



haynesboone

Setting precedent.

Intellectual Property & Product Design

DFW Product Group Meeting

September 28, 2010

Purvi J. Patel



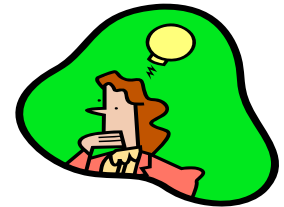
Discussion Points

- Types of Intellectual Property
- Product designs can be protected by a collection of IP rights
- Fair Competition vs. Infringement



Types of Intellectual Property

- Trademarks & Trade Dress – source identifier (perpetual if used)
 - protects consumers and brand value
- Patents – inventions (about 20 years)
 - protect ideas – new ways of doing something
 - DESIGN patents protect graphics, sculpture, parts of the product ... and the shape (14 years)
- Copyrights – expressions (about 90 years)
 - ideas NOT protected – only the way it is conveyed
 - graphics, sculpture, parts of a product
 - but typically NOT the shape of the product
- Treated like personal property, i.e., can be sold, licensed, destroyed



What Is a Trademark?

- **Any Word, Name, or Symbol Used to Identify the Source or Origin of Goods or Services** (*sound, color, configuration and even scent can function as a trademark*)

LEXUS



MADONNA



Trade Dress

- Subset of trademark law
 - Identify the Source of the product
- Total image and appearance of product, packaging, interior décor, and the like
- Encompasses product shape and features
 - Might cover shape, size, a color or color combination, pattern, design, texture, or a combination of those elements
- Trade dress features cannot be functional or merely ornamental



Why do Trademarks Matter?

- Establish goodwill & brand value
- If you adopt someone else's trademark - even innocently...
 - Injunctions are likely
 - Destruction of everything bearing the mark
 - Pay the owner for any damages
- If you do not protect your trademarks...
 - May be unable to stop others



Trademark Selection Considerations

- Is the mark “**distinctive**”?
- How strong is the mark?
- **Generic**? *APPLE* for apples
- **Descriptive**? *Texas Oil Refinery Company* for ??
 - should NOT immediately convey nature of goods/services
- **Suggestive**? *COPPERTONE* for tanning oil
- **Arbitrary**? *APPLE* for computers
- **Fanciful**? *KODAK* for photographic supplies

Trade Dress Hurdle



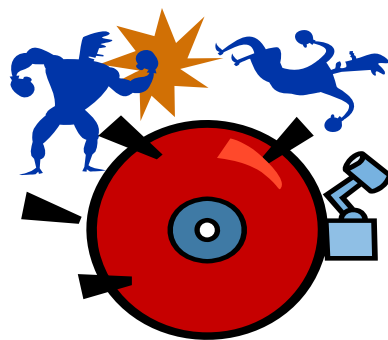
- Before a product design is entitled to trade dress protection
 - Must prove **Acquired Distinctiveness**
 - secondary meaning
 - market associates the product design with a particular company

Trade Dress Distinctiveness

- A design is distinctive if
 - Identifies to consumers the product's source/origin
- How do you prove that?
 - Length and exclusivity of use
 - Ad expenditures and volume of sales
 - Design features is part of multiple products
 - Media coverage
 - How you market ("look for...", consistency, emphasis on design of interest)
 - Survey evidence (yikes...expensive!)
 - Trademark Registrations

Trademark Clearance

- You can do your own preliminary “knock-out” search
 - www.uspto.gov and trademark databases
 - WHOIS search, Google search, like.com, etc.





United States Patent and Trademark Office

Home Site Index Search FAQ Glossary Guides Contacts eBusiness eBiz alerts News Help

Trademarks

Check NEWS & NOTICES for the latest advisories and Trademark news

Basics...

Where do I start? << START HERE!

Basic Facts about Trademarks

PTDLs - Depository Libraries

search resources & support near you

Public Search Facilities at USPTO

Where to send mail ...

Who to call ...

Border Enforcement ...

Record Trademarks With Customs and Border Protection (CBP)

Madrid Protocol ...

Madrid Protocol for International Registration of Marks

basics, procedures and guides, rules, and laws
Madrid Protocol Fee Change - Effective May 2, 2005

Manuals & Publications ...

About Trademarks, Patents & Copyrights

Geographical Indications

Internet Domain Names, registration as trademark - TMEP 1209.03(m)

Types of Marks

eBusiness

What you can do online ...

