
2022 Design Patents Year in Review

Analysis & Trends

2ND EDITION

An Introduction from the Editor

Last year, in our inaugural issue of “The Year in Review,” we reported that since the landmark jury verdict in the IP litigation between Apple and Samsung in 2012, which awarded more than \$1B to Apple for infringement of several design patents, interest in design patents grew exponentially. That trend has continued in 2022. And as the number of design applications filed around the world has continued to grow, so has design patent enforcement and litigation. This increasing desire by companies, large and small, to add design rights to their IP portfolio has also prompted many intellectual property offices to revisit how they process applications for design patents and registrations.

In this report, we will again highlight some of the important legal decisions in the past year involving design patents at the US Court of Appeals for the Federal Circuit, the US International Trade Commission (ITC), US District Courts and the US Patent and Trademark Office Patent Trial and Appeal Board (PTAB). We will also provide an update on some of the recent legislative changes that are taking place globally with respect to design protection and enforcement, as well as practice changes. Of note, it is still common to see jury verdicts in the millions of dollars for infringement of design patents based on the unique remedies statute in the US, like the award in the Panasonic case noted in this report. And the trend of granting general exclusion orders by the ITC not only continued, but intensified. Perhaps something that will become more common in future years is the assertion of design patents claiming graphical user interface designs, like the one asserted by Wepay Global Payments that is highlighted in the district court and PTAB sections of this report.

The information provided in this review is the result of a collaborative process. Thank you to co-authors Ivy Estoesta, Daniel Gajewski, and Deirdre Wells, as well as Patrick Murray who contributed important data and statistics for this review.

We appreciate your interest in this report, and we encourage you to see our firm’s other recently released publication “Federal Circuit Appeals from the PTAB and ITC: Summaries of Key 2022 Decisions.” Additionally, we have recently produced a four-part, on-demand webinar series with year-in-review perspectives on the Federal Circuit, the PTAB, trademark law and further exploration of design patents. All of this content is available at www.sterneckessler.com or by request. Please contact us if you have questions about this report, wish to discuss the future of design protection, and/or if you would like a hard copy of this report.



Tracy-Gene G. Durkin
Chair, Mechanical & Design Practice Group

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Editor and Author Biographies

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Tracy-Gene G. Durkin is the practice leader of Sterne Kessler's Mechanical & Design Practice Group and a member of the Trademark & Brand Protection Practice, and she has a well-earned reputation for excellence in design patent law. With more than thirty years of experience obtaining and enforcing intellectual property rights, Tracy is sought out by leading consumer product companies and by colleagues around the world for her deep understanding of utility and design patents, trademarks, and copyrights. She is known for crafting and delivering unique IP protection strategies, designed to meet clients' needs. Currently, Tracy serves as the Vice Chair of the International Trademark Association's Designs Committee.



Daniel A. Gajewski is a director in the Mechanical & Design Practice Group, with over twelve years of experience helping clients achieve strategic utility and design patent protection and navigate the IP landscape for their products. He specializes in developing a full product-based patent protection strategy, to protect a new product's innovative features in the US and abroad, whether they be functional, aesthetic, or both. Dan's experience protecting mechanical technologies and product designs spans a variety of technologies, including a particular focus on consumer products, packaging, and retail. Dan is currently Vice Chair of the Intellectual Property Owners Association Industrial Design Committee.

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PTAB: Odds of Escaping Challenges Remain Steady for Design Patents, Despite First Instituted Challenge to Design Patent for Graphical User Interface

BY IVY CLARICE ESTOESTA

In 2022, the Patent Trial and Appeal Board (PTAB) did not issue any final written decisions involving design patents. However, it did issue three decisions granting review of challenged design patents and three decisions denying review of challenged design patents, maintaining 2021's design patent institution rate of 50%.

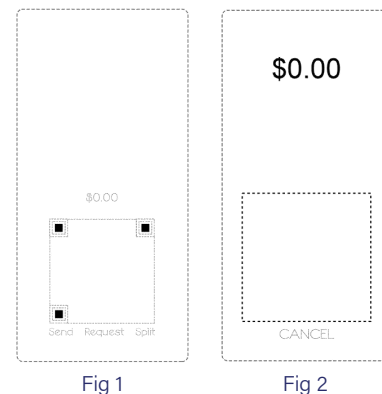
As a whole, the institution rate for petitions filed against design patents remains at 38%. This is based on a total of 72 institution decisions (28 granted, 44 denied). The design patent institution rate reflects the apparent difficulty in presenting a sufficient case that the challenged design patent is unpatentable based on prior art. This difficulty might remain unchanged, if not increase, with respect to challenges based on anticipation given the Federal Circuit decision *In re Surgisil*, which limits what prior art is available to deem a design unpatentable as anticipated.

In this regard, two of the three instituted cases in 2022 are notable because they appear to be the first AIA proceedings including a discussion of applicable anticipatory prior art under *In re Surgisil*. The two cases, *Early Warning Services, LLC v. Wepay Global Payments LLC* and *Samsung Electronics Co., Ltd. v. Wepay Global Payments LLC*, also appear to be the first AIA proceedings involving a design patent for an animated graphical user interface (GUI).

