. It is generally acceptable to "formalize" the drawings by removing reference numbers and drawing the design more clearly. Anything more requires a case-by-case review of the whole disclosure to ensure that any new view or detail is completely disclosed in the parent application in the manner required by § 112, otherwise you risk a new matter rejection during prosecution.

Designs are different than utility applications, so keep these points in mind:

- Unlike utility patents, with terms that run from their effective filing dates, design patents have terms of 15 years that run from the date they are granted, even if that extends beyond the term of other related design or utility patents.
- Design applications can't claim priority back to a provisional utility application, only to a non-provisional.
- Design applications are quicker to prosecute than utility cases, typically taking around 19 months or less from filing to issuance, and can be expedited to issue much more quickly.
- Design applications are not subject to pre-grant publication. The grant of the design patent will be the first time your design filing is made public by the USPTO.

Quick tips for executing your “retro” design strategy

- Don't think of utility-mining as a replacement for good, prospective design application filing. Especially for products with clear design interest and potential for knock-offs.
- For products that are not intended to be the subject of a design application at the time of release (perhaps because they have questionable design value or a limited available budget), ensure that your counsel understands the interplay between utility and design so that your utility application has the potential to spin off optimized design continuations if and when needed in the future.
- Establish practices in your utility preparation that will leave open the opportunity to later derive design continuations for articles that you are not concurrently filing in separate design applications. Some examples:
 - Don't skimp on drawing quality. Include at least 2–3 views of each article in its final finished form when appropriate. Single-view designs are possible, but tend to be disfavored by examiners and more challenging to patent. More views are better. The views should be from different angles, showing the character of all surfaces that might be relevant to the design. For example, a typical design might be optimally disclosed by 8 views: 2 opposing perspective views, and 1 each of a front, rear, left, right, top, and bottom view.
 - If discussing the functionality of any aspect of your design in your utility specification, mention and give examples of other shapes or designs that might perform the same function. The idea is to show that the design is not dictated by its function, which can form the basis for an Examiner's rejection of the design as not ornamental or a later invalidity challenge by an accused infringer.
 - To capitalize on this strategy, make initial utility applications non-provisional, if there's not a countervailing reason to do otherwise. If you instead start with a provisional application, your design application won't be able to claim priority to it. This potentially puts your effective filing date for the design application up to a year later than the provisional application's filing date, depending on when the later non-provisional application is filed. That year may be important to overcome early prior art that may be “inspired” by your initial product launch, or even to overcome your own earlier public disclosures if they occurred more than one year before the non-provisional application was filed.

[i] See MPEP § 1504.20 (“Where the conditions of [§ 120] are met, a design application may be considered a continuing application of an earlier utility application.”)

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Proving that damages for design patent infringement can still be significant, Columbia Sportswear Co. was awarded more than \$3 million last month by a California jury in a design patent infringement lawsuit against Seirus Innovation Accessories, a San Diego snow gear company. The jury found that Seirus HeatWave products infringed Columbia's design patent, U.S. Patent No. D657,093, for the lining used in its Omni-Heat Reflective Technology. The amount awarded reflects the "total profit" Seirus earned from the sale of its HeatWave products.

Design patent damages have been the focus of much attention since late last year when the US Supreme Court reversed another California jury award of \$399 million against Samsung for infringement of three Apple design patents. The issue according to the Supreme Court was whether the patent holder was entitled to the infringer's total profit from sale of the entire article, if only part of the article was patented. Applying the test articulated by the Justice Department in its amicus brief to the Supreme Court, which the California court adopted for this case, the jury awarded Columbia the total profit made by Seirus from the sale of its ski gloves that incorporated the patented lining.



This is the first reported decision to address this damages issue since the Supreme Court's opinion was issued, but others are not far behind, including a retrial on damages of the Apple v. Samsung case set for May 14, 2018.

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Preparing European Priority Applications for Stronger U.S. Patents

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The current U.S. patent climate mandates a heightened focus on quality prosecution. For consumer product companies headquartered in Europe, and for those that regularly innovate there, this means preparing and filing European patent priority applications that will produce U.S. patents that withstand the scrutiny of PTAB challenges, like *inter partes* review and post-grant review. It also requires priority applications that provide U.S. practitioners with the flexibility to obtain stronger claims that cover all aspects of the invention and avoid easy design arounds. Without first aligning EP priority cases with U.S. best practices, the most important patents in your portfolio may fail to deliver the maximum return on investment.