Use Trademark Electronic Business Center to file, search, check status, view documents, and more...

Get a Trademark Registration ...

Search

File

Fees, pricing and payments

Forms - all USPTO forms

Correspondence:

- Respond to office actions
- Respond to Notice of Allowance
- Amendments after publication
- Appeals: (TMEP-1500) or (TBMP-1200) Petitions guidance

Petitions forms

Opposition to registration (TMEP-1503) or (TBMP)

Abandoned Applications - Revival of

Keep a Trademark Registration ...

Assignment (change) of Ownership

FILE Assignment documents

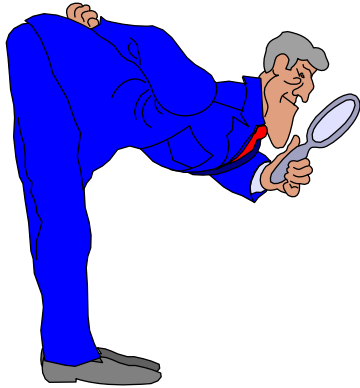


Trademark Clearance

1. Is the trademark available for our company's use?
 - Can a senior user stop us from using the mark?
2. Can the trademark be federally registered with the U.S. Patent & Trademark Office ("PTO")?

The Test used by courts and the PTO =

Whether consumers are "likely to be confused"



Should you seek federal trademark registration?

- *DEPENDS on how your company is currently using or is planning to use the mark...*
 - How long do you plan to use the mark?
 - Do you care if someone else uses it?

Benefits of Federal Registration on the Principal Register



- **Presumption of validity**
- **Constructive notice nationwide of registrant's claim of ownership**
- **Can use ® symbol** (™ symbol has no legal significance)
- **Used by the Trademark Office to reject others**
- **Can be used as basis for obtaining registration in foreign countries**

Trademark Costs

- Cost to obtain a U.S. trademark - \$2,500+
- Cost to enforce (or defend against) a U.S. trademark - \$400,000+
 - range usually depends upon amount in controversy
 - < \$1 million - \$200,000 to \$400,000
 - \$1 million to \$25 million - \$400,000 to \$1,000,000
 - > \$25 million - \$600,000 to \$2,000,000



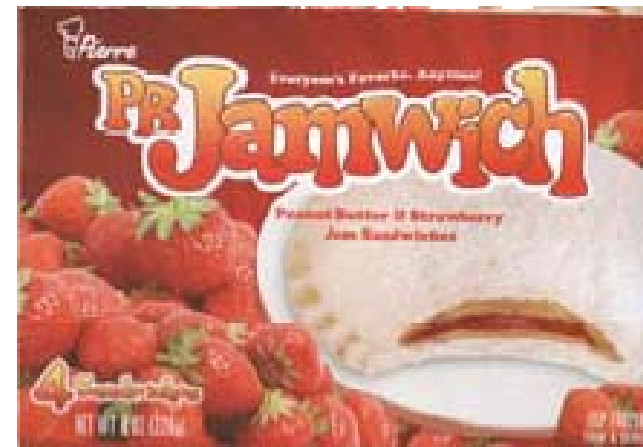
Trade Dress Examples

– *Adidas v. Payless* -- Jury awarded \$305 million



Trade Dress Examples

- J.M. Smucker Co. v. Pierre Foods Inc.