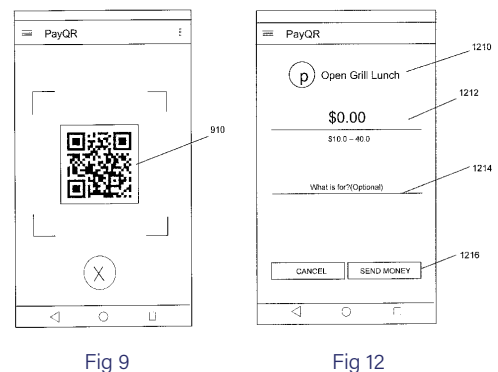
Early Warning Services ("EWS") and Samsung Electronics ("Samsung") each requested review of Patentee Wepay Global Payment's ("Wepay") U.S. Patent No. D930,702 based on the same grounds and prior art references, including a ground of anticipation based on Figures 9 and 12 in U.S. Patent Application Publication No. 2018/0260806 to Reddy et al. ("Reddy"). Wepay submitted a Preliminary Response to EWS's Petition, but not to Samsung's, and argued that *In re Surgisil* compels the PTAB to deny instituting post grant review of the '702 Patent because Reddy, in

particular Figure 9, is not applicable prior art. According to Wepay, Figure 9 shows a mobile phone taking a picture of a QR code. Therefore, the QR code in Figure 9 is an icon array "applied to another unspecified article of manufacture, not the article of manufacture claimed in the '702 Patent." PGR2022-00031, Paper 9 (Jul. 7, 2022).

The PTAB rejected Wepay's argument. Figure 9 of Reddy, according to the PTAB, explicitly discloses a display screen, which is the same as the display screen of the claimed design. The PTAB also noted that Wepay itself admits in its Preliminary Response that Reddy's design arguably would meet the icon array disclosed in the '702 patent. PGR2022-00031, Paper 22 (Oct. 7, 2022). Compare the two designs below.



U.S. Patent No. D930,702 to Wepay Global Payments LLC



U.S. Patent Application Publication No. 2018/0260806 to Reddy et al.

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The PTAB therefore determined that the evidentiary record sufficiently shows that Reddy more likely than not anticipates the challenged claim, and the PTAB granted EWS's request to institute post grant review of the '702 Patent on that ground among other grounds of anticipation and obviousness. *Id.* For the same reasons, the PTAB granted Samsung's request for institution of post grant review of the '702 Patent, and to join as a petitioner in PGR2022-00031. PGR2022-00045, Paper 9 (Dec. 20, 2022).

The '702 Patent is not the only design patent for an animated graphical user interface that is the subject of a pending AIA challenge. Shortly after filing its Petition for review of the '702 Patent, EWS filed a Petition requesting review of Patentee Fintech Innovation Associates LLC's ("Fintech") U.S. Patent No. D945,453. Fintech did not file a Preliminary Response, but instead filed a Statutory Disclaimer attempting to donate the '453 Patent to the public domain on October 10, 2022. EWS, in response, filed a motion for adverse judgment. In part because of Fintech's apparently deficient Statutory Disclaimer, which lacked the appropriate fee, the PTAB denied EWS's motion, but noted that it could be renewed in early December.

Early Warning Services, LLC v. Fintech Innovation Associates LLC, PGR2022-00046, Paper 13 (Nov. 15, 2022). As of December 31, 2022, Fintech does not appear to have paid the Statutory Disclaimer fee, and EWS has not renewed its motion for adverse judgment.

Whether the '702 and the '453 Patents will survive their respective challenges remains to be seen, but the statistics suggest an unfavorable outcome. Excluding the instituted cases in 2022, petitioners that succeed in getting *inter partes* review instituted are successful in invalidating the challenged design patent in 68% of the cases.¹ The outcome of PGR2022-00031 and PGR2022-00046 are ones to watch in 2023, and could encourage more IPR/PGR challenges to design patents for GUI.

¹ Of the 25 cases instituted through 2021, 16 found the challenged patent to be unpatentable based prior art.

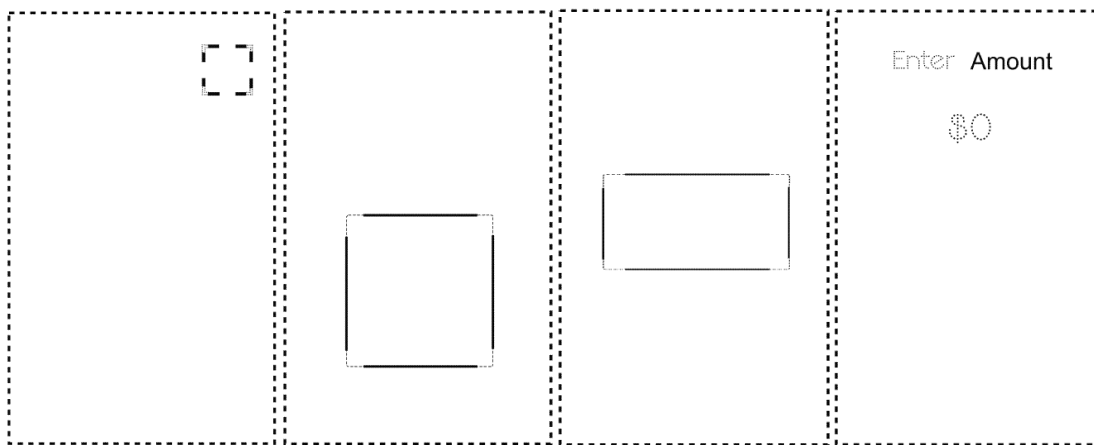


Fig 1

Fig 2

Fig 3

Fig 4

U.S. Patent No. D945,453 to Fintech Innovation Associates LLC

US District Courts: A Busy Year for Design Patents, Including a \$17M Jury Verdict

