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Collected Writings of Banner & Witcoff in 2014

The test for sufficiency of the written description, which is the same for either a design or a utility patent, has been expressed as ‘whether the disclosure of the application relied upon reasonably conveys to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date.’ *Ariad Pharm., Inc. v. Eli Lilly & Co.*, 94 USPQ2d 1161, 1172 (Fed. Cir. 2010) (*en banc*). In the context of design patents, the drawings provide the written description of the invention. *In re Daniels*, 46 USPQ2d 1788 (Fed. Cir. 1998); *In re Klein*, 26 USPQ2d 1133 (Fed. Cir. 1993) (“[U]sual[ly] in design applications, there is no description other than the drawings.”). Thus, when an issue of priority arises under § 120 in the context of design patent prosecution, one looks to the drawings of the earlier application for disclosure of the subject matter claimed in the later application. *Daniels*, 46 USPQ2d at 1789; *see also Vas-Cath Inc. v. Mahurkar*, 19 USPQ2d 1111 (Fed. Cir. 1991).²

A key DPA WDR issue is what “reasonably conveys” means, and therefore the extent of options to modify design patent claim scope from an initial disclosure.

WDR rejections are one of two significant species of DPA rejections under 35 U.S.C. § 112.³ The other species, non-enablement/indefiniteness under 35 U.S.C. § 112(a) and (b), typically arises from (1) unclear figures, such as when detail is too muddy or pixelated, or (2) figures in which the parameters of the detail cannot be discerned. Here is an example of (2):

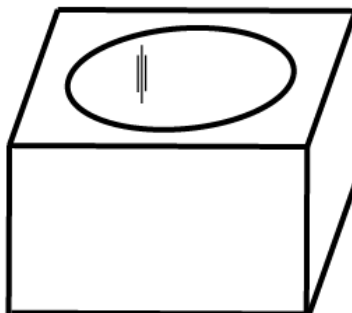


Figure 2: Simplified Example of Non-Enablement/Indefiniteness

Assuming *arguendo* that the figure above is the full disclosure in the DPA, and that the three lines within the circle on the top surface correspond to shading (a common convention) to depict a hole in the cube, the DPA may be rejected as non-enabled/indefinite because the depth of the hole is not discernible. The WDR comes into play by limiting the responses available to overcome the non-enablement/indefiniteness rejection by amending the figures. Here, for example, if the applicant tried to overcome the rejection by, *e.g.*, adding a second figure showing different perspective and the depth of the hole, a WDR rejection would likely result:

² *In re Owens*, 106 USPQ2d 1248, 1250 (Fed. Cir. 2013) (emphasis added) (reh’g *en banc* denied). As discussed in the Post-Script *infra*, *Owens* is arguably limited to a narrow set of facts. But it remains the most recent Federal Circuit case relating to the WDR for DPAs.

³ The enablement requirement under 35 U.S.C. § 112(a) applies to DPAs but is generally an issue so long as all of the claimed subject matter is visible in the DPA.

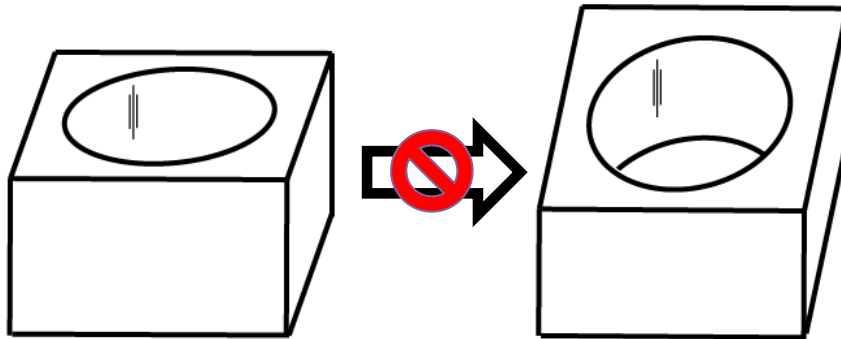


Figure 3: The WDR Limits Responses to Non-Enablement/Indefiniteness Rejections

Thus, the WDR is very significant in DPAs because the majority of USPTO rejections are 112 rejections, and the WDR is directly or indirectly involved in most 112 rejections. Empirically, in an informal survey of the file histories of 1049 issued design patents, Professor Dennis Crouch found that 75% of all DPA rejections were 112 rejections (compared to 7% for rejections under 35 U.S.C. §§ 102 and 103).⁴

Design Day 2013 and a Perceived USPTO Policy Shift Regarding WDR Rejections

Each spring for more than seven years, the USPTO has welcomed the general public for “Design Day,” co-sponsored by the American Intellectual Property Law Association (“AIPPLA”), Intellectual Property Owners Association (“IPO”), American Bar Association and Industrial Designers Society of America (“IDSA”).⁵ Design Day typically features presentations from USPTO employees and design practitioners.

At Design Day 2013, a presentation by the USPTO Design Practice Specialist, Mr. Joel Sincavage, titled “More About the Written Description Requirement of 35 USC 112(a)” caused controversy. USPTO design patent examiners consult with Mr. Sincavage regarding, *e.g.*, whether to make a WDR rejection. The controversy reached a crescendo with the following slide:

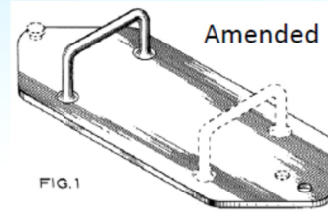
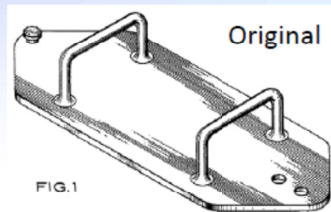
⁴ See <http://patentlyo.com/patent/2010/01/design-patent-rejections.html>

⁵ See, *e.g.*, <http://www.aipla.org/learningcenter/Pages/2014-USPTO-Design-Day.aspx>



Designs in the New Digital Age

Baby bottle strap



The design left over, after the amendment, was not recognizable prior to the amendment.

Does the description clearly allow persons of ordinary skill in the art to recognize that the inventor invented what is claimed?

See *In re Gosteli*, 872 F.2d 1008, 1012, 10 USPQ2d 1614, 1618 (Fed. Cir. 1989).