Trade Dress Examples

– Crocs v. the world

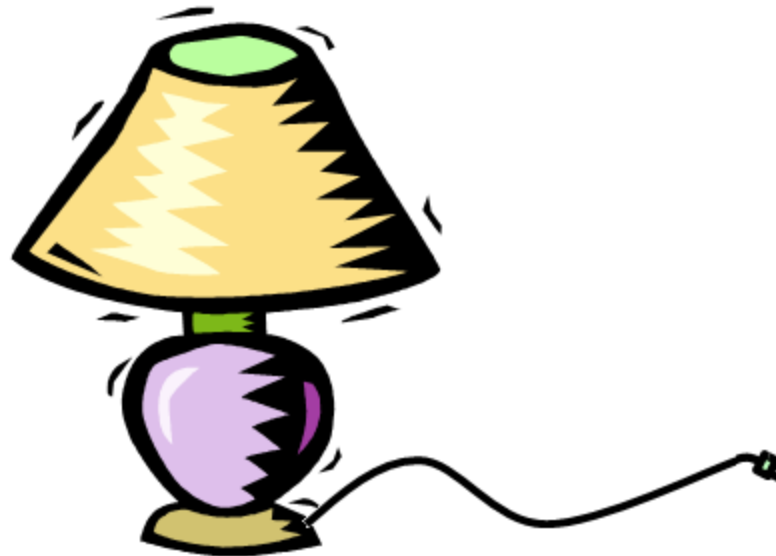


Patents

- Process, machine, manufacture, or composition of matter
- Must be new, useful, and nonobvious
- A bargain struck with government
 - gov't desires to further technology by encouraging inventors to disclose their inventions
 - inventors get a gov't-backed, limited monopoly over the invention

What Does a Patent Get You?

- Right to Exclude Others from:
 - making, using, selling or importing
- You do not get the right to do it yourself!



Patent Ownership

- Cost to obtain a U.S. utility patent: Thousands of dollars
- Time from filing to issuance is often 3-5 years (so valuable life is about 15-17 years)
- Cost to enforce (or defend against) a U.S. patent – at least \$1,000,000 and often \$2,000,000 or more



Design Patents

- A design patent protects a new, original and ornamental design for an article of manufacture
- “Ornamental Design” refers to surface decoration and/or product shape
- Term of protection – 14 years from issuance of the design patent
 - patent applications must be filed within 1 year of product launch

United States Patent [19]

[11] **Des. 244,767**

Ditto

[45]** **June 21, 1977**

[54] **BUTTERFLY ORNAMENT**

[76] Inventor: **Donald R. Ditto**, 3129 Maple Leaf Lane, Dallas, Tex. 75233

[**] Term: **14 Years**

[21] Appl. No.: **545,864**

[22] Filed: **Jan. 31, 1975**

[51] Int. Cl. **D11-02**

[52] U.S. Cl. **D11/137**

[58] Field of Search **D29/3 C, 23 R, 23 A, D29/23 B, 1 C; D45/19 M, 17; 428/13-16, 28; 63/20, 23; D11/137, 142, 162**

[56] **References Cited**

U.S. PATENT DOCUMENTS

2,026,934	1/1936	De Rosa	D45/17
D. 195,626	7/1963	Hood	D29/3 C

FOREIGN PATENT DOCUMENTS

175,528	2/1922	United Kingdom	428/16
628,934	9/1949	United Kingdom	63/20

OTHER PUBLICATIONS

Gifts & Decorative Accessories, Jan. 1973, p. 100—Butterfly Ornament, left center.

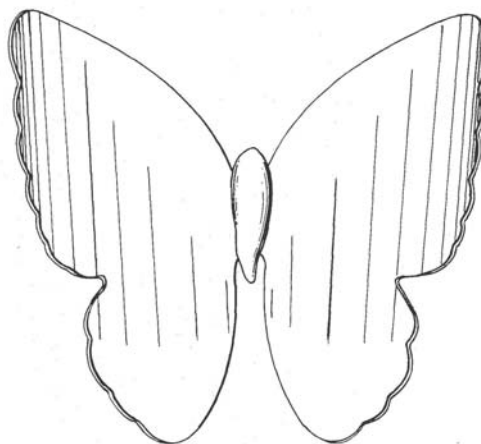
Primary Examiner—Joel Stearman
Assistant Examiner—Louis S. Zarfes
Attorney, Agent, or Firm—Howard E. Moore

[57] **CLAIM**

The ornamental design for a butterfly ornament, substantially as shown.

DESCRIPTION

FIG 1 is a top plan view of a butterfly ornament showing my new design;
FIG. 2 is a bottom plan view thereof; and
FIG. 3 is a front elevational edge view thereof.

