

## Adversary Has Patent For Infringing Design? There's Hope

*Law360, New York (September 4, 2015, 10:21 AM ET) --*

Infringers of a design patent or trade dress can occasionally respond to a charge of infringement by noting that they have obtained a patent for the challenged design (or something close to it), and by arguing that the U.S. Patent and Trademark Office's finding of separate patentability effectively rules out a finding of infringement. As this retort usually goes, the holder of a later-issued patent for the challenged design will incant the oft-quoted language of *National Presto Indus. v. West Bend Co.*, 76 F.3d 1185, 1192 (Fed. Cir. 1996) that “the fact of separate patentability is relevant, and is entitled to due weight” in a determination of whether the design infringes an earlier-issued patent. Upon fielding this one-two punch of fact and law, would-be plaintiffs typically retreat to the ropes and attempt to leave the ring as inconspicuously as possible — hoping to avoid any further embarrassment for their apparent over-aggressiveness.



John Froemming

But that need not be the case.

In fact, the law regarding the effect of a later-issued patent is not as bad as it might at first appear to the holder of the earlier patent. And a later-issued patent might be no more probative of noninfringement than of infringement, as the real defendant/alleged infringer learned the hard way in the recent design patent and trade dress infringement case of *OraLabs Inc. v. The Kind Group LLC and EOS Products LLC*. (D. Colo.).

### **A Later-Issued Patent Is Not Necessarily Relevant or Admissible Evidence of Noninfringement**

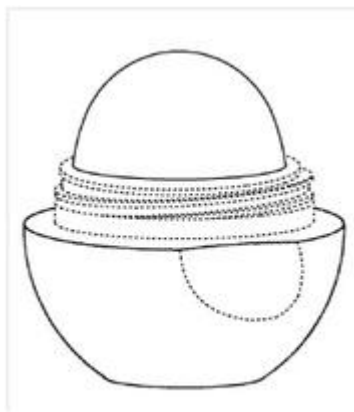
The Federal Circuit in *Nat'l Presto v. West Bend* did not actually hold that separate patentability is necessarily relevant or admissible evidence to a charge of infringement. Rather, the pertinent holding in the case is merely that a later-issued patent cannot automatically preclude infringement. 76 F.3d at 1191-92. Moreover, the Federal Circuit indicated that any probative value of a later-issued patent is dependent on the facts of the particular case. See *id.* at 1190-92 (“Improvements or modifications may indeed be separately patentable if the requirements for patentability are met, yet the device may or may not avoid infringement of the prior patent”). Other Federal Circuit precedent has likewise echoed the basic principle that a patent grants only the right to exclude others from making, using or selling the patented invention — not a right to infringe.[1]

Further, a later-patented design may be found to infringe when earlier-patented features have been

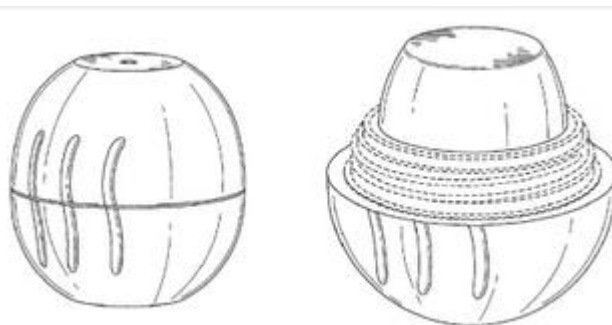
sufficiently supplemented or modified to such an extent the defendant was entitled to the later-issued patent.[2] While this concept is well recognized in the context of utility patents, and in particular the chemical arts[3], district courts on at least two occasions have excluded later-issued design patents that claimed an additional element not disclosed or claimed in the earlier-patented design.

In *Decade Indus. v. Wood Tech. Inc.*, 100 F. Supp. 2d 979, 982-83 (D. Minn. 2000), the holder of a design patent for a stereo system stand sued a defendant who had later obtained a patent for the accused design plus the additional feature of glass shelves. The court recognized that separate patentability presents no legal or evidentiary presumption of infringement, and found that the allowance of the defendant's design patent was of no evidentiary value because the patent examiner had apparently proceeded on the belief that the proposed design included the glass shelving feature that was absent from the accused product.

More recently, in *OraLabs v. Kind Group*, Judge Philip A. Brimmer considered and rejected the argument that a later-issued patent to an egg-shaped lip balm design with a lid was relevant and admissible evidence of noninfringement of the real plaintiff's patent to its egg-shaped lip balm applicator design. The real plaintiff, Kind Group (parent to EOS Products LLC), was asserting its patent to the egg-shaped lip balm design without its top, depicted below:



Real defendant OraLabs countered that a later-issued patent for a design similar to the one challenged by Kind Group but with a top was admissible evidence of noninfringement:



OraLabs contended that its challenged product was an embodiment of its later-issued patent:



OraLabs also noted that Kind Group’s earlier patent is listed on the face of Kind Group’s patent, and argued that the jury may conclude that the examiner issued the later patent for reasons that weigh in favor of finding the challenged product is not substantially the same as the earlier patent.