BY DEIRDRE M. WELLS

2022 was a busy year for district court decisions! There were case-dispositive design patent decisions across a range of venues and at a range of case postures, including on a motion to dismiss, summary judgment motions, and even a jury trial resulting in a damages award of over \$17 million. We summarize below three of the most noteworthy of these decisions: *Wepay Global Payments LLC v. PNC Bank N.A., Think Green Ltd. v. Medela AG and Medela LLC*, and *Panasonic Holdings Corp. v. Getac Tech. Corp. et al.* The decision in *Wepay* followed a 12(b)(6) motion to dismiss in the Western District of Pennsylvania, the decision in *Think Green* followed summary judgment briefing in the Northern District of Illinois, and the decision in *Panasonic* followed a jury trial in the Central District of California.

Wepay Global Payments LLC v. PNC Bank N.A.

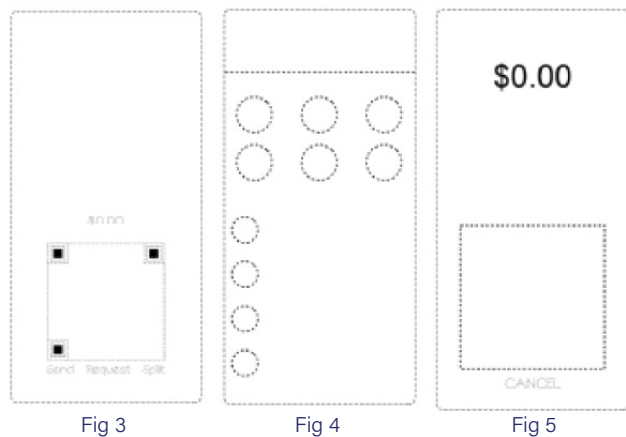
Wepay Global Payments LLC filed a district court action in the Western District of Pennsylvania against PNC Bank N.A. alleging infringement of U.S. Patent No. D930,702 (“D’702 patent”), which is directed to a design of the display screen of a mobile application. Wepay alleged that portions of PNC’s Mobile Banking phone app, particularly the portion of the app that interfaces with the Zelle digital payments network infringes the D’702 patent. In response, PNC filed a motion to dismiss alleging that the accused design of

its banking app does not infringe the patent. Figures 3-5 of the patent are shown at the bottom of this page, next to images of the four-square symbol shown on the accused PNC app and additional images of the accused PNC app.

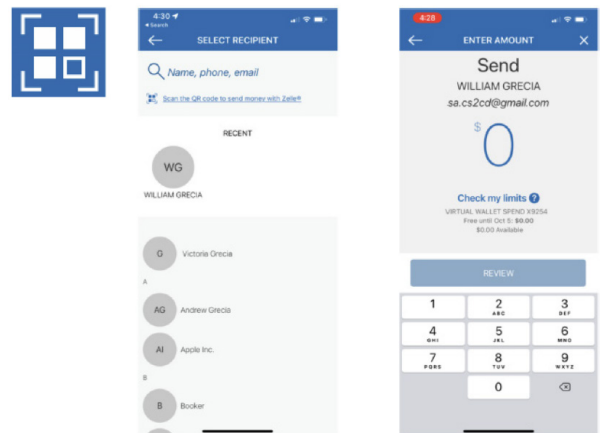
In its motion to dismiss, PNC argued that the complaint’s infringement claim is facially deficient because no ordinary observer could plausibly confuse the design of its app with the patented design. In particular, PNC argued that the claimed spatial relationships and relative proportions of the D’702 patent are “starkly and unmistakably different from” the spatial relationships and relative proportions of the accused design. PNC argued that the accused design and the claimed design are so dissimilar that no analysis of the prior art is needed to observe any distinctions.

The district court held that dismissal is warranted. First, the district court set forth the applicable standards. For a Rule 12(b)(6) motion to dismiss, the court stated that design patent infringement claims can be dismissed where, as a matter of law, no reasonable factfinder could find infringement. For design patent infringement, the court stated that the applicable test is the ordinary observer test, which asks whether “in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially

Figs. 3-5 in Wepay’s D’702 patent



The accused PNC app



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the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other.” The court explained that this is a two-step test. First, without review of the prior art, the claimed design is compared to the accused design to determine whether they are substantially similar. If so, the second step compares the claimed and accused designs with prior art to identify differences that are not noticeable in the abstract but would be significant to the hypothetical ordinary observer familiar with the prior art. If at either step it is determined that the designs are “sufficiently distinct” and “plainly dissimilar,” then there is no infringement as a matter of law.