Design Day 2013

United States Patent and Trademark Office



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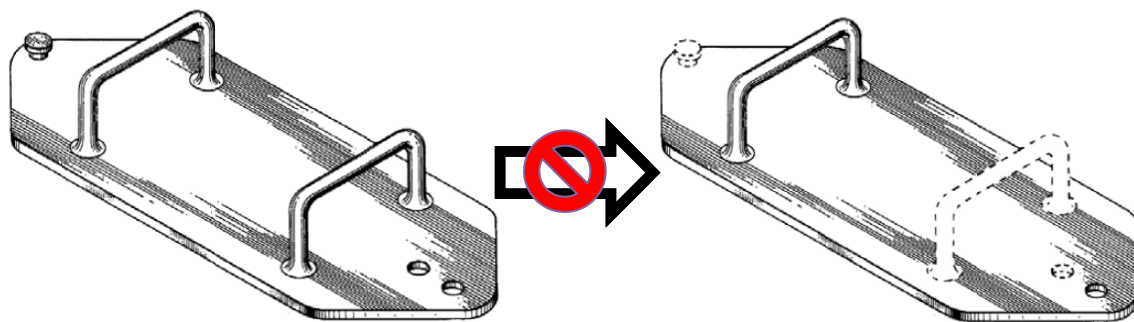


Figure 4: Controversial Slide from Design Day 2013 Presentation

In a nutshell, Mr. Sincavage opined that if the claim scope were amended to disclaim the bar, nub and hole (*i.e.*, go from left to right above), then a WDR rejection should be made.⁶

A heated Q&A period followed, with design patent practitioners responding (and some fuming and flailing) that the presentation defied years of USPTO practice (evidenced in the public prosecution histories of thousands of US design patents), and questioning the need for an abrupt policy shift (as well as a lack of transparency and proper procedure in making the shift).

⁶ In response to a question after his presentation, Mr. Sincavage opined that amending from right to left, *i.e.*, from claiming a subset to claiming every element, would likely not trigger a WDR rejection.

Empirically, and even before Design Day 2013, the consensus of design patent practitioners has been that the WDR standard for DPAs has been heightened. Some design patent practitioners go so far as to assert that even rudimentary amendments of single features that were once entered without a second thought are now subject to WDR rejections. In this regard, it is also noted that the WDR standard for DPAs in the two-dimensional computer icon and graphical user interface (“GUI”) area has long been more rigid than the general WDR standard for DPAs, although the perceived policy shift has moved the general WDR standard closer.⁷

The Roundtable on March 5

The Roundtable arose from the Design Day 2013 controversy.⁸ The USPTO conducted the Roundtable around a U-shaped table in the USPTO’s Madison Auditorium. Four USPTO employees (including a brave Mr. Sincavage) and seven designated public presenters sat at the table:

- **Mr. Paul Bowen** (Partner, Nixon & Vanderhye)
- **Ms. Tracy Durkin** (Director, Sterne, Kessler, Goldstein & Fox)
- **Mr. William Fryer** (Professor Emeritus, University of Baltimore)
- **Mr. David Gerk** (Patent Attorney, USPTO Office of Policy and International Affairs);
- **Mr. Brian Hanlon** (USPTO Director of the Office of Patent Legal Administration); and
- **Mr. Robert Katz** (Principal Shareholder, Banner & Witcoff, Ltd.)
- **Mr. Bob Olszewski** (USPTO Director for Technology Center 2900 (the design examination unit));
- **Mr. Perry Saidman** (Principal, Saidman DesignLaw Group)
- **Mr. Joel Sincavage** (USPTO Design Practice Specialist, Technology Center 2900)
- **Mr. Richard Stockton** (Principal Shareholder, Banner & Witcoff, Ltd.)
- **Mr. Cooper Woodring** (Past President, IDSA)

Some other commenters also sat at the table, and approximately 40-50 other members of the public and USPTO employees were in the audience. The USPTO also webcast the Roundtable live.

Roundtable Topics in the Federal Register Notice

As stated previously, the Federal Register notice for the Roundtable sought public opinion regarding WDR in “certain limited situations” in which “only a subset of elements of the original

⁷ In the GUI DPA context, and setting aside novelty, the amendment shown in Figure 1 likely would receive a WDR rejection. The amendment would be less likely to receive a WDR rejection if it were part of a set of figures relating to a cube having a punched-out cylinder as described previously.

⁸ See 79 Fed. Reg. at 7172 (“During discussions between the Office and members of the public attending Design Day, some attendees requested that the Office reconsider how the written description requirement under 35 U.S.C. 112(a) is applied to design applications where only a subset of elements of the original disclosure are shown using solid lines in an amendment or continuation application. In order to obtain a better understanding of the attendees’ concerns, the Office is hosting this roundtable event.”)

disclosure are shown using solid lines in an amendment or in a continuation application.”⁹ In this limited context, the bulk of the remainder of the notice sought public input regarding:

whether it would be useful for design examiners to consider any of the following factors in determining whether an amended/continuation design claim, which includes only a subset of the originally disclosed elements (no new elements are introduced that were not originally disclosed), satisfies the written description requirement. These factors would only be applied by design examiners in the rare situation where there is a question as to whether an amended/continuation design claim satisfies the written description requirement. The factors are as follows:

- (1) The presence of a common theme among the subset of elements forming the newly identified design claim, such as a common appearance;
- (2) the subset of elements forming the newly identified design claim share an operational and/or visual connection due to the nature of the particular article of manufacture (e.g., set of tail lights of an automobile);
- (3) the subset of elements forming the newly identified design claim is a self-contained design within the original design;
- (4) a fundamental relationship among the subset of elements forming the newly identified design claim is established by the context in which the elements appear; and/or
- (5) the subset of elements forming the newly identified design claim gives the same overall impression as the original design claim.¹⁰

In the notice, the USPTO also sought public input regarding:

- “any additional factors, not listed above, that would be useful for design patent examiners to consider”;
- “the potential advantages and/or disadvantages of using such a factors-based approach”; and
- “whether there are mechanisms applicants can use to demonstrate that they had possession of designs claimed in future amendments/continuation applications at the time their original applications were filed,” such as “whether use of a descriptive statement in the originally-filed application (e.g., that specifically identifies different combinations of elements which respectively form additional designs) could be a meaningful way for applicants to demonstrate that they had possession of designs claimed in future amendments/ continuation applications.”¹¹

Actual Discussion at the Roundtable

Mr. Gerck emceed the Roundtable, and public presentations began after an introduction by Mr. Olszewski. Here is a quick summary of the public presentations in chronological order:

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.* at 7172-73.