The court rejected OraLabs’ arguments and found that the later-issued patent was not relevant to or probative of noninfringement. Specifically, the court found that the later-issued patent contained a prominent feature not present in the earlier patent, namely the top of the lip balm container. Because of this additional element, the later patent could have issued whether or not the examiner believed that the base portion and product mound in the later patent were anticipated by or obvious in light of the earlier patent. *Id.* at 5. The court therefore excluded the later patent from the jury.[4]

#### **Admitting a Later-Issued Patent Could Also Confuse and Mislead a Jury**

Even if a later-issued patent is considered marginally relevant to a design patent infringement claim, any such relevance might also be substantially outweighed by the danger of its admission confusing and misleading the jury’s determination of design patent infringement. *Fed. R. Evid.* 403.

Admitting a later-issued patent could confuse and mislead a jury into thinking the USPTO determined that the challenged physical product does not infringe an earlier-issued patent, or that the USPTO otherwise condoned the sale of the challenged product when it allowed the later patent. That would be inappropriate, especially if neither the challenged product itself, nor a photograph thereof, was ever before the USPTO. See *Cameco Indus. v. Louisiana Cane Mfg.*, Civil Action No. 92-3158, 1995 U.S. Dist. LEXIS 11294, at \*15-16 (E.D. La. July 27, 1995) (granting motion in limine to exclude evidence of defendant’s later issued patent, as “issuance of a patent is not presumptive evidence of non-infringement,” and admission “would be unfairly prejudicial to the plaintiff, as this evidence is likely to give the jury the false impression that a patent on the accused [device] means that it is substantially different from the [device] claimed in plaintiff’s patent”).

Given its lack of probative value, the danger that jurors would mistake the grant of a later patent for

USPTO approval of a challenged product can warrant its exclusion pursuant to Rule 403 of the Federal Rules of Evidence. See, e.g., *Hall v. Western Prod. Co.*, 988 F.2d 1050, 1058 (10th Cir. 1993) (affirming exclusion of state agency report where district court found only purpose of admitting report “would be to suggest to the jury that it should reach the same conclusion” as the state agency, and “risk of unfair prejudice to the plaintiff substantially outweighs any relevance of the [state agency’s] findings of fact and conclusions of law”).

Exclusion of a later-issued patent under Rule 403 could be further warranted by the additional danger that jurors would be confused and compare the design claimed in the later patent to different design drawings depicted in the later patent instead of (or in addition to) the proper comparison to the design of the challenged product itself. *Keystone Retaining Wall Sys., Inc. v. Rockwood Retaining Wall, Inc.*, No. 00-496, 2001 U.S. Dist. LEXIS 26272, at \*12-15 (D. Minn. Oct. 9, 2001) (granting motion to exclude evidence of accused infringer’s subsequent design patent in design patent infringement claim).

Obviously, a jury is likely to give undue deference or weight to a later-issued patent because it was issued by a government agency. See, e.g., *Denny v. Hutchinson Sales Corp.*, 649 F.2d 816, 822 (10th Cir. 1981) (affirming exclusion of Colorado Civil Rights Commission report as it had “little probative value” and “there is a real possibility that the jury would give undue deference to such evidence”); *Kloepfer v. Honda Motor Co.*, 898 F.2d 1452, 1458 (10th Cir. 1990) (noting potential for undue deference by jury in affirming exclusion of government reports that did not relate to the specific car model at issue and were irrelevant).

### **A Later-Issued Design Patent Is Clearly Irrelevant and Inadmissible to a Charge of Trade Dress Infringement Relating to the Design**

The existence of a later-issued design patent is per se irrelevant and inadmissible to whether that design of a product infringes trade dress of the plaintiff, because a patent examiner is never called upon to consider or make any findings regarding likelihood of consumer confusion as to source, affiliation or approval. *Long Tai Shing Co. Ltd. v. Koch + Lowy*, No. 90 Civ. 4464 (DNE), 1990 U.S. Dist. LEXIS 19123, at \*118 (S.D.N.Y. Dec. 14, 1990) (rejecting defense of existence of design patent, and granting preliminary injunction to trade dress plaintiff, as “the award of a design patent to [defendant] ... does not presage the availability of any defense to liability in this case”). As McCarthy has observed, “[t]he fact that an infringer of trade dress owns a design patent on its product design is no defense to the trade dress charge.” 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 6.11 (4th ed. 2015).