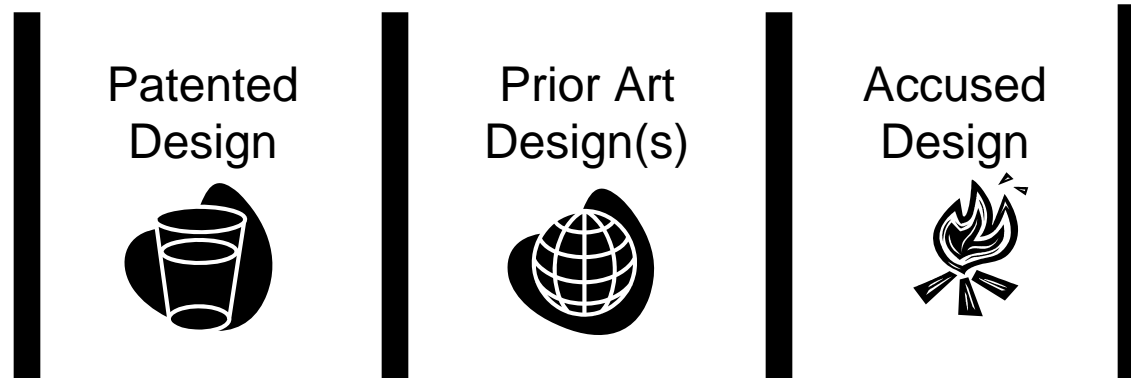


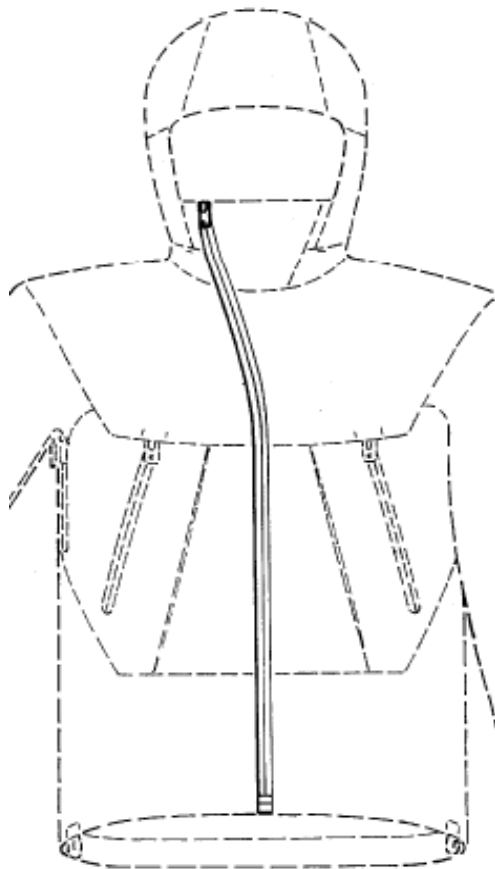
Design Patent Infringement

- Compare the accused product to the drawings in the design patent
- “Ordinary Observer Test”
 - the patented design and the allegedly infringing product are, as a whole, substantially the same as viewed by an ordinary observer, keeping in mind other known prior designs
- No requirement to mark product with the patent number

Design Patent Infringement

- To avoid infringement, you want the Prior Designs to be between the Patented Design and the Accused Design



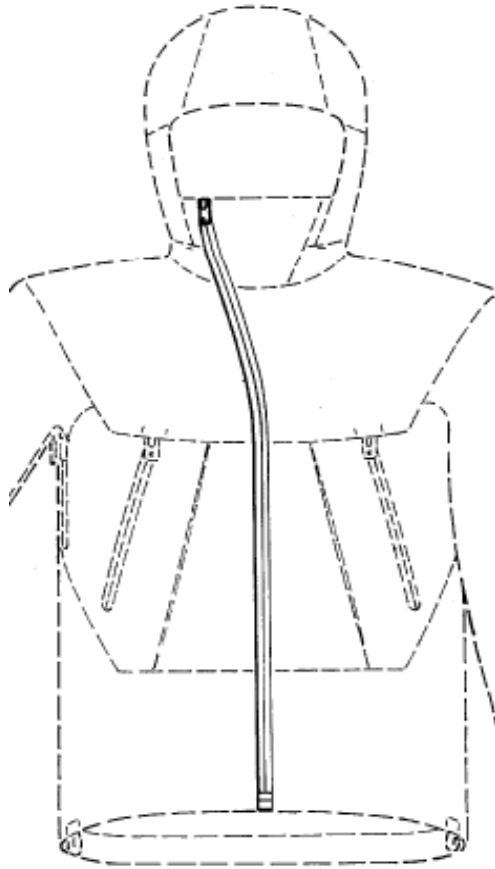


**Patented
Design**



**Accused
Design**

Arc'teryx Equipment, Inc. v. Westcomb Outerwear, Inc. (D. Utah Nov. 4, 2008)