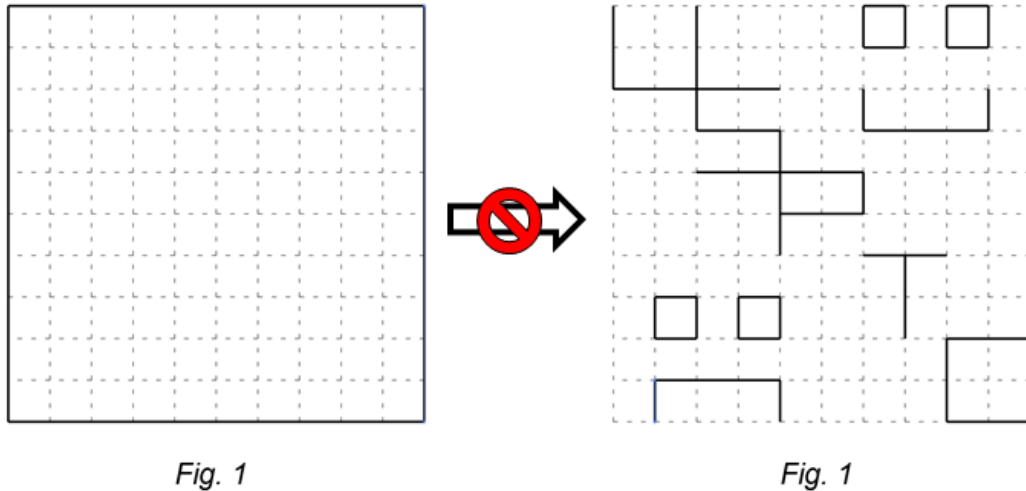
- **Ms. Durkin:** The current WDR standard defies longstanding USPTO practice; making WDR rejections in *Ex Parte Quayle* actions (where prosecution on the merits is closed and thus where applicants’ ability to respond substantively is limited), is further unfair.
- **Mr. Stockton, on behalf of AIPLA:** If factors must be used in “rare situations”, then “factor infusion” into everyday DPA practice must be avoided. Some ways to avoid “factor infusion” include placing the burden on the USPTO design examiner to establish a “rare situation,” providing examples to applicants and examiners of amendments that satisfy WDR and revising the Manual of Patent Examining Procedure (“MPEP”).
- **Mr. Woodring:** Noting that he was the only designer presenting at the Roundtable, stated that the factors do not track how a designer thinks, and also commented that the factors will creep into design patent litigation even when non-“rare situation” design patents are at issue.
- **Mr. Bowen:** Proposed having a grid system over DPA figures to establish written description support for amendments tracking the grid.
- **Mr. Katz, on behalf of US Section of International Federation of Intellectual Property Attorneys (FICPI):** Characterized prior case law invoking the WDR, including *Racing Strollers v. TRI Industries*,¹² noting that if something is disclosed, then WDR is satisfied. Mr. Katz also asserted that the factors carve out a subset of previously acceptable WDR situations in violation of Federal Circuit precedent.
- **Mr. Saidman:** The current WDR standard for DPAs is inconsistent with utility patent application practice (example provided). The USPTO should move to a “reasonably identifiable” WDR standard for DPAs.
- **Mr. Fryer:** General comments in view of *In re Daniels* and other cases regarding the correct approach to the WDR.

No public presenters supported the factors, and the presentations (and subsequent comments) generally tilted toward objections to and inconsistencies with the heightened WDR standard overall (even in non-“rare situations”).¹³ At one point, the USPTO was asked to identify the problem that led to the heightened WDR standard. Mr. Sincavage responded to the effect that it was not fair for applicants to be able to claim any conceivable subset of elements (*e.g.*, a door handle and a headlight and a bumper from a solid-line disclosure of an entire car). Underlying this response is what appears to be a concern that the public should have fair notice of what it can and cannot do, especially when an amendable continuing application remains pending.

In this regard, design patent practitioners acknowledged that “gaming the system” with spurious amendments should not be allowed. While a longstanding generalized maxim of US design prosecution practice has been that solid lines may be converted to dotted lines and vice-versa, if the maxim was indeed this simple then it would be very easy to “game the system.” On this point, Mr. Stockton’s presentation included a spurious amendment example in which he asserted a WDR rejection would be proper:

¹² *Racing Strollers Inc. v. TRI Industries Inc.*, 11 USPQ2d 1300 (Fed. Cir. 1989)

¹³ One public commenter noted that the broadening reissue process allows conversion of solid lines to dotted lines in ways that seem inconsistent with the heightened WDR standard for DPAs.



(note: no descriptive statement)

Figure 5: Example of a WDR-violating Spurious Amendment

The USPTO has suggested that spurious “gaming the system” amendments have already been attempted, and everybody seems to agree that they should not be allowed. However, disagreement begins to arise when “real world” examples such as the baby strap in Figure 4 *supra* are considered.

After the public presentations, there was a brief discussion regarding “real world” additional examples the USPTO provided.¹⁴ No public presenters asserted that the examples would violate the WDR.

Another issue underlying the Roundtable is prosecution efficiency, for the USPTO and applicants. As a result of a heightened WDR standard, the USPTO stated that it is seeing an increase of DPAs with numerous embodiments (each corresponding, for example, to a potential claim scope that otherwise might be prohibited by the WDR if the claim scope were instead introduced by amendment) and/or lengthy descriptive statements describing various and sundry claim scopes that inventors possessed.¹⁵ These DPAs have the potential to dramatically decrease examination efficiency, especially in view of design examination fees being fixed, and an increase in DPA filings:

¹⁴ See http://www.uspto.gov/patents/init_events/additional_ex_2014.pdf.

¹⁵ In the Federal Register notice, the USPTO sought comments regarding such descriptive statements. See 79 Fed. Reg. at 7173.