The standards governing eligibility for, and the purposes behind, patent protection differ considerably from those governing trade dress and trademarks. “The patent statute authorizes the award of a design patent to anyone who ‘invents any new, original and ornamental design for an article of manufacture.’” *Long Tai Shing Co. Ltd.*, 1990 U.S. Dist. LEXIS 19123, at \*104 (citing 35 U.S.C. § 171). In determining whether to grant a patent, examiners apply standards of “novelty” and “non-obviousness.” *Id.*; 35 U.S.C. §§ 102-03. “The novelty standard looks generally to whether the invention was ‘known or used by others,’ whereas the ‘non-obviousness’ test asks whether the innovation ‘as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which’ the invention pertains.” *Long Tai Shing Co. Ltd.*, 1990 U.S. Dist. LEXIS 19123, at \*104 (internal citations omitted). “Neither test requires an examination of the likelihood that the collective impact of the defendant’s product design, packaging and advertising will confuse potential customers.” *Id.* “This lack of direct overlap between the tests for design patent and for trade dress infringement is underscored by the very different purposes of the two sets of laws.” *Id.* at \*104-05.

The purpose of federal design patent law — to encourage and reward innovation and to permit public use upon expiration of patent protection — is fundamentally different than that of trademark law — “to prevent the public from encountering confusion, mistake, and deception in the purchase of goods and services and to protect the integrity of the trademark owner’s product identity.” *Id.* at \*105 (citing *In re Honeywell Inc.*, 474 F.2d 1344, 1348 (C.C.P.A. 1974)).

“Given the dissimilarity in standards and goals between the patent and trademark laws, it is not surprising that the patent examiner is not called upon to determine the likelihood that the object for which a design patent is sought will confuse ordinary or even sophisticated potential customers as to its source of origin. Necessarily, then, the award of a design patent cannot be deemed a finding of non-confusion.” *Id.* at \*106. Nor is ownership of a design patent a defense to a trade dress infringement claim, as — fundamentally — “[a] patent is a grant of a right to exclude, not of a right to use. If a product covered by a design patent is likely to deceive or confuse consumers as to source or sponsorship, then there is infringement: the patent does not convey a right to confuse purchasers.” 1 McCarthy, *supra*, § 7:91; see *Atlas Powder Co. v. E.I. du Pont de Nemours & Co.*, 750 F.2d 1569, 1580 (Fed. Cir. 1984) (“A patent is not the grant of a right to make or use or sell. It does not, directly or indirectly, imply any such right. It grants only the right to exclude others.”)

Because a later-issued design patent is not relevant to the determination of likelihood of confusion, the existence of a trade dress infringement claim in addition to a design patent claim can bolster the argument that such a patent should be wholly excluded under Federal Rule 403. A later-issued design patent should also be excluded because it is likely to confuse and mislead a jury to believe incorrectly that its existence supports a valid defense to a claim for infringement of trade dress, when the law is clear that it does not. This danger of confusion can trump any marginal relevance to a concurrent design patent claim.

In *OraLabs*, the real defendant conceded that the existence of a design patent is not probative of whether a likelihood of confusion exists for purposes of the trade dress infringement claim. The court agreed, finding the later patent irrelevant and inadmissible as to Kind Group’s claim of trade dress infringement, and excluding it completely from the case. Order at 2.

Accordingly, all is not lost if, in response to your claim of design patent infringement, your adversary trots out a recently granted (or allowed) patent on a design similar to that of the accused product. The existence of a later-issued patent does not constitute government approval to make and sell the accused product; it is only a grant of the right to exclude others from making the later-patented design. Moreover, a later-issued patent is more likely to be excluded completely if it arguably issued because it contains supplemental or modified features not present in the earlier patent.

Furthermore, a later-issued patent is wholly irrelevant to a trade dress infringement claim. Depending on the facts, you may be able to prevent the jury from ever hearing about the USPTO’s decision to issue a patent to your adversary, thus eliminating any possibility that the jury may be misled or confused by its existence.

—By John Froemming and Tracy Stitt, Jones Day

*John Froemming and Tracy Stitt are partners in Jones Day's Washington, D.C., office.*

***DISCLOSURE: The authors were counsel to Kind Group and EOS Products LLC in the OraLabs case.***

*The opinions expressed are those of the author(s) and do not necessarily reflect the views of the firm, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.*

[1] Bio-Technology Gen.Corp. v. Genentech, Inc., 80 F.3d 1553, 1559 (Fed. Cir. 1996).

[2] Atlas Powder Co. v. E. I. du Pont de Nemours & Co., 750 F.2d 1569, 1580 (Fed. Cir. 1984).

[3] See, e.g., *id.* at 1580 (“Du Pont concedes that, if Atlas patents A + B + C and Du Pont then patents the improvement A + B + C + D, Du Pont is liable to Atlas for any manufacture, use, or sale of A + B + C + D because the latter directly infringes claims to A + B + C”). See also *EZ Dock, Inc. v. Schafer Sys.*, Civil No. 98-2364, 2003 U.S. Dist. LEXIS 3634, at \*32 (D. Minn. Mar. 8, 2003) (granting Plaintiff’s motion to exclude Defendants’ patents covering a connector feature not in dispute under Fed. R. Evid. 402 and 403, noting “[a]s none of the claims at issue have anything to do with the connector design, Defendants’ possession of a patent on that feature is irrelevant to the issue of infringement”).

[4] Five days after this ruling, on the eve of trial, OraLabs agreed to stop selling egg-shaped lip balm and settled the case.