The district court then attempted to apply the particular facts of the case to the ordinary observer test. However, the court seemed unable to do so. It stated that the ordinary observer test “focuses on a hypothetical purchaser induced to buy a product with an accused design over an asserted design.” The court said the consumer here has not voluntarily chosen the design at issue but rather the accused design is “incidental to the PNC customers’ utilization of the mobile application.” Thus, the court held that “the ordinary observer test would seem not to fit squarely with the designs at issue, and [Wepay] would not be able to assert a design patent infringement claim.”

The court also found that, even assuming that the ordinary observer test could be applied, a side-by-side comparison of the claimed design and PNC’s accused design demonstrates that they are “sufficiently distinct” and “plainly dissimilar” such that no reasonable fact-finder could find infringement. In particular, the court noted differences in shape size and spacing between the designs and held that these differences meant no ordinary observer would mistake the accused design with the claimed design.

Appeal Update:

Unfortunately, we will not have the benefit of the Federal Circuit’s review of the district court’s analysis and holding. On December 23, 2022 the Federal Circuit dismissed Wepay’s appeal because Wepay failed to file the required Entry of Appearance by an attorney admitted to the Federal Circuit bar and failed to file its brief within the time permitted by the rules. Also worth noting is that Wepay asserted this same patent in 12 complaints filed in 2021 and 2022. The patent was also challenged in a PTAB proceeding reported in the PTAB section of this report.

Think Green Ltd. v. Medela AG and Medela LLC

Think Green Ltd. filed a district court action in the Northern District of Illinois against Medela AG and Medela LLC asserting that Medela’s Silicone Breast Milk Collector infringes Think Green’s design patent and trade dress rights. For the design patent, Think Green asserted U.S. Patent No. D808,006 (“D’006 patent”). Medela moved for summary judgment of noninfringement. A side-by-side comparison of the claimed design (on the left) and the accused product (on the right) are reproduced below.



Fig 9

Medela Silicone Breast Milk Collector

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continued

The court first discussed claim construction. For design patents, the figures define the claimed design. The court noted that if the figures are line drawings, they can include line shading symbols to indicate various materials, colors, and translucency. For example, the court noted that oblique line shading can be used to show transparent, translucent, and highly polished or reflective surfaces. If no specific translucency is shown, the claim is interpreted broadly to cover both opaque and translucent materials. Alternatively, if the figures are photographs, the court stated that the claim is limited in scope to the level of translucency photographed.

Turning then to the D'006 patent, the court stated that rather than include a line drawing or a photograph, the patent instead included a computer-generated image, which the court found falls between the broad claim scope encompassed by line drawings and the narrow claim scope of photographs. The court stated that the use of a computer-generated image constitutes a choice of surface material and interpreted the D'006 patent as claiming an opaque object and not a translucent or transparent object. The court found

that the computer-generated image included a dark shadow on the interior of the container, which “clearly depicts an opaque object” because “[a] translucent or transparent object would not cast such a dark shadow on its interior.” The court did not agree with Think Green’s argument that the patent is agnostic as to surface material and characteristics. Instead, the court stated that “Think Green deliberately chose a computer-generated image that *appears* opaque,” (emphasis in original) and found that “[s]uch a deliberate choice of image with an unmistakable appearance of opacity must be understood to manifest an intention to claim an opaque object.”

Having construed the claim to require an opaque object, the court then turned to the infringement analysis. It held that opaque and translucent objects are categorically different such that they are “plainly dissimilar” and could not be confused by an ordinary observer. Thus, because the accused product is translucent and the claim was construed as requiring an opaque object, the court granted Medela summary judgment of non-infringement. This case highlights the possible unintended consequences of filing a design

Other noteworthy district court cases with summary judgment decisions:

- *Skull Shaver, LLC v. Ideavillage Products Corp.* – The District Court of New Jersey granted summary judgment of non-infringement of U.S. Patent No. D693,060, which is directed to a design for a contoured head shaver, by Ideavillage’s accused Flawless Legs shaver.
- *Sharidan Stiles, et al. v. Walmart, Inc., et al.* – The Eastern District of California granted summary judgment of non-infringement of U.S. Patent No. D542,468, which is directed to a design for a personal styling razor, by Walmart’s accused Micro Razor.
- *Sunlighten, Inc. v. Finnmark Designs, LLC* – The District of Nevada granted summary judgment of invalidity of U.S. Patent Nos. D676,972 and D698,033, finding that the claims were not entitled to the priority filing dates and, therefore, were invalid under the on-sale bar.

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patent application with computer generated images rather than traditional patent drawings. While images tend to be more accurate and can be filed quickly and inexpensively, they may unnecessarily narrow the scope of protection. The summary judgment ruling will not be ripe for appeal until the court issues a final judgment (which will only happen after the trade dress allegations are resolved). Until then, appellate review of the non-infringement finding will have to wait.