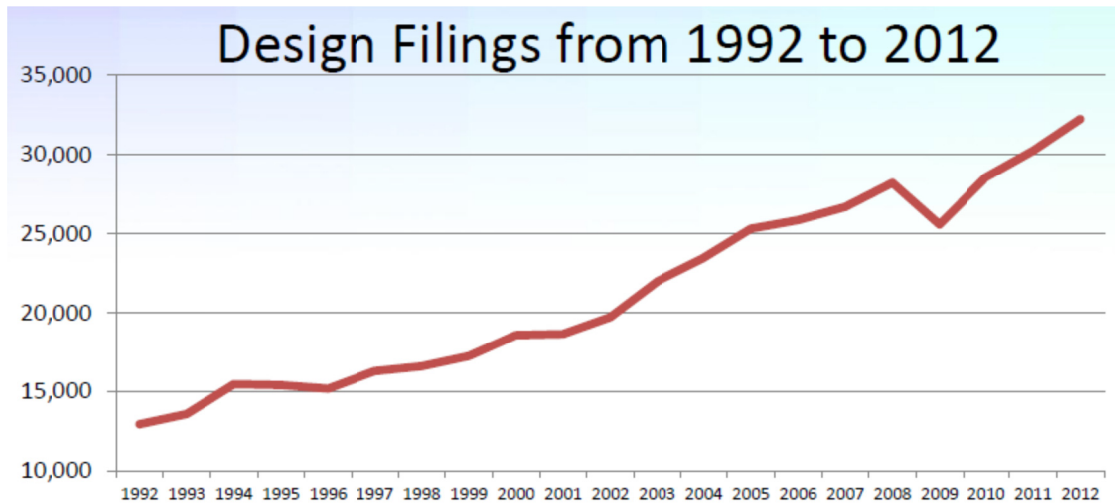


Figure 6: DPA Filings are Increasing¹⁶

On the applicant side, obviously these DPAs are increasing attorney and drafting fees as well.¹⁷ Mr. Bowens’ presentation showed an example of a more complex filing strategy (namely, using a grid system over DPA figures to establish written description support for any amendments that track the grid). This presentation probably caused some unease about prosecution efficiency, especially as no clear precedent exists to prohibit such a strategy.

Conclusion and Next Steps

The USPTO agreed to digest public comments from the Roundtable, and said it looked forward to receiving written comments (due March 14). Both AIPLA and IPO plan to submit written comments that will likely reflect the general “anti-factor” public consensus at the Roundtable, and that will also go beyond “rare situations” to proactively address how to fix current WDR policy for DPAs. Other written comments from public presenters and commenters are expected as well.

It is anticipated that the USPTO will then issue another Federal Register notice relating to WDR policy for DPAs, perhaps as a basis for MPEP amendments. In doing so, design patent practitioners hope that WDR policy reflects the strong public consensus against heightened WDR standards in effect, while recognizing a need to prevent “gaming the system.” Put another way by a public commenter at the Roundtable via telephone, Mr. Chris Carani from McAndrews, Held & Malloy, flexibility for amendments is “a virtue not a problem” in the US design patent system and should not be cast aside because of bad apples seeking to “game the system.”

It is also respectfully submitted that the determiner of what is “fairly” disclosed in DPAs—at least in close situations in which reasonable people can disagree—should not be a single design practice specialist at the USPTO, and that more decision-making authority about WDR, at least in typical situations, should be returned—expressly or otherwise—to design patent examiners.

¹⁶ Extracted from Mr. Olszewski’s presentation at Design Day 2013 titled “State of the Technology Center.”

¹⁷ At the Roundtable, it was pointed out that this system will disadvantage smaller entities that lack resources to file DPAs with numerous embodiments and lengthy descriptive statements.

Anonymous feedback from design patent examiners to design practitioners suggests such a retransfer of authority would be welcomed.

Moving forward, Design Day 2014 is scheduled for April 8, 2014. It seems virtually impossible to have the anticipated Federal Register notice released before then, but perhaps the USPTO will summarize the Roundtable and provide an update. We also understand that a Roundtable regarding GUI DPAs is being planned, of which the most significant topic for discussion is 112.

In conclusion, the ball is in the USPTO's court regarding the fate of the current WDR standard, but design patent practitioners hope the standard will be relaxed, and that there will be a return to more flexibility for DPA amendments and priority claims.

Post-Script on In re Owens and the Heightened WDR Standard

As a final note, some design patent practitioners suspected that the heightened WDR standard was a direct result of the *In re Owens* case, where the Federal Circuit upheld the USPTO's WDR rejection of an amendment relating to the highlighted unclaimed boundary line:

