

IN THIS ISSUE

Maximizing Patent Value by Design.....	1
The Redskins and The Slants....	1
IP Client Spotlight.....	3
Speaking Of.....	4

Stradley Ronon Stevens & Young, LLP
2005 Market Street
Suite 2600
Philadelphia, PA 19103-7018
215.564.8000 Telephone
215.564.8120 Facsimile
www.stradley.com

—
Pennsylvania
Washington, D.C.
New York
Illinois
New Jersey
Delaware

Information contained in this publication should not be construed as legal advice or opinion or as a substitute for the advice of counsel. The enclosed materials may have been abridged from other sources. They are provided for educational and informational purposes for the use of clients and others who may be interested in the subject matter.

Copyright © 2016
Stradley Ronon Stevens & Young, LLP
All rights reserved.

Maximizing Patent Value by Design

By Philip J. Foret

Companies innovate to achieve a competitive advantage for new growth opportunities, maintaining market share, and strengthening brand awareness and loyalty. Strategically developed patent rights protect an innovator's investment in innovation by establishing barriers that block competitors from disrupting the market share related to commercialization of the innovation.

In recent years, a design patent has been increasingly viewed as a feasible alternative and even an addition to a utility patent, which is a well-used tool for protecting innovation. A design patent protects the visual ornamental characteristics of an article including its configuration or shape, the surface ornamentation applied to the article, or a combination of both. Design patents have been used to protect an array of technological innovations, including vehicle parts, consumer and pet products, product packaging, electronics, graphical user interfaces, pharmaceuticals, medical devices, and apparel. A design patent offers no protection for an article's functionality, which falls within the scope of a utility patent.

The perceived value of design patents increased around the time of the Federal Circuit's

continued on page 2

The Redskins and The Slants

By Kevin R. Casey

Recent developments in the U.S. Patent and Trademark Office, the courts and the popular press have highlighted the important issue of how we treat trademarks that disparage a segment of our population. In order of increasing adverse consequences, the law might (1) refuse to grant a trademark owner the benefits of a federal registration, (2) decline to enforce the owner's rights against other parties or (3) preclude the owner from itself using the trademark. With respect to the first consequence, the Trademark Act refuses registration of a disparaging mark under 15 U.S.C. § 1052(a).

Two ongoing cases are separately addressing that provision. One case involves the Redskins football team; the other involves an Asian-American rock band called "The Slants." The PTO denied both the team's and the band's applications to register their respective marks, and both parties appealed. Each party made the same argument: Section 1052(a) is an unconstitutional discrimination against free, even if unpopular, speech.

In *In re Tam*, No. 14-1203 (Fed. Cir. Dec. 22, 2015), a split en banc U.S. Court of Appeals for the Federal Circuit ruled in favor of the band and held that the federal government's

continued on page 3

Maximizing Patent Value

continued from page 1

Egyptian Goddess decision in 2008 that adopted the ordinary observer test for design patent infringement. The test eased the burden of proving infringement and consequently made design patent rights stronger. The ordinary observer test determines whether an accused infringing product is substantially the same as a patented design. If the alleged infringing product copied a unique feature of the patented design that departs conspicuously from prior art designs, then the alleged infringing product is likely to be regarded as substantially similar and therefore infringing. *Egyptian Goddess* triggered an upswing of design patent application filings with the U.S. Patent and Trademark Office (PTO), and since then design application filings have remained significantly higher than historical trends.

More recently, the actual value of design patents has made headlines in the ongoing smartphone war between Apple and Samsung. In May 2015, the Federal Circuit affirmed a jury's award to Apple of patent damages in excess of \$500 million, which accounted for Samsung's entire profits from the sale of its infringing smartphones. The award largely relates to Samsung's infringement of three of Apple's U.S. design patents covering ornamental features of the iPhone, including the front face, bezel and graphic user interface. The damages emanate from Section 289 of the Patent Act that awards the "total profit" of the infringing articles bearing a patented design. This damage award differs remarkably from damages calculated for utility patent infringement, which are normally apportioned to the value of a patented feature of an infringing article and rarely equate to an infringer's "total profit."