Panasonic Holdings Corp. v. Getac Tech. Corp. et al

Panasonic Holdings Corporation filed a district court action in the Central District of California against Getac Technology Corporation and Getac, Inc. alleging infringement of U.S. Patent Nos. D766,232 (“D’232 patent”), D756,998, and D785,634. Panasonic accused the design of two of Getac’s rugged portable computers: the K120 and the UX10. The images below show the design claimed in the D’232 patent (far left), the accused Getac K120 (middle), and the accused Getac UX10 (far right).

Following a 7-day jury trial, the jury found that Getac infringed all three asserted patents and that none of the patents were invalid. The jury also found that Getac’s infringement was willful. Finally, the jury awarded Panasonic \$17,515,616 in damages.

Appeal Update:

Although Getac filed a Notice of Appeal with the Federal Circuit, the parties have since reached a settlement agreement.

Panasonic Holdings Corp. v. Getac Tech. Corp. Illustrations



The design claimed in the D’232 patent



Getac K120 rugged portable computer



Getac UX10 rugged portable computer

Federal Circuit Appeals: More Design Patent Case Reversals

BY DEIRDRE M. WELLS

In 2022, the Court of Appeals for the Federal Circuit issued six opinions regarding U.S. design patents: three precedential opinions and three unprecedential opinions. Unlike 2021 (where the two precedential opinions on design patents issued by the Federal Circuit both involved appeals that originated at the Patent Office), all three precedential opinions in 2022 involved appeals that originated from district courts. But, as was the case with both 2021 precedential opinions, all three of the 2022 precedential opinions reversed the lower finding.

The three 2022 precedential opinions are *Junker v. Medical Components, Inc., ABC Corporation I v. Partnership and Unincorporated Associations*, and *Static Media LLC v. Leader Accessories LLC*. The first two precedential opinions are summarized below.

Looking ahead to 2023, our watch list for Federal Circuit appeals involving U.S. design patents includes:

- *KQ Corporation v. GM Global Technology Operations LLC*, No. 2021-2348. The Federal Circuit heard oral argument on December 6, 2022, but no decision has issued yet.
- *Columbia Sportswear North America, Inc. v. Seirus Innovative Accessories, Inc.*, No. 21-2299. The Federal Circuit heard oral argument on January 12, 2023. This is not the first time the Federal Circuit was asked to weigh in. If you missed the prior appeal in this case, you can review a summary of what you missed online here: <http://bit.ly/3jLI2p1>.

Junker v. Medical Components, Inc.

Junker filed a district court action in the Eastern District of Pennsylvania against Medical Components, Inc. and Martech Medical Products, Inc. (“Medical Components”) alleging infringement of U.S. Patent No. D450,839, which is directed to the handle design of a medical device used to insert a catheter into a patient’s vein (referred to as an introducer sheath).

Medical Components, in turn, alleged that the patent was both invalid and not infringed. The parties cross-moved for summary judgment regarding Medical Components’ on-sale invalidity claim. The district court granted Junker’s summary judgment motion finding that the claim was not invalid under the on-sale bar because it found that there was no pre-critical date offer, only preliminary negotiations. The case then proceeded to trial, where Medical Components was found to infringe and Junker was awarded damages in the form of disgorgement of Medical Components’ profits.

Medical Components appealed the district court findings to the Federal Circuit, which reversed the ruling on the on-sale bar. The Federal Circuit did not reach the remainder of Medical Components’ arguments.

A patent claim is invalid under § 102(b) if “the invention was . . . on sale in this country, more than one year prior to the date of the application for patent in the United States.” The on-sale bar is violated if, before the critical date, the claimed invention was both (1) the subject of a commercial offer for sale in the U.S. and (2) ready for patenting. The parties agreed on most of the relevant facts. In particular, there was no dispute that there was a letter sent in the U.S. before the critical date (a year before the patent was filed), the subject of the letter was products that embody the claimed design, and, at the time of the letter, the invention was ready for patenting. Thus, the sole issue before the Federal Circuit was whether the letter was a commercial offer for sale or merely a quotation signaling that the parties were engaged in preliminary negotiations.

The Federal Circuit held that the letter was a commercial offer for sale because, despite use of the word “quotation,” the letter included numerous, specific, commercial terms, including payment terms, shipment terms, and delivery terms that the recipient could make into a binding contract by simple acceptance.

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Important to its analysis, the letter was sent to only one recipient and, on its face, stated that it was sent in response to a request for quotation. For payment terms, the letter included both pricing information (with a specified discount based on the number of products ordered) and payment terms (payment due within 30 days of delivery). The court found that the letter included multiple offers for sale (of different size product and quantities of product) and that any one of them could have been accepted to bind the parties in a contract. Finally, the court concluded that the letter's invitation to engage in future business did not negate the commercial character of the letter.

ABC Corporation I v. Partnership and Unincorporated Associations

Hangzhou Chic Intelligent Technology Co., Ltd. and Unicorn Global, Inc. (collectively "Plaintiffs") filed a district court action in the Northern District of Illinois against Urbanmx, GaodeshangUS, Gyoor, Fengchi-US, Jiangyou-US, Gyroshoes, and HGSM (collectively "Appellants"). Plaintiffs asserted that Appellants' Gyroor-branded hoverboards infringe four design patents: U.S. Patent Nos. D737,723 ("D'723 patent"), D738,256 ("D'256 patent"), D784,195 ("D'195 patent"), and D785,112 ("D'112 patent"). Plaintiffs also asked for a preliminary injunction against Appellants. In the preliminary injunction briefing the parties focused on four products, referred to as Gyroor A, B, C, and D.