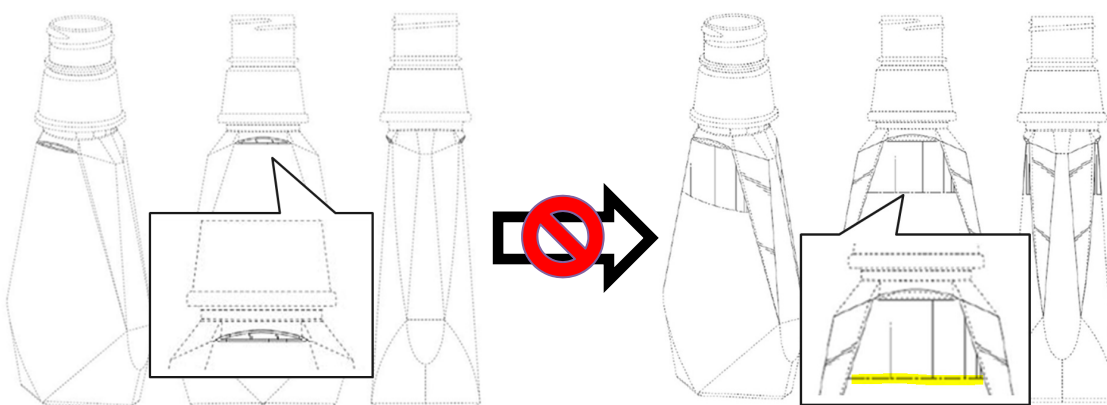


Figure 7: The Prohibited Amendment in *In re Owens*

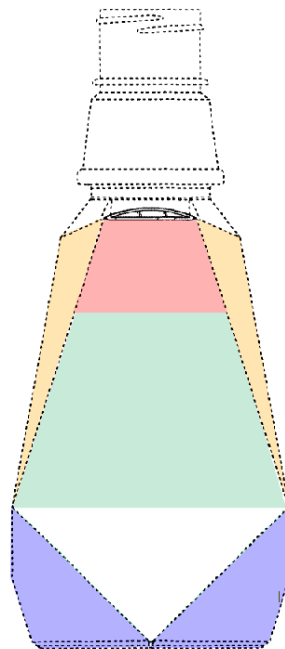
Now that the dust has settled, design patent practitioners generally believe that *Owens* is limited to its facts, namely that the addition of the unclaimed boundary line in a seemingly arbitrary location as shown (*i.e.*, across the front facet of the bottle) without any basis in the DPA is prohibited. This ruling generally followed then-existing USPTO practice, although (and as was pointed out in an amicus brief in *Owens*) some design patents have issued despite such amendments. As such, there is some conjecture that the applicant in *Owens* sought to expand the scope of WDR-compliant amendments available to applicants. At any rate, the *Owens* amendment is atypical, and now *verboten* in view of the Federal Circuit ruling, and concerns are more focused on heightened WDR standards that seem to be blocking amendments that were once acceptable.

Ultimately then, most design patent practitioners do not see a correlation between *Owens* and heightened WDR standards. In fact, some statements in *Owens* may actually help deflate the heightened WDR standard. For example, in assessing “whether, and under what circumstances,

Owens could introduce an unclaimed boundary line on his center-front panel and still receive the benefit of § 120,” the Federal Circuit stated that

In our view, the best advice for future applicants was presented in the PTO’s brief, which argued that unclaimed boundary lines typically should satisfy the written description requirement only if they make explicit a boundary that already exists, but was unclaimed, in the original disclosure. Although counsel for the PTO conceded at oral argument that he could not reconcile all past allowances under this standard, he maintained that all future applications will be evaluated according to it.¹⁸

Here, the Federal Circuit seems to have acknowledged the general maxim and longstanding prior USPTO practice that solid lines may be converted to dotted lines without violating the WDR.¹⁹ In addition, and with reference to the color-coded Figure 8 below, the following “best advice” can be gleaned from the USPTO’s brief:



**Figure 8: Actual and Exemplary Amendments
Characterized in the USPTO’s Brief**

- **“Adding” a Partial Facet Area Not Based on the Ends of Existing Lines (Red):** This amendment was the crux of *Owens*. The Federal Circuit upheld the WDR rejection.
- **Removing Full Facet Areas from the *Parent Application as Filed* (e.g., Blue):** “. . . [D]isclaiming clearly visible portions of the original design [e.g., blue areas] is quite different from disclaiming an arbitrary [red] portion of the front panel that was not

¹⁸ *Owens*, 106 USPQ2d at 1252. The referenced oral argument is available at <http://oralarguments.cafc.uscourts.gov/default.aspx?fl=2012-1261.mp3> (some pertinent dialogue between the court and the USPTO Associate Solicitor, Mr. William LaMarca, begins at the 15:00 mark).

¹⁹ As noted before, of course, there must be some limits to this maxim or else spurious amendments such as what is shown in Figure 5 *supra* would be permissible.

separately identifiable in the original disclosure, resulting in a claim with a new design feature—a trapezoidal section—not previously disclosed.”²⁰ While the USPTO’s brief did not identify specific facet areas when making this statement, the reduction from all facet areas to the two orange facet areas (which was not objected to) suggests that applicants should be able to amend figures to claim many subsets of facet areas (*e.g.*, an amendment from an entire bottle in solid lines to blue and orange facet areas only, to orange facet areas only etc.).²¹

- **Adding Full Facet Areas from the Application as Filed (*e.g.*, Orange):** “But as the Examiner correctly found, the ‘narrow [orange] triangular areas are clearly recognizable in the original disclosure,’ whereas the [red] trapezoidal area ‘was not originally illustrated.’”²² Similarly, this part of the amendment was not objected to.
- **Adding a Partial Facet Area Based on the Ends of Lines (*e.g.*, Red and Green):** The MPEP states that “Where no boundary line is shown in a design application as originally filed, but it is clear from the design specification that the boundary of the claimed design is a straight broken line connecting the ends of existing full lines defining the claimed design, applicant may amend the drawing(s) to add a straight broken line connecting the ends of existing full lines defining the claimed subject matter.”²³ The USPTO’s brief stopped short of saying this MPEP statement was inconsistent with the WDR. Instead, the USPTO’s brief asserted that “. . . as the Examiner found, the broken boundary line that Owens added in this case did not connect the ends of two solid lines and therefore was not the type of amendment explicitly permitted by the MPEP.”²⁴ By contrast, the Federal Circuit took a dimmer view of MPEP § 1503.02, commenting that “[w]ere this the rule, it might be acceptable for Owens to bisect his front panel with a broken line along the pentagon’s widest point [*i.e.*, along the top edge of the green triangle]. However, it seems that such a boundary would simply outline a larger trapezoidal area, and so the resulting claim would suffer from the same written description problems”²⁵ Still, there seems to be some room for end-to-end claiming that does not track prior lines. In this regard, the Federal Circuit also understood that Owens and the USPTO were in agreement “that a design patentee may, under certain circumstances, introduce via amendment a straight broken line without adding new matter, even ‘[w]here no [corresponding] boundary line is shown in a design application as originally filed.’”²⁶

In the long term, *Owens* may be best remembered for helping to clarify what applicants are allowed to do with amendments, versus what they cannot do. It is hoped that the USPTO considers these suggestions in its *Owens* brief, and returns to more flexibility for DPA amendments and priority claims.

²⁰ Appellee’s Brief at 27-28.

²¹ It is not unreasonable to believe that at least some of these amendments that seem allowable in *Owens* would not be allowed under the USPTO’s heightened WDR standard.

²² Appellee’s Brief at 27. The facet area just above the red area was also removed.

²³ MPEP § 1503.02.

²⁴ Appellee’s Brief at 23.

²⁵ *Owens*, 106 USPQ2d at 1252.