Samsung has appealed the damage award to the U.S. Supreme Court in a move that seeks to limit damages to the profits apportioned to the infringing design features of its smartphones. The appeal presents an opportunity for the Supreme Court to interpret Section 289 and clarify whether damages for design patent infringement should broadly account for the total profit of Samsung's infringing smartphones or be narrowly apportioned to the value provided by the features protected by Apple's design patents. The Supreme Court has not ruled on a design patent case in over 120 years and must decide whether to accept Samsung's appeal by the end of its term in June 2016.

Design patents offer many benefits for protecting innovation. Design patent rights are granted relatively quickly — about 18-24 months after a design application is filed, and the time frame can be significantly reduced by accelerated examination in the PTO. This can be synthesized into the product development lifecycle so that an innovator can attempt to time the grant of design patent rights to occur around the time of a product launch. With this approach, a design patent provides valuable protection during the market entry of a new product, while a related utility application(s) covering related aspects of the



For more information,
please contact **Philip J. Foret**
at 484.323.1344 or
pforet@stradley.com.

product innovation undergoes a more lengthy examination process in the PTO before utility patent rights are granted.

The cost to obtain and maintain design patent rights is significantly lower than the cost to obtain and maintain utility patent rights. Design application preparation costs are tied primarily to the development of figures that illustrate the design concepts, while the filing fees are modest. Once granted, design patent rights last for 14 years without the innovation tax posed by the costly maintenance fees required to maintain a utility patent for its term. This factors out long-term expenses to maintain market exclusivity with a design patent.

Since a design patent is published on the day it is issued, a blackout period exists while the PTO reviews a design application. During this blackout, competitors may see products in the market bearing a "patent pending" designation, but they have no access to a published file history for the application under review at the PTO and consequently cannot determine the scope of design rights being pursued, nor the potential for competing design around alternatives.

Design patent rights should be purposefully developed with a market-based strategy that transforms open space into a patent landscape that is entirely hostile to competitors. For example, a market-based strategy could include multiple sets of figures illustrating ornamental features of the commercial embodiment of the design, alternatives to the commercial embodiment, discrete stand-alone ornamental feature(s) of the design and unique combinations of the feature(s), white space around the commercial embodiment, second-generation products, and foreseeable design around alternatives. The figures can also be used to fill in space around coexisting utility patent protection. Various broad to narrow design embodiments illustrated by the figures can be combined in an omnibus design application that can be later developed into a family of design patent rights. This approach essentially practices the same strategy used to develop utility patent rights, except that figures rather than words are used to define the scope of the design patent rights.

No matter what transpires with Samsung's appeal to the Supreme Court, design patents have emerged as a well-established, strategic right for maximizing return on investment in innovation. ■

The Redskins and The Slants

continued from page 1

ban on disparaging trademark registrations violates the First Amendment. Stated the Federal Circuit: “Many of the marks rejected as disparaging convey hurtful speech that harms members of oft-stigmatized communities But the First Amendment protects even hurtful speech.” The government cannot refuse to register disparaging marks because it disapproves of the expressive messages conveyed by the marks. Long-standing Federal Circuit precedent held that Section 1052(a) passed constitutional muster because it did not actually stop trademark owners from using an offensive mark, merely from registering it with the government. The court noted, however, that the First Amendment’s protections have never been limited to situations where the government outright bars speech: “That principle governs even when the government’s message-discriminatory penalty is less than a prohibition.”

In *Pro-Football Inc. v. Blackhorse*, No. 15-1874, pending before the U.S. Court of Appeals for the Fourth Circuit, the appellate court is reviewing the decision of the U.S. District Court for the Eastern District of Virginia. The district court affirmed the PTO’s decision to cancel the football team’s registrations, rejecting the



*For more information,
please contact **Kevin R. Casey**
at 610.640.5813 or
kcasey@stradley.com.*

constitutional challenge on the ground that trademarks constitute “government speech” and, therefore, are not subject to First Amendment scrutiny. If the Fourth Circuit reaches a different conclusion than the Federal Circuit as to the constitutionality of Section 1052(a), in a decision expected sometime in 2016, then the U.S. Supreme Court may ultimately decide the issue.