The four-part preliminary injunction analysis considers (1) whether the patentee is likely to succeed on the merits, (2) whether the patentee is likely to suffer irreparable harm in the absence of an injunction, (3) the balance of hardships, and (4) whether an injunction is in the public interest. The focus of the dispute in this case was on the first factor: whether the patentee had shown a likelihood of success on infringement. In order to establish design patent infringement, a patentee must show that an ordinary observer, famil-

iar with the prior art designs, would be deceived into believing that the accused product is the same as the patented design. When viewed in light of the prior art, the attention of the ordinary observer is typically drawn to the aspects of the claimed design that differ from the prior art.

The district court found that Plaintiffs had met this burden and entered a preliminary injunction against Appellants. The preliminary injunction ordered that "[t]he Gyroor Defendants . . . be preliminarily enjoined and restrained from . . . offering for sale, selling, and importing any products . . . that include any reproduction, copy or colorable imitation of the design claimed in the Patents-in-Suit."

Appellants appealed the injunction to the Federal Circuit, who reversed and remanded. The Federal Circuit found four independent issues with the district court's injunction.

First, the Federal Circuit said the district court applied the wrong standard in assessing likelihood of success. Finding for Plaintiffs, the district court said that (1) the "designs in the infringing products are not sufficiently dissimilar, or plainly dissimilar" from the claimed designs and (2) resolving whether there is infringement will likely require a trial and "the need for a trial is sufficient . . . for plaintiff to have met their burden to demonstrate a likelihood of success." The Federal Circuit found each statement flawed. To show likelihood of success, the Federal Circuit said a patentee must show that it will likely prove infringement; the need for a trial or the Appellants not showing that the accused products are sufficiently or plainly dissimilar from the patented design are insufficient and not the proper legal standard.

Second, the Federal Circuit found that the district court did not conduct the ordinary observer analysis through the lens of the prior art, as it was required to do. In particular, the Federal Circuit found that one

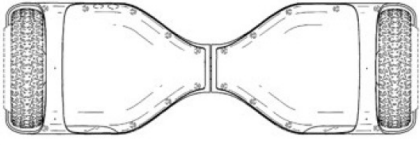
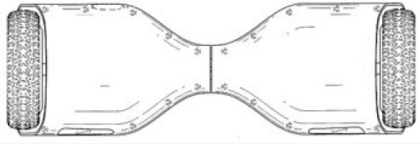
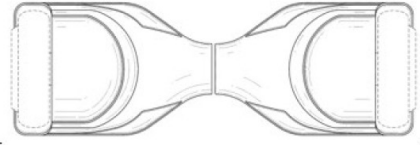
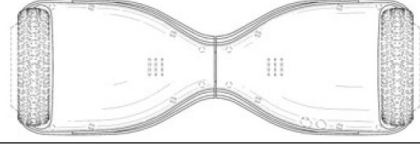
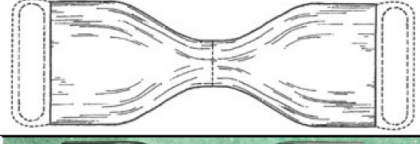

Federal Circuit Appeals: More Design Patent Case Reversals

continued

piece of prior art—U.S. Patent No. D739,906 (“D’906 patent”)—which was central to Appellants’ arguments, was not sufficiently considered. The Federal Circuit found that the district court failed to explain how its finding was consistent with the existence of the D’906 patent, which the Federal Circuit found displayed and claimed the design aspect Plaintiffs used to argue substantial similarity between the accused products and the patented design: an hourglass shape. For example, a comparison of one view (the bottom view) of the four claimed designs (shown with green title boxes) to the prior art D’906 patent (shown with a blue title box) to one of the accused products (Gyroor D) (shown with a peach title box) is shown below.

Third, the Federal Circuit found that the district court failed to apply the ordinary observer test on a product-by-product basis and instead looked at the accused products as a group. The Federal Circuit said here, where there are significant differences among the accused products, a product-by-product infringement analysis is required.

Fourth, the Federal Circuit found that the language of the injunction was overbroad. The Federal Circuit stated that injunctions cannot simply prohibit future infringement but must instead be limited to those products actually found likely to infringe and those “not more than colorably different.” Because the injunction does not list the specific products found likely to infringe, the Federal Circuit found that it does not meet the required level of specificity.