²⁶ *Id.* at 1251 (quoting MPEP 1503.02).



**Virtual Design Theft Update: 3D
Printing**

Robert S. Katz and Sean J. Jungels

***Banner & Witcoff Intellectual
Property Update***

September 19, 2014

VIRTUAL DESIGN THEFT UPDATE: 3D PRINTING



BY ROBERT S.
KATZ AND SEAN
J. JUNGELS

Virtual design theft
— a term coined by

Banner & Witcoff in a 2009 Innovation Journal article — is the unauthorized creation, sale or use of a digital model of a real-life design. That 2009 article previewed the alarming rate at which virtual design theft occurred in the digital world and the potential intellectual property protections that could successfully stop it. Five years later, this article takes a look at how virtual design theft has further expanded into the rapidly growing market of 3D printing and whether the law of design patents, copyrights and trademarks has evolved to effectively combat the problem.

“With the addition of 3D printers, virtual design theft may now result in both the unauthorized digital use of a design and the unauthorized creation of a 3D physical object of that design.”

3D PRINTING

3D printing is the process of making a three-dimensional object from a digital file. Engineers and designers have been using 3D printers to make prototypes quickly and cheaply for many years before investing significant amounts of money and resources to produce actual products at a factory. As 3D printers have become more sophisticated and reliable, they are now also being used to make final products. For this reason, the public has become more intrigued by 3D printers and their potential capabilities to make a multitude of objects in one’s own home. Although it is still rare to even know someone who owns a 3D printer, let alone in their own home, companies are

heavily investing in this technology to make affordable, consumer-oriented 3D printers (several models are currently priced less than \$1,000, with some priced as low as a few hundred dollars) with the hopes that they will become common household items in the next five to ten years.

So what will people do with 3D printers in the confines of their own home? Most likely the same thing that people did with music and movies when they were first digitalized — share copies of their 3D digital design files. For example, to fill the growing demand for 3D printing designs, people are creating realistic models of existing designs and also creating new designs. They sell these models through specialized websites, such as

<https://digitalstore.makerbot.com/> and www.turbosquid.com. Even mainstream websites, such as www.amazon.com, now have their own 3D printing stores. Some of the computer models on these sites are impressively realistic and have been created using 3D scanner technology or CAD software. While many of these digital models may be authorized, after a quick review of them, it is clear that there are many unauthorized digital models. And even if an authorized design is purchased, the purchaser is then easily able to make unauthorized uses by sharing the digital file of the design with others and making more than one 3D print of the design. Thus, just as the marketplace for the exchange and sale of

MORE ▶

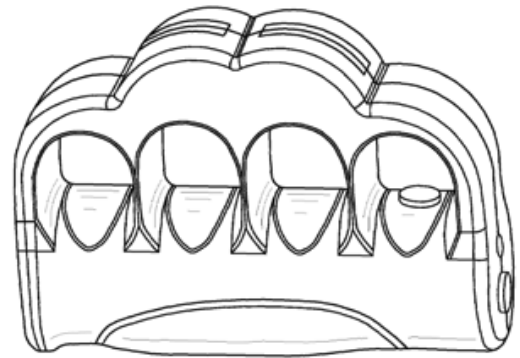
[DESIGN THEFT, FROM PAGE 13]

unauthorized music and movie digital files quickly grew, the marketplace for exchanging and selling unauthorized digital design files is following suit.

With the addition of 3D printers, virtual design theft may now result in both the unauthorized digital use of a design and the unauthorized creation of a 3D physical object of that design. The rise and expansion of virtual design theft continues to pose two main questions: (1) Is it illegal? (2) Can the owner of the original design stop it? The answers to these questions are still developing and depend on a number of factors. For example, potential avenues to combat virtual design theft include design patents, copyrights and trademarks. Each is applicable in only selected circumstances, and each has its own strengths and weaknesses. A number of enforcement efforts have recently shed light on how patents, copyrights and trademarks may protect against virtual design theft.

DESIGN PATENTS

Whether a 3D virtual design would infringe a design patent was tested for the first time in *P.S. Products Inc. et al. v. Activision Blizzard Inc. et al.*, Case No. 4:13-cv-00342-KGB (E.D. Ark., June 5, 2013). P.S. Products sued Activision for patent infringement of U.S. Design Patent No. D561,294 (“the ‘294 patent”) directed to a design for a stun gun in the shape of brass knuckles. Activision’s video game, “Call of Duty: Black Ops II,” included a virtual stun gun weapon that could be held as brass knuckles in the game. Notably, the virtual stun gun weapon did not remotely resemble the design in ‘294 patent.



Comparison of P.S. Products’ Patented Design (top) with Image of Activision’s Virtual Weapon (bottom)

“A number of enforcement efforts have recently shed light on how patents, copyrights and trademarks may protect against virtual design theft.”

The court did not focus on these stark visual differences, however, and instead granted Activision's motion to dismiss for failure to state a claim because "[n]o reasonable person would purchase defendants' video game believing that they were purchasing plaintiffs' stun gun." The patentee in this case, however, failed to present its strongest argument to the court, *i.e.*, that based on the language of Section 271 of the design laws, a design patent protects the design, not the underlying physical article of manufacture embodying the design. So while this case gives virtual design thieves some initial support for their side of the argument, other courts may still likely side with design patentees on this issue.

COPYRIGHT

The owner of a valid copyright that covers a design should have a very strong case against a virtual design thief. In copyright lingo, a 3D model is a copy or derivative work of the original. (Fair use as a defense to copyright infringement should also be considered, but it is beyond the scope of this article.) The toughest hurdle for copyright protection of designs is the separability test. The separability test permits copyright protection only for designs that incorporate graphic, pictorial or sculptural features that are conceptually or physically separable from the utilitarian aspects of the product. In one well-known decision, the U.S. Supreme Court found that a lamp base shaped like a human figure was protectable as a sculptural work. In another case, the court found that artwork as part of an ornate belt buckle was protectable. Copyright protection is commonly found in designs containing original surface ornamentation because the surface ornamentation is often times conceptually separable from the product. However, the opposite proposition is also true: designs that are not separable from their underlying article will not be protectable.

