International Developments

Will Design Protection "Down Under" Come Out on Top?

By Wayne Slater (IP Gateway) and Steven J Frank (Bingham McCutchen LLP)

If form has never been a complete slave to function in industrial design, it has traditionally played a secondary role in motivating technology purchases. The success achieved by Apple Inc based largely on look, however, has reversed the equation across the consumer landscape. Particularly for personal electronics, appearance now rivals capability in stimulating sales.

Not surprisingly, the strategic value of design patents has come under increasing scrutiny. Long ignored and sometimes maligned, design patents, which by definition cover a product's appearance rather than function or behavior, have assumed increasing prominence as intellectual property assets.

Apple itself has not hesitated to seek design coverage for its products and to assert the resulting patents: competitor Samsung Electronics, for example, has been defending itself against Apple's design and utility patents in multiple jurisdictions over smartphone and tablet devices.

Form vs Function

In the United States, the division between protectable form and unprotectable function in design patents is strongly marked — functional aspects of a patented design are explicitly factored out for purposes of evaluating infringement, and to satisfy the requirements of the US Patent and Trademark Office, a design must be "primarily ornamental" in nature. The USPTO will only consider the ornamental aspects of a design in evaluating patentability, and if the validity of the resulting design patent is challenged in court, ornamentality will be the first issue considered.

As a result, for subject matter not wholly decorative — e.g. consumer electronics that stress both aesthetics and function — design patents have often been viewed as something of a backup plan in case efforts to obtain and enforce more traditional "utility" patents (which expressly cover function and behavior) fail.

While that calculus may be changing for the Apples and Samsungs of the world, the strict separation between ornamentation and function remains in place in the US. As a result, the practical ability to enforce a design patent covering, say, a smartphone remains uncertain, and US patent holders remain wary of over-reliance on their design IP. Other countries, by contrast, accord greater breadth to design protection. A leading example is Australia, where a protectable visual (design) feature may (although need not) serve a functional purpose.

Put another way, even if a design feature has a functional purpose or an appearance dictated solely by function, its protection under Australian designs law is undiminished. While there must be a specificity of form to enjoy designs protection, it does not matter whether or not that form serves a purely functional purpose.

Australian Contrast May Offer Broader Coverage

In Australia, solely functional features are viewed the same way as ornamental features; this is also true for features whose shapes are partly dictated by the function they perform. Accordingly, when construing a registered design in Australia, such features are given equal weight and both contribute to the design. A design registration in Australia, therefore, may offer considerably broader coverage and less vulnerability to validity attack than its exact counterpart in other countries.

In general, patent offices are poorly equipped to sift protectable design from out-of-bounds function, and rarely even try. In the US, about 90% of design patent applications are allowed, as compared with about 50% of applications for utility patents. Moreover, utility patent prosecutions tend to involve more intensive negotiations between the applicant and the USPTO and, as a result, narrowed coverage.

The scope of a design patent, by contrast, is largely hashed out in court if the patent is ever litigated. Courts everywhere understand that interpreting design patents to cover functional features would upset this balance — allowing features or behavior that have not undergone the more rigorous test for utility protection to sneak in the back door.

In an interim US ruling that largely favored Apple, the lower court considering Apple's assertion of design patents against Samsung's tablet devices nonetheless held that "the aspects of the design that are dictated by function limit the claimed scope of the patent." The court found several aspects of an Apple design patent to be dictated by function:

> "Specifically, the tablet computer must be a size that allows portability . . . Additionally, because the tablet

functions by the user touching the screen, the tablet must have a relatively large screen in order to perform the functions of the tablet. Because the size must allow portability, the screen necessarily must encompass a large portion of the front face of the product."[1]

Not surprisingly, these questions were never considered by the USPTO during prosecution. Yet even with the benefit of clear basic principles and expert testimony, a court's decision may segregate design and function in a manner that would have been difficult to predict in advance. In general, the more functional the patented device, the more narrowly the design patent will be applied. In *Richardson v. Stanley Works, Inc*,[2] for example, the US Court of Appeals for the Federal Circuit analyzed a design patent covering a multi-function carpentry tool that combined a hammer, a stud-climbing tool, and a crowbar — all highly functional, and the court ultimately ruled in favor of the accused infringer. Still, the court cautioned against evaluating infringement based solely on the ornamental features in the patent:

"[W]hile it is proper to factor out the functional aspects of various design elements . . . discounting of functional elements must not convert the overall infringement test to an element-by-element comparison."

Ambiguity, in other words, may simply be inescapable in evaluating the scope of a design patent — in every jurisdiction. Australian courts need not agonize over the validity of a design patent based on the presence of functional elements, but it is the rare US design patent that is struck down as entirely functional. Even as it ruled against the patent holder, the *Richardson* court noted that tools often have ornamental elements, and did not declare the subject design patent invalid. Clearly Australian design applicants face a less-cluttered path to success, both in the patent office and in court. However the need to prevent the design system from nullifying the utility system will continue to limit the reach of design patents wherever they are enforced.

Australian Design Law and Filing Strategies

The Designs Act 2003 came into law in Australia with much fanfare. The Act aimed to broaden the scope of protection conferred on design owners by registered design protection. To qualify for registration, designs were required to meet a threshold of being new and distinctive when compared with the prior art base. This purported to raise the threshold of novelty required for registration when compared with the previous Designs Act, which merely required designs to be new and original.

However, with more stringent qualifying criteria came broader coverage: a registered design is infringed by the exploitation of a design that is identical to or similar in overall impression to the registered design. While ambivalence has been expressed in some quarters about whether the objectives of the Designs Act 2003 have been achieved, the new law has undoubtedly led to a more robust designs protection regime.

Applicants should consider filing multiple design applications simultaneously for related designs that vary from each other but are aimed at protecting the same underlying product. The cost of filing design applications in Australia is inexpensive; the official filing fee for each application is AU$200 (US$205). Moreover, Australia permits indefinite deferral of examination (and its attendant costs), although rights cannot be asserted until the application has been examined and granted.

Given the low cost of filing and the availability of deferred examination, applicants are well advised to file several design applications to cover different design aspects of a product. Applicants should also bear in mind that there is no requirement for a design owner to "work" or exploit each protected design; the remedies available to a design owner for design infringement do not depend on the owner's use of the design.

The registrability of a design in Australia should be looked at separately from protection in other countries. Relatedly, the Australian design application should preferably be filed before there is any publication as the uniqueness of Australian practice disfavors over-reliance on filing under the Paris Convention.

Conclusion

In sum, design applicants face different standards of validity and scope in different jurisdictions. The US, like the European Community, expressly limits design patents to decorative elements. This common exclusion skews most design protection regimes toward aesthetic elements rather than engineering design expressed in a three-dimensional form. In Australia, purely functional designs are just as registrable as ornamental designs, and this point of difference opens a plethora of opportunities to protect the design features of engineering products or articles. Of course, the need to defend the utility patent system against encroachments from the design side may limit practical effect of this flexibility. However as aesthetic factors increasingly influence sales of functional items with important design features, companies worldwide can be expected to exploit Australia's system for design protection and also to nudge more restrictive jurisdictions to emulate its approach.

Notes

[1] *Apple, Inc v. Samsung Electronics Co, Ltd*, 11-CV-01846-LK, 2011 WL 7036077 (ND Cal. December 2, 2011) affirmed in part, vacated in part, remanded, 678 F3d 1314 (Fed Cir 2012).

[2] *Richardson v. Stanley Works, Inc*, 597 F3d 1288 (Fed Cir 2010).

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