Meanwhile, interested groups such as the U.S. Department of Justice, the ACLU, the International Trademark Association, the NFL and the American Bar Association — all of which filed briefs in the Federal Circuit case — as well as the affected population groups, watch and wait. ■

IP Client Spotlight

Stradley is proud to assist The University of Scranton in its efforts to navigate complex IP issues (patents, trademarks, copyrights, trade secrets, and related areas) faced by a modern university. Founded in 1888 as St. Thomas College, the institution was elevated to university status in 1938 and changed its name to The University of Scranton. Today, the University is a private, selective, highly ranked, co-educational Catholic and Jesuit university located in Scranton, Pennsylvania, in the northeast region of the state. The University offers undergraduate and graduate degree programs through three colleges: the College of Arts and Sciences, the Kania School of Management, and the Panuska College of Professional Studies. The University decided to retain Stradley for its IP work based on a recommendation made to the University’s general counsel by the general counsel of another university client of the Stradley IP Group (the adage “good work is the best marketing strategy” proved effective).



Stradley’s IP work with the University has focused on securing patent protection for inventions of professors, students, and other members of the University community. Among the many interesting inventions under development at the University are an infrared heart monitor, a mechanical model of the cardiovascular system and a related method of demonstrating the physiology of that system, a solar energy collection system employing reflectors and sun tracking, a celestial body digital tracking system, an apparatus and method for demonstrating the beneficial effects of elastic arteries, visualizing sound with an electro-optical eardrum, and synthesis of (2s)-2-(di-tert-butoxycarbonylamino)-3-(5-cyano-1-tert-butoxycarbonyl-indol-3-yl) propionic acid. Other IP issues addressed by Stradley on behalf of the University are the scope of the University’s copyright licenses; assistance in helping the University’s Office of Research & Sponsored Programs grow its technology transfer and commercialization program; and IP ownership disputes. ■

Speaking Of...



Kevin Casey Participates in Two Presentations to Temple Law Students

Stradley Ronon Partner Kevin Casey participated on a panel held at Temple University Beasley School of Law.

The Q&A session enabled students to ask seasoned attorneys about work/life balance, what law school classes they found to be the most helpful in

their careers, how they got where they are today, tips on interviewing, and how to seamlessly transition from student to lawyer.

Kevin also held a trademarks discussion for the Intellectual Property Law Society of Temple University Beasley School of Law. He focused on the issue of disparaging trademarks under Section 2 of the Lanham Act, specifically the use of the Redskins and Slants trademarks.



Stradley Ronon Partner Re-elected to School Board of Directors

Stradley Ronon Partner Philip J. Foret has been re-elected to his third term as a school board director for the Great Valley School District in Malvern, Pennsylvania. Foret will continue as treasurer of the board and work with other members to ensure the needs of the students and community are

being met while upholding a high standard of education. ■



Our firm is a member of Meritas – a worldwide business alliance of more than 175 law offices in 80 countries, offering high-quality legal services through a closely integrated group of independent, full-service law firms.

www.meritas.org

Intellectual Property Practice Group

Kevin R. Casey, <i>Chair</i>	610.640.5813	kcasey@stradley.com
Kevin B. Anderson	484.323.1343	kanderson@stradley.com
Brian Cocca, Ph.D.	610.640.5807	bcocca@stradley.com
Philip J. Foret	484.323.1344	pforet@stradley.com
Elizabeth M. O'Donoghue, Ph.D	610.640.7970	eodonoghue@stradley.com
Joseph D. Rossi	484.323.1359	jrossi@stradley.com
Christopher M. Spletzer Sr.	610.651.2269	cspletzer@stradley.com