Additionally, a digital design based on an actual physical object may not warrant copyright protection. For example, in *Meshwerks, Inc. v. Toyota Motor Sales U.S.A., Inc.*, No. 06-cv-97, 2006 U.S. Dist. LEXIS 65641 (D. Utah, Sept. 12, 2006), Meshwerks created two-dimensional representations of Toyota vehicles for advertisements. When Toyota used the 2D digital files for more than one advertisement, Meshwerks sued Toyota for copyright infringement. The court held that Meshwerks' 2D digital files did not meet the originality requirement for copyright protection because "the digital models created by Meshwerks correspond to the Toyota vehicles they were intended to represent" and thus were merely simple reproductions and not original.

Even though originality is required for a design to be entitled to copyright protection, the threshold is fairly low. In *Osment Models, Inc. v. Mike's Train House, Inc.*, No. 2:09-CV-04189-NKL, 2010 WL 5423740 (W.D. Mo., Dec. 27, 2010), the court held that there may be copyright protection for 3D digital files based on actual buildings that were scaled in size and had some visual aspects changed, resulting in "models [that] do not appear to be mere replications of other objects in a different medium." Thus, in certain cases, a 3D scan of a physical object in the public domain that is modified in more than a trivial way may warrant copyright protection.

TRADEMARKS

Two categories of trademarks can provide relevant protection against virtual design theft: marks used on or in conjunction with the product, such as the name or logo of the product or manufacturer, and product configuration trade dress. In order to register a product configuration trade dress, the owner needs to show that the product configuration has acquired distinctiveness.

MORE ►

[DESIGN THEFT, FROM PAGE 15]

Distinctiveness is acquired by substantially exclusive and continuous use of the mark in commerce such that the primary significance of the product configuration, in the minds of the consumers, is the product's source.

Trademark law will not prevent the design of a new product from being copied until it has acquired distinctiveness. If the design is copied early on, then trademark law will never protect the design because it will not be uniquely associated with a single source. One strategy is to obtain a design patent to prevent similar designs from entering the market so that the product design acquires distinctiveness.

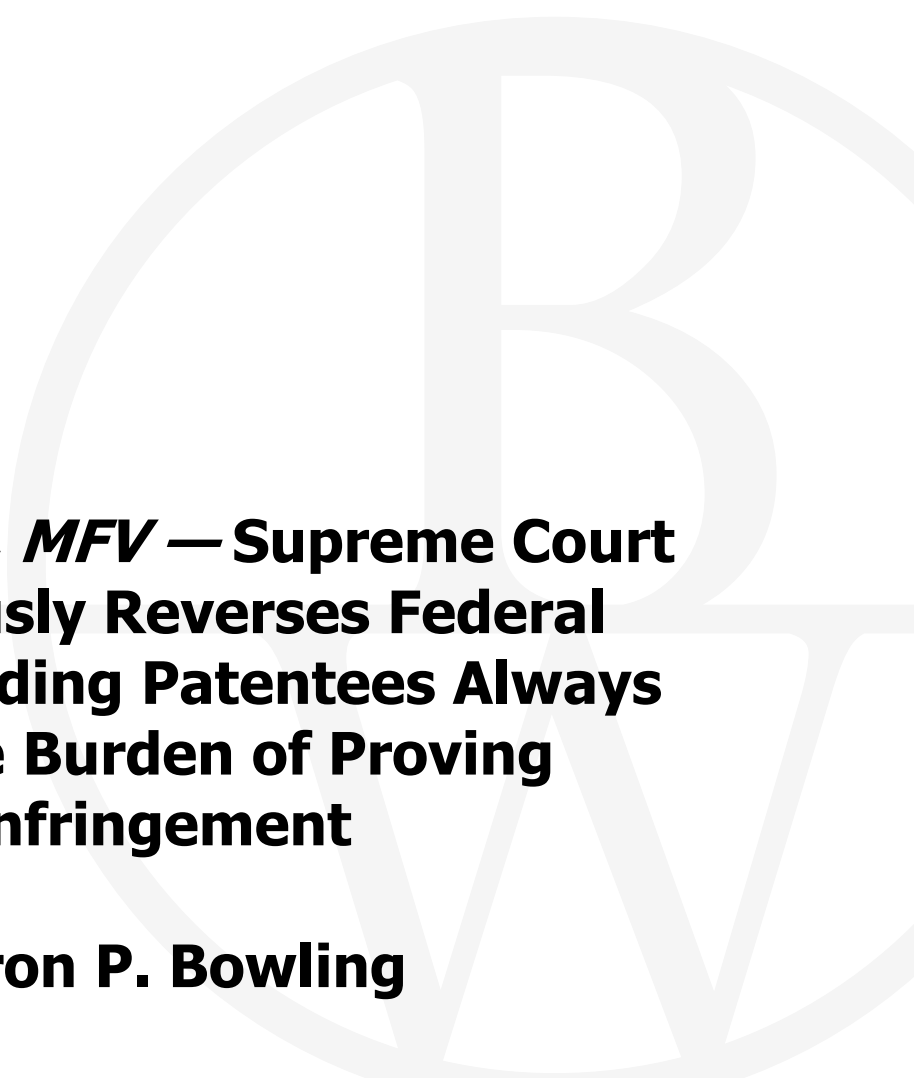
The usual test for trademark infringement is whether there is a likelihood of confusion about the source, sponsorship, affiliation or endorsement of a product. The facts applicable to a likelihood of confusion analysis will likely be different for the website selling the unauthorized digital design files and, for example, a video game maker using the models and selling the video game. The websites selling these files use trademarks,

such as manufacturer and model names, as "tags" that enable searching. It should also be noted that in some circumstances, trademark dilution may be a viable cause of action in situations where virtual design theft has occurred and the trademark has reached a requisite level of fame.