Nothing is a substitute for a comprehensive global prosecution strategy that aligns best practices in all jurisdictions. But here are a few quick tips for preparing EP priority applications with stronger U.S. patents in mind:

1. Use EP appropriate claims, but have claims suitable for the U.S. at the ready. Rules 43(2) and 62(a) of European Patent Convention guidelines limit the form and content of claims to no more than one independent claim in the same category (product, process, apparatus or use). Restrictive European Patent Office claim fees often limit the number of claims presented as well. This can lead to initial claim sets for the U.S. application that are unnecessarily narrow and abbreviated. Budget constraints notwithstanding, EP practitioners should consider additional claims that use different vantage points for describing the invention and that vary claim scope to adequately cover all features of the invention.

Under Rule 43(1) EPC two-part style claims are required “wherever appropriate”. In many cases this format may be added later on during EP examination. In order to avoid unnecessarily limiting future U.S. claim strategies, EP practitioners should consider using a U.S. friendly claim style whenever possible. This includes using variety in claim preambles. For consumer product inventions, one strategy is to avoid only using simple preambles (e.g., An apparatus, comprising), and instead provide more meaningful, but no more limiting, preambles that provide clarity of the invention while also landing your application in the most appropriate art unit.

2. Draft your specification with a more robust disclosure. Even when fewer claims are presented in an EP priority application, practitioners must avoid allowing this decision to restrict the description of the invention. The specification should describe as many details as possible, including additional embodiments, possible design arounds that go beyond the commercial embodiment, and fall back positions and ranges, for example. A complete disclosure will limit exposure to new matter rejections during U.S. prosecution, which, in turn, will reduce the risk of priority attacks and intervening prior art in PTAB challenges. A full disclosure will allow for more voluminous claims sets that can also be an effective deterrent to patentability challenges.

3. Increase attention on the figures. EP patent practice is not as reliant on the specification figures as U.S. practice, where drawings often form the basis for claim amendments. For consumer products in mechanical technologies, drawings may have heightened importance. To maximize prosecution flexibility in the U.S., EP counsel should consider using more figures than required, making sure they are well prepared and technically accurate. The figures should include, and have reference to, all elements that could possibly be claimed later in order to avoid pesky drawing objections from U.S. examiners under 37 CFR 1.83(a). As an added benefit, a complete set of drawings can compensate for textual shortcomings that often result from translations.

4. Consider effects of recent U.S. case law. Over the last several years, a number of impactful patent cases have changed the way U.S. practitioners approach application preparation. EP priority cases should adopt these strategies whenever possible. Claims must be definite, and EP priority cases should be mindful when using subjective terms and terms of degree (e.g., “substantially”, “near”) in independent claims, at least when not also including alternative language and examples in the specification and in dependent claims. The priority specification also should enable claims that utilize different infringer vantage points along the product stream of commerce and that avoid divided infringement issues when possible.

5. Ensure global counsel communication. Perhaps the most important – and easiest – strategy to implement is one that establishes effective communication among your global prosecution team. While exchanging drafts of the priority application is not always practical, an annual presentation that educates global co-counsel on the latest U.S. case law and developments at the PTAB may be more realistic. The ensuing open dialogue and sharing of ideas will lead to consistently well drafted priority cases in the EP, the U.S., and wherever else the application may be filed.

Of course, many other techniques are useful in preparing the strongest possible EP priority case. Having a complete strategy will increase the likelihood of withstanding future patentability challenges in the U.S. and will improve overall quality of the patent portfolio in a way that facilitates prosecution in all targeted jurisdictions.

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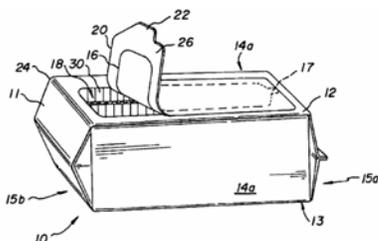
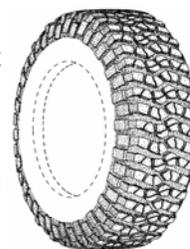
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The Goods - News & Notes

By: [Mark W. Rygiel](#)

A quick summary of recent happenings at the intersection of consumer products and IP:

- **Design Patent Owners See Quick Settlement** – In the [July issue](#) of *The Goods on IP®*, we discussed the design patent infringement suit brought by Michelin against after-market tire refurbishing company Tire Recappers. The two patents at issue, U.S. Patent Nos. D530,266 and D639,235, are for tire tread designs. Last month, an undisclosed settlement was entered only two months after the lawsuit was filed. The quick settlement is not surprising. Design patent litigation – high profile cases like *Apple v. Samsung* notwithstanding – typically settles quickly, and more often favorably to the patent owner. The question of infringement, particularly in the case of knock-offs, is often clear and straightforward, and protracted litigation is unnecessary.
- **Fed. Cir. Split on Objective Indicia of Non-obviousness in Cookie Packaging Case** – Objective indicia of non-obviousness, including commercial success and industry praise, are often important to defending the patentability of patents involved in consumer product litigation. In *Intercontinental Great Brands v. Kellogg N. Am. Co.*, a divided Federal Circuit panel affirmed that Kraft's resealable cookie packaging patent was an obvious combination of two known kinds of packaging: a common cookie container, in which a frame is surrounded by a wrapper, and a resealable package used for wet wipes, in which a label is pulled back to access its contents. The patent at issue, U.S. Patent No. 6,918,532, was directed to Kraft's "Snack-N-Seal" resealable package, which is used in its Oreos and Chips Ahoy! Products. In a 2-1 [decision](#), the appeals court found that the district court adequately considered Kraft's evidence of secondary considerations but the evidence was insufficient to overcome the strong case of obviousness.



In his dissent, Judge Reyna argued that "objective indicia of non-obviousness must be considered from the outset," and the court's application of a prima facie test for obviousness achieves a legal determination "prior to full and fair consideration of evidence of objective indicia." We discussed more on secondary considerations in this month's [Perspectives on the PTAB newsletter](#).

- **Design and Trade Dress Infringement Alleged in Cosmetic Device Lawsuit** – Given the important role that aesthetic features and appearance often play in a product’s success, consumer product cases often include claims based on both design patent rights and trademark rights. A lawsuit filed by a cosmetic product company this month includes this approach. DD Karma sued Michael Todd Beauty alleging that its sonic dermaplaning tool infringes U.S. Patent No. D786,499 for a hand held electronic cosmetic device, as well as its common law trademark and Federal trade dress rights in the product. Images of the patented design and the accused product are reproduced below. What do you think?

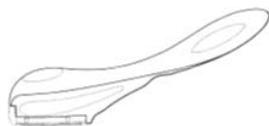


Fig. 1 of '499 patent



Accused Product

- **Managing the “Functionality” Issue** – Effectively managing the full complement of IP options available – utility and design patents, trademarks, copyrights, trade secret – in a consumer product portfolio is critical. This is particularly so in the context of “functionality” attacks from competitors. In an October precedential ruling, the Trademark Trial and Appeal Board canceled registrations held by Illinois Tool Works Inc. for reclosable plastic bags on the grounds they were functional, i.e. utilitarian features to be covered solely by utility patent. An important factor that led to the cancellations was that ITW indeed owned an expired utility patent covering the same designs.

An interesting aside in the case is that there was no evidence that ITW had also filed for design patent protection. Had they successfully obtained design patents on the bags at issue, ITW may have had a stronger argument that the design was not functional. The subject matter of a U.S. design patent cannot be primarily functional. Although such arguments may not always succeed, consumer product companies must nevertheless take a comprehensive approach to protecting their IP in order to have flexible enforcement options during a product’s lifecycle.

- **Venue at Issue in Bagged Cereal Merchandiser Design Lawsuit** – In another food industry patent lawsuit, Post Consumer Brands sued General Mills alleging infringement of its design for a shelf divider for bagged food items. Post alleges that General Mills infringes U.S. Patent No. D798,091 covering a merchandising system that allows consumers to see behind the front display panel to discern the brand of ready-to-eat bagged cereal. In a motion ruling this month that cites to *TC Heartland*, the court granted General Mills’ motion to transfer venue from the Eastern District of Missouri to the District of Minnesota, where the defendants are headquartered. The court found that the General Mills plant in Missouri was operated by GM Operations, which was not a named defendant, and that the presence of a corporate relative in the district did not establish venue. The “handful” of defendant employees at the plant did not satisfy the requirement that defendant have a “physical” place of business in the district, according to the decision.