**Patented
Design**

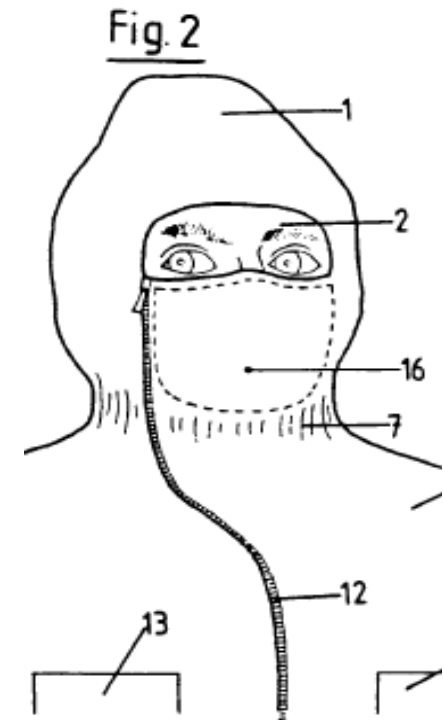
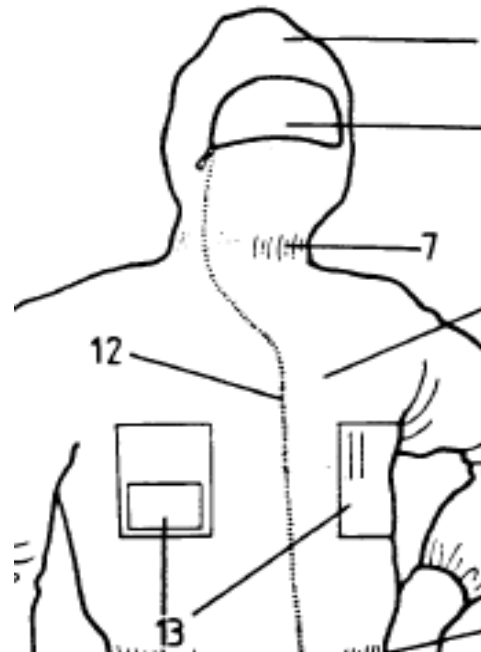


**Accused
Design**

Arc'teryx Equipment, Inc. v. Westcomb Outerwear, Inc. (D. Utah Nov. 4, 2008)



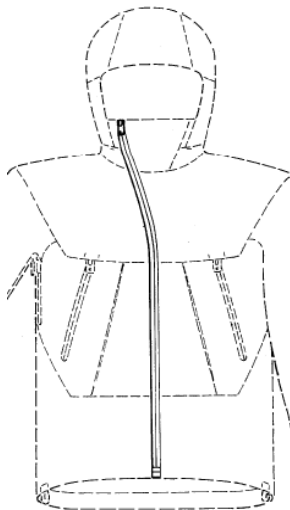
Prior Art Designs



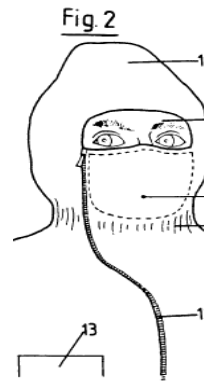
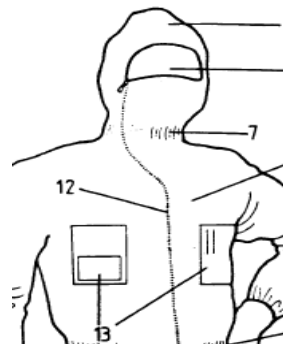
No Infringement



Patented
Design



Prior Art
Designs



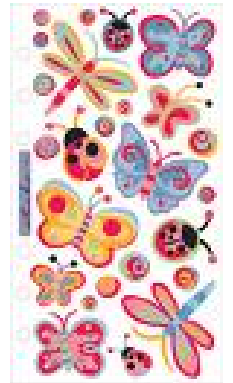
Accused
Design



“The 715 Patent is much closer to the Lowe Alpine Black Ice Jacket in that they both contain one straight and one diagonal section. Defendant's Mirage Jacket, on the other hand, is similar to the DE 356 Patent in that both designs contain a straight section, curving into a diagonal section, which curves into a second straight section.”