Accused Product D – Bottom View Comparison	
Patents-in-suit D’723 Patent	
Patents-in-suit D’256 Patent	
Patents-in-suit D’195 Patent	
Patents-in-suit D’112 Patent	
Prior Arts D’906 Patent	
Accused Product D	

ITC: Design Patents Continue to Outperform on Obtaining Remedies at the International Trade Commission

BY IVY CLARICE ESTOESTA

The apparent trend of design patents outperforming utility patents on obtaining general exclusion orders (GEO) in ITC Section 337 investigations not only continued in 2022—it intensified. We previously reported that a survey of Section 337 investigations that terminated in 2015 through 2021 shows the rate of getting a GEO issued for investigations involving design patents is more than four times greater than those asserting just utility patents. Including Section 337 investigations that terminated in 2022, the rate of getting a GEO issued for investigations involving design patents grew to seven times greater than those asserting just utility patents.¹

While neither remedy is as sweeping in scope as a GEO, which bans the importation of all infringing products into the U.S. regardless of source, a CDO and a LEO can be useful enforcement tools to prevent a named respondent in a Section 337 investigation from continuing to sell infringing products already in the U.S. (in the case of a CDO), and importing infringing products into the U.S. (in the case of a LEO).

Notably, 70% of Section 337 investigations that terminated in 2015 or later and asserting at least one design patent obtained a GEO, CDO, or LEO. And more often than not, the reason that most investigations asserting at least one design patent did not obtain any one of

Terminated Section 337 investigations, 2015-2022

	No Design Patents	Had Design Patents	Total
No GEO issued	307	14	321
GEO issued	21	12	33
Total	328	26	354

Design patents also appear to outperform utility patents on obtaining limited exclusion orders (LEOs) and cease and desist orders (CDOs) in Section 337 investigations. A survey of Section 337 investigations that terminated in 2015 or later show that about 35% of Section 337 investigations involving design patents obtained a LEO, compared to 18% for Section 337 investigations asserting just utility patents.² For CDOs, 46% of Section 337 investigations involving design patents obtained a CDO, compared to 16% for Section 337 investigations asserting just utility patents.³

those remedies was because the patent holder and respondents reached a settlement agreement or the patent holder withdrew the complaint before the ITC issued a final determination—not the merits of the case.

Artificial Eyelash Extension Systems, Products, and Components Thereof (Inv. No. 337-TA-1226), which terminated in 2022, is noteworthy because it is one of two investigations asserting at least one design patent that resulted in a final determination issuing no GEO, LEO, or CDO based on the merits. There, the ITC Chief Administrative Law Judge (ALJ) determined that the asserted design patents D877,416 and D867,664 are valid, and that they are infringed by the accused Hollyren storage cartridge and Hollyren applicator. Compare representative images of the patented designs and accused designs on the following page.

¹ 46% of Section 337 investigations involving design patents obtained a GEO, while only 6.4% of Section 337 investigations asserting just utility patents obtained a GEO.

² Of the 26 investigations asserting at least one design patent, 9 obtained a LEO. In comparison, of the 328 investigations asserting just utility patents, 58 obtained a LEO.

³ Of the 26 investigations asserting at least one design patent, 12 obtained a CDO. In comparison, of the 328 investigations asserting just utility patents, 54 obtained a LEO.

ITC: Design Patents Continue to Outperform on Obtaining Remedies at the International Trade Commission

continued

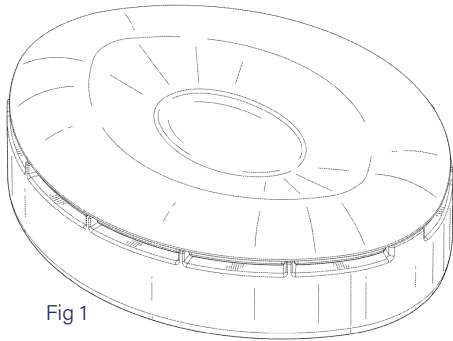


Fig 1

D877,416 Lashify, Inc.



Hollyren Applicator (Model No. DX02059G0004)

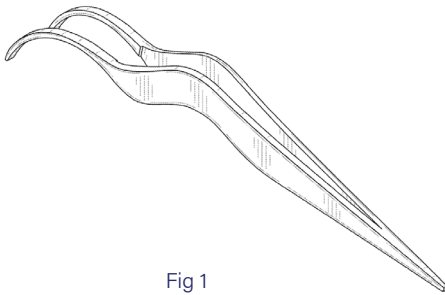


Fig 1

D867,664 Lashify, Inc.



Hollyren Applicator (Model No. CX1514)

However, the ALJ concluded that no violation of Section 337 occurred, and therefore the patent holder Lashify, Inc. could not be granted any relief, because it did not establish that it satisfied the economic prong of the domestic industry requirement of Section 337 investigations.

The economic prong requires that a patent holder's (or its subcontractors' and/or licensees') economic activity in the U.S. satisfies at least one of the activities outlined under subsections 337(a)(3)(A), (B), and (C):

- A. significant investment in plant and equipment;
- B. significant employment of labor or capital; or
- C. substantial investment in its exploitation, including engineering, research and development, or licensing.

A design patent holder should therefore consider whether it can satisfy this requirement unique to Section 337 investigations when deciding whether to enforce in the ITC or district court.

International Design Law: Global Law and Policy

BY DANIEL A. GAJEWSKI

Design protection continues to be a priority for governments around the world. Global design protection is gradually becoming more modern and harmonized. Building on earlier developments, China made progress to implement examination of partial designs. Australia implemented a grace period for designs. And countries like Chile, the United Arab Emirates, and India simplified their design regimes. On the other hand, the European Union moved closer to limiting design protection for so-called “spare parts.” Meanwhile, the United States continued to evaluate how to improve protection for digital and virtual designs.