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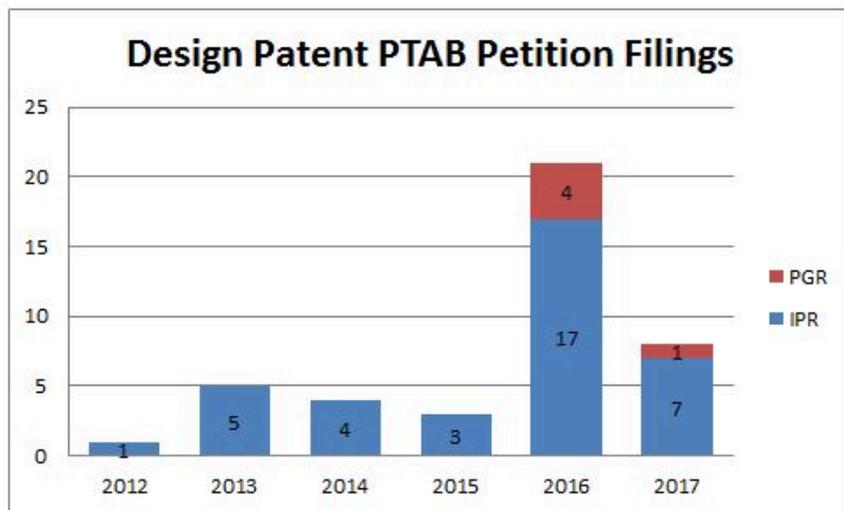
Design Patent pto litigation statistics (through OCTOBER 15, 2017)

By: [Mark W. Rygiel](#) and Patrick T. Murray

Since July 2017, there have been no new design institution decisions, and a pair of final written decisions that resulted in cancelled claims. No new design patent petitions have been filed since April 2017. The statistics below reveal the current trends on proceeding breakdowns, institution rates, and outcomes of design patent PTO litigation:

I. Proceeding Breakdown

Year	IPR	PGR	Grand Total
2012	1		1
2013	5		5
2014	4		4
2015	3		3
2016	17	4	21
2017	7	1	8
Grand Total	37	5	42



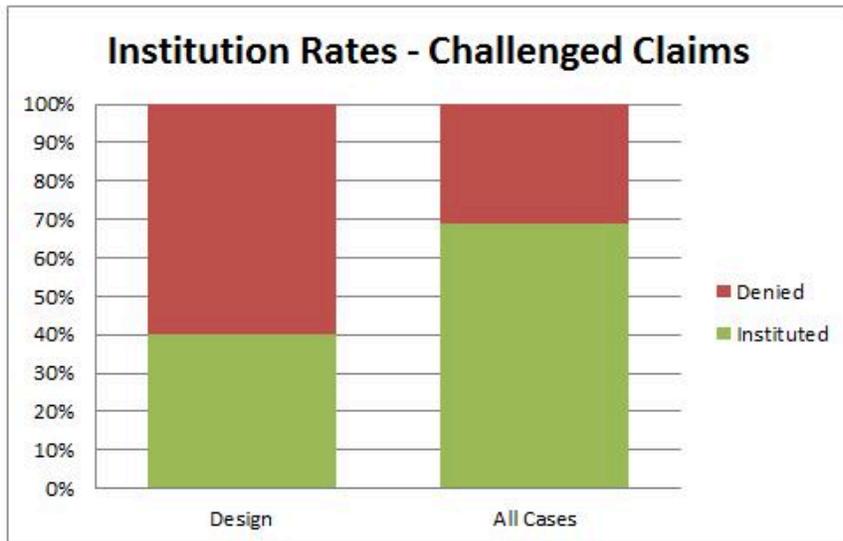
II. Institution Rates/Case Statuses

The institution rate for design patents, for both claims and proceedings, is 40% (16/40).

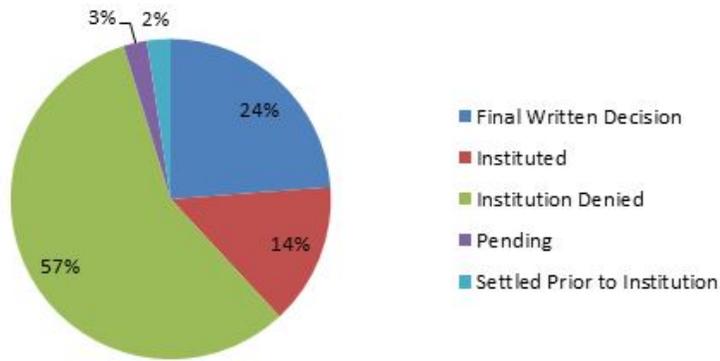
For cases overall, the proceeding institution rate is 69%, and the claim institution rate is 61%.