Copyright

- Enables “authors” to prevent others from copying or making derivative works of their work product
- Examples: books; software; music; plays; pictures; paintings; sculptures; movies; graphics, artwork, jewelry, etc.
- But **NO** protection for: ideas; simple or common shapes; colors; familiar designs; “useful articles”



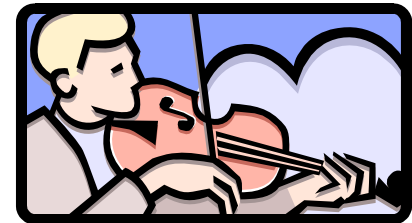
Copyright – Useful Articles

- Useful articles are not protected by copyright, but
- Graphics and sculptural works on useful articles **CAN** be protected by copyright, but only if, and only to the extent that, they can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.



Copyright = bundle of rights

- Copyright owner has 6 exclusive rights
 - Right to reproduce the work
 - Create “derivative works”
 - To distribute copies to the public
 - To display the work publicly
 - To perform the work publicly
 - To perform the work publicly by means of digital radio transmission



True or False?

© 1999-2009 ACME, Inc. All rights reserved.

- If it does not have a © copyright notice, then I can copy it.

FALSE

- After March 1, 1989, copyright notice was no longer required in the U.S.
 - but still a good idea!!

Copyright is secured upon creation or “fixation”

- No publication or registration requirement
 - But registration is easy, inexpensive, and has benefits
 - If no registration prior to infringement, remedies are limited... no attorneys fees or statutory damages



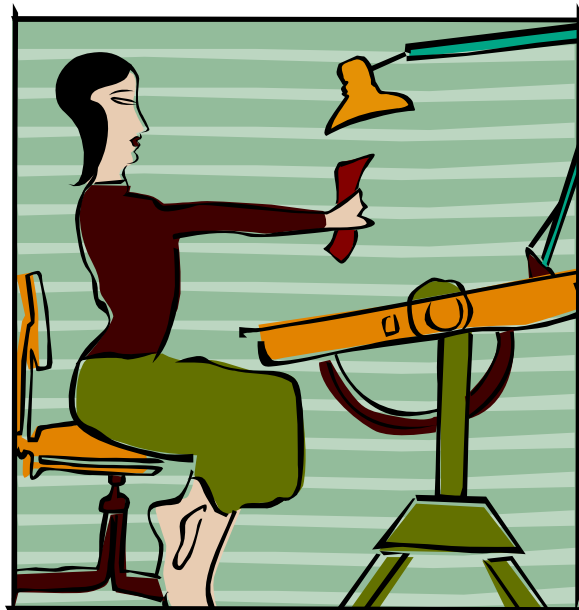
Copyright Costs

- Cost to obtain a copyright registration - \$500
 - \$50 filing fee and simple 2-sided form
- Cost to enforce (or defend against) a copyright - \$300,000+
 - range usually depends upon amount in controversy



True or False?

- If I paid a programmer or designer to make it for me, then I own the copyright as a “work made for hire.”



Who owns a copyright?

- Person who creates the work is the author and owner unless...
 - Transfer of rights
 - Work made for hire doctrine



Work Made For Hire

- The copyright in drawings, product prototypes, graphic designs, etc. created by an independent contractor that I paid for is owned by the independent contractor
 - all I have is a license unless I got them to sign a written assignment
- Copyrights are owned by the individual, except:
 - works prepared by an employee within the scope of his or her employment; or
 - works specially commissioned for use as a [list of 7 types of works, e.g. an atlas or a test], if the parties signed a document calling the work a work made for hire; or
 - works where there is a written assignment of rights



Key Principle – Distinguish between the Copyright vs. Material Object

- Mere ownership of any copyrighted material object ... DOES NOT of itself convey any rights in the copyrighted work embodied in the object
 - Examples: Music and Software CDs, DVDs, professional photographs
 - BUT, First Sale doctrine remains (may sell or transfer your tangible copy without copyright owner's permission)
- In the absence of an agreement, transfer of ownership of a copyright or of any exclusive rights under a copyright ... DOES NOT convey property rights in any material object.



Get an **ASSIGNMENT!!!**

- “Artist/Developer hereby assigns to Company all right, title and interest in and to the design/software, including all copyrights.”
- Must be in **WRITING** to be valid.