CONCLUSION

Virtual design theft has significantly grown over the past five years and with the emerging market for 3D printing, it will continue to occur at an increasing rate. The success of enforcement efforts of design patent, copyright and trademark laws is still uncertain and depends on a number of case-specific facts. Thus, while companies affected by the advent of 3D printing may eventually decide to follow the music and entertainment industry by changing their business models to adapt to the digitalization of their product, well planned procurement and enforcement strategies of intellectual property will be important in the interim to protect their current business models against virtual design theft. ■

LITIGATION



***Medtronic v. MFV* — Supreme Court
Unanimously Reverses Federal
Circuit: Holding Patentees Always
Bear the Burden of Proving
Infringement**

Aaron P. Bowling

***Banner & Witcoff Intellectual
Property Alert***

January 23, 2014



Intellectual Property Alert:

Medtronic v. MFV — Supreme Court Unanimously Reverses Federal Circuit: Holding Patentees *Always* Bear the Burden of Proving Infringement

By [Aaron P. Bowling](#)

Jan. 23, 2014 — On Tuesday, the Supreme Court unanimously reversed the Federal Circuit in *Medtronic v. Mirowski Family Ventures* (previously listed as *Medtronic v. Boston Scientific*), holding that the burden of proving infringement remains on the patent owner, even when a licensee seeks a declaratory judgment of noninfringement. The decision, authored by Justice Stephen Breyer, appears to substantially benefit patent licensees, who, upon showing declaratory standing, may now force the licensor to prove that a licensed patent covers the licensee's products, and do so at a time and forum of the licensee's choosing.

Background and Procedural Posture

In 1991, Medtronic, a designer, manufacturer and distributor of medical devices, entered into a licensing agreement with Mirowski Family Ventures (MFV), the owner of various patents relating to implantable heart stimulators. Under the most recent version of that agreement, when Medtronic developed a new product, MFV could allege “infringement” of the licensed patents, Medtronic could then take one of three courses of action: (a) concede coverage of MFV's patent over the new product and pay additional royalties; (b) pursue a declaratory judgment of no infringement, meanwhile accumulating royalties in escrow; or (c) ignore the agreement entirely, and allow MFV to terminate the license and bring an infringement action. Sure enough, in 2007, Medtronic and MFV found themselves in disagreement over whether the licensed patents covered several newly developed products. Medtronic filed a declaratory action in federal court seeking a ruling of noninfringement and invalidity.

At trial, the district court followed the general rule that patent owners carry the burden of proving infringement. A jury found for Medtronic, concluding that MFV had failed to show infringement of the patents-in-question. On appeal, however, the Federal Circuit carved out a narrow exception to the general rule, holding that Medtronic, the licensee and declaratory plaintiff, carried the burden to show noninfringement. It reasoned that the patent owner was a declaratory defendant, foreclosed from asserting an infringement claim because of the existing licensing agreement.

Supreme Court's Reversal — Patentee *Always* Carries the Burden of Proving Infringement

As expected from the tone of oral arguments, the Supreme Court reversed the Federal Circuit on both statutory and policy grounds, ultimately holding that:

“[When] a patent licensee paying royalties into an escrow account under a patent licensing agreement seeks a declaratory judgment that some of its products are not covered by or do not infringe the patent . . . the burden of persuasion is with the patentee, just as it would be had the patentee brought an infringement action.”

Beginning with the Declaratory Judgment Act, the high court used three steps of “simple legal logic, resting upon settled case law” to dismantle the Federal Circuit’s burden shift. It stated that: (1) the burden of proving infringement typically rests on the patentee; (2) the Declaratory Judgment Act has only procedural, not substantive, impact; and (3) the burden of proof is a substantive aspect of a claim. Therefore, the Court held, the Federal Circuit had no legal justification for shifting the burden of proof as a result of the declaratory nature of the suit.

The Court noted further practical and policy-based concerns with the Federal Circuit’s rule that shifted the burden of proof to the licensee. Under that rule, the licensee faces the difficult task of proving a negative; an especially difficult task because, unlike the patentee who best understands the complex patent and its limitations, the licensee is “work[ing] in the dark, seeking. . . to negate every conceivable infringement theory.” Accordingly, because “licensees may often be the only individuals with enough economic incentive to litigate questions of a patent’s scope,” the Court opined that keeping the burden of proof on the patentee in these circumstances helps ensure that “patent monopolies are kept within their legitimate scope.”

Furthermore, the Court explained that the Federal Circuit rule would cause post-litigation uncertainty amongst the public, and the parties, about the scope of the litigated patent. If the licensee failed to meet the difficult burden of proving noninfringement, the licensee (not yet found to be affirmatively infringing) could nonetheless continue its allegedly infringing activity until the patentee filed an infringement suit. In that later suit, with the burden of proving infringement back on the patentee, the earlier declaratory judgment action would have no claim preclusive effect and would fail to serve its intended purpose of providing “an immediate and definitive determination of the legal rights of the parties.” Instead, the parties would be forced to relitigate the entire infringement allegation, with the possibility that the patentee might too fail to meet its burden of proving infringement: leaving the ultimate infringement question in limbo.

Lastly, the Court was not swayed by MFV’s arguments that patent owners would be burdened by the ability of licensees “to force the patentee into full-blown patent infringement litigation. . . at [their] sole discretion.” Those circumstances, the Court countered, are limited to situations where the licensee can show a genuine dispute of “sufficient immediacy and reality” about the patent’s validity or its application. In that way, the “general public interest considerations are, at most, in balance. . . and do not favor a change in the ordinary rule imposing the burden of proving infringement upon the patentee.”

Subject Matter Jurisdiction

The Court also briefly affirmed the presence of declaratory judgment jurisdiction, which is determined by looking at the declaratory defendant’s threatened action, i.e. whether the character of the defendant’s “hypothetical coercive action would necessarily present a federal question.”

Contrary to the assertions of an amicus that the only threatened action was one for breach of contract, the Supreme Court found that if Medtronic stopped paying royalties in accordance with its belief of noninfringement, MFV “*could* terminate the license and bring an ordinary federal patent law action for infringement,” and this potential patent infringement action was sufficient to show that “this declaratory judgment action, which avoids that threatened action, also “arises under” federal patent law.

Upcoming Patent Cases at the Supreme Court

Notably, the Supreme Court has four additional patent cases scheduled for the remainder of this term: *Alice v. CLS Bank* (patent eligibility of software patents); *Limelight v. Akamai* (divided infringement, i.e., infringement by aggregated conduct of two or more actors); *Nautilus v. Biosig* (indefiniteness, i.e. vague claim language); and the twin cases *Highmark v. Allcare* and *Octane Fitness v. Icon Health* (attorney’s fees). Banner & Witcoff attorneys are following these cases and will provide IP Alerts on their arguments and decisions.