Here is a breakdown of the current case statuses for all of the design cases:

Status	Total
Final Written Decision	10
Instituted	6
Institution Denied	24
Pending	1
Settled Prior to Institution	1
Grand Total	42



Design Patent IPR/PGR Case Statuses

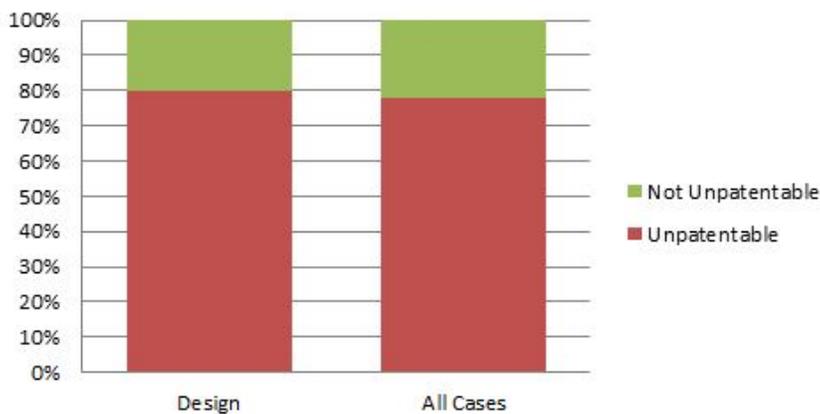


III. Final Written Decision (FWD) Outcomes

A. Claim Cancellation Rate

The instituted claim has been cancelled in 8 of 10 design FWDs (80%). The overall claim cancellation rate is 78%.

FWD Instituted Claim Outcomes



B. FWD Ground Type

Claim Outcome	FWD Ground Type		Grand Total
	102/103	103	
Not Unpatentable	2	0	2
Unpatentable	3	5	8
Grand Total	5	5	10

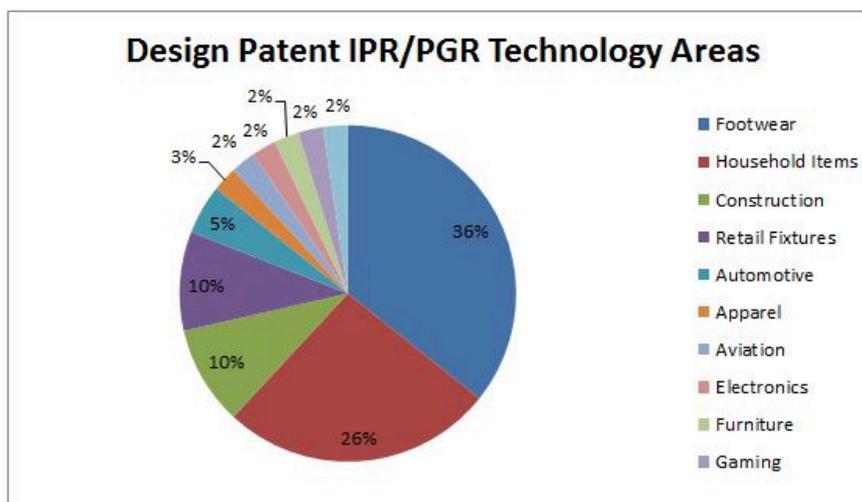
C. FWD Prior Art Type

Trial Number	FWD Ground Type	FWD Prior Art Type
IPR2016-00826	103	Patent
IPR2016-00816	103	Patent
IPR2016-00130	102/103	NPL
IPR2015-01453	102/103	NPL
IPR2015-00416	103	NPL/Patent
IPR2015-00306	103	Patent
IPR2013-00580	102/103	Patent
IPR2013-00501	102/103	Patent
IPR2013-00500	102/103	Patent
IPR2013-00072	103	Patent

Claim Outcome	FWD Prior Art Type			Grand Total
	Patent	NPL	Both	
Not Unpatentable	0	2	0	2
Unpatentable	7	0	1	8
Grand Total	7	2	1	10

IV. Technology Areas

Tech Area	#
Footwear	15
Household Items	11
Construction	4
Retail Fixtures	4
Automotive	2
Apparel	1
Aviation	1
Electronics	1
Furniture	1
Gaming	1
Medical Devices	1



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