Copyright Law Traps

- **Copyright Law is counter-intuitive**
 - **you may own the material object but not the underlying copyright!**
 - **“works made for hire” usually are not**
- **Lots of misinformation out there!**
 - **“I can copy if I do not make any money”**
- **The Internet makes it SO EASY!!**
 - **Over \$11 Billion lost to piracy each year**



True or False?

- So long as I copy less than 10% of the work or at least give author attribution, then my copy is a “fair use” and I am not liable for copyright infringement.

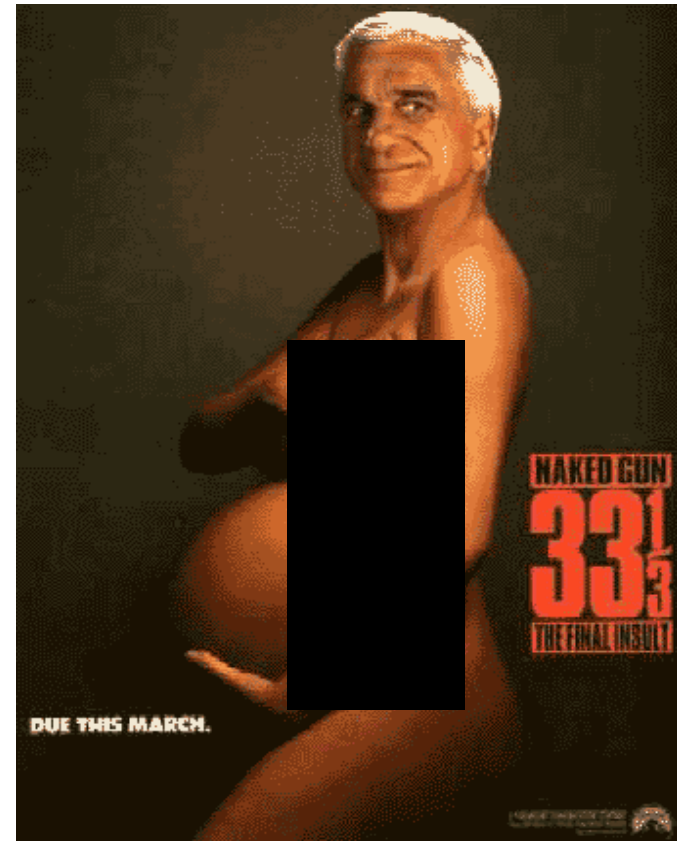
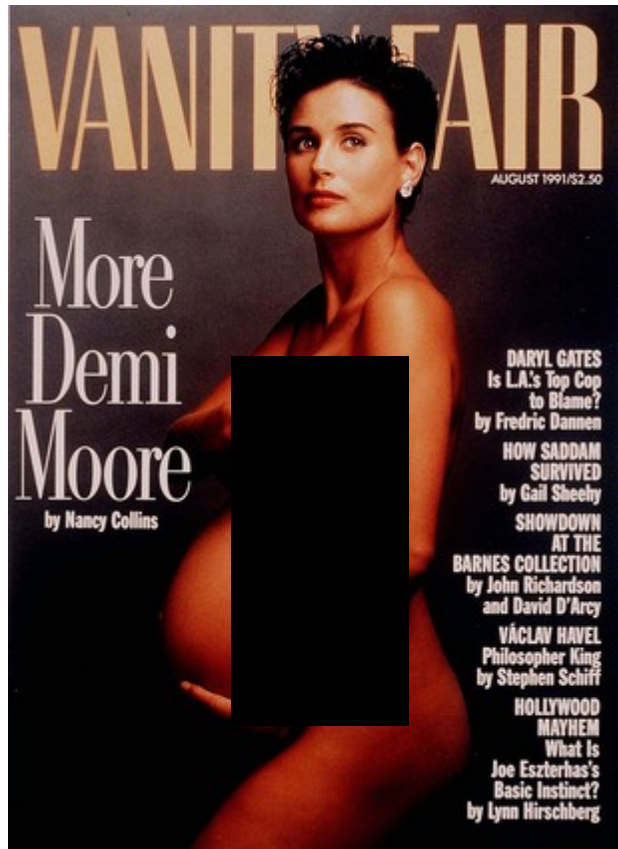


Fair Use

- Fair Use is a