This summary will highlight some of the more significant developments of 2022, and how they point to some areas to watch for in 2023.

United States

In 2022, the United States Patent and Trademark Office returned to the issue of better protecting digital and virtual designs with design patents. As a further step in its now long-running review, in April the USPTO released a summary of public comments received in response to a December 2020 request. Most of the summarized comments were supportive of changing the examination guidelines to better protect digital/virtual designs, particularly comments from those having significant hands-on experience with the design patent system. It is not clear what action the USPTO may take on this issue, but upon releasing the summary, the USPTO Director indicated that it would “immediately” turn to reviewing its related examination guidelines.

The USPTO is also considering reducing the qualifications needed for attorneys and agents to prosecute design applications. Currently the same qualifications are needed to prosecute design applications as for utility applications. In late 2022, the USPTO requested public comments on whether to create an additional design-only practitioner bar, with its own unique qual-

ifications. These practitioners would not be able to prosecute or advise on utility applications. One apparent goal is to increase diversity among those prosecuting patent applications before the USPTO. The USPTO recently accepted public feedback on this issue.

China

China made some big changes to its design law in 2021, including allowing partial-design claiming—the practice of claiming only a portion of an entire article. This change was welcomed by the design IP community, and brought China more in line with international norms. The change should allow applicants to protect designs embodied in only portions of physical articles, as well as to protect digital image designs independently from the device that displays them.

Despite the law change occurring more than 18 months ago, China has yet to decide how to implement it, and as a consequence China has not been examining the many partial design applications that have been filed since then, creating a growing backlog. Draft examination guidelines were introduced in August 2021, and then again in October 2022. Based on the October 2022 draft, it appears that the most significant aspects of China’s implementation of partial design—including some limitations on it—will be analogous to practices in other countries, and so may be familiar to global design practitioners.

Continuing its trend toward international harmonization, in May 2022 China joined 76 other members of the Hague International Design System. Since then applicants have been able to file Hague International Design Applications designating China.

China is considered an “examining office” under the Hague system, one effect of which is that it has 12 months from publication to issue a refusal of a Hague application that designates China, otherwise the designs are deemed protected in China. The earliest

International Design Law: Global Law and Policy

continued

China-designating Hague applications began publishing in summer 2022, and some include partial designs. Even if China makes use of a special provision giving it 18 months to issue a refusal, it will need to examine these applications sometime in 2023 to meet its obligations under the Hague system. This gives some encouragement that the examination guidelines will be in place in early 2023 and the backlog of partial-design applications will start to go down.

European Union

The European Union continues its ongoing review and update to its rules on design protection. In 2022, the European Commission adopted a proposal for changes to EU design regulation. The most significant proposed change will be to strip design protection from so-called “spare parts” by making “registered and unregistered Community design rights unenforceable where the design of the component part of a complex product is used for the purpose of the repair of a complex product so as to restore its original appearance.” For years the EU has tolerated differing treatment and debate among its member states on this issue, particularly in the context of automotive spare parts, but now seeks to resolve it by reducing the protection available to repair parts EU-wide. The change would only immediately affect new designs, while older designs would retain a limited protection period of 10 years. The European Commission recently accepted public feedback on the proposal, which will be passed on to the European Parliament for consideration.

Australia

As of March 10, 2022, Australia has implemented a grace period for design applications. This brings Australia in better alignment with international design law norms: most jurisdictions have a grace period, though details differ. Australia’s grace period provides a period of 12 months following publication or public use of a design to validly file a design application. Under the previous regime a public disclosure before the application was filed would doom the application’s validity. This is a welcome advance in Australia’s design law, providing applicants with greater flexibility and predictability. It happened as part of the implementation of Australia’s Design Amendment Act of 2021, which also made other changes in 2022 that simplified the publication process and improved applicants’ ability to keep their designs confidential for a period of time after filing.

Chile

Chile adopted an optional abbreviated examination procedure for designs in May 2022. Rather than undergo substantive examination, applicants now have the option to file for a certificate of deposit for their designs. Like some other countries however, the design cannot be enforced unless and until examination has been requested and the design has been approved. Chile also extended the term of protection for designs from 10 years to 15 years.

International Design Law: Global Law and Policy

United Arab Emirates

Throughout 2022, the United Arab Emirates has been taking steps to implement changes in its IP laws that were made in late 2021. In doing so, it has streamlined its document requirements. To the particular benefit of foreign applicants, the UAE has removed the requirement for legalization for application documents such as power of attorney and assignment. Going forward, local notarization will suffice, which will be cheaper and quicker for applicants. Other notable changes arising from the 2021 law changes included extending the term of protection for designs from 10 years to 20 years, and introducing a 12-month grace period for designs.

India

As of December 2022 India has gone digital. Most requirements to submit physical forms and documents have been withdrawn and now electronic documents may be submitted. Unfortunately, assignments are an exception—they still must be filed as physical documents. On the other side of the process, India has begun issuing design certificates electronically, further streamlining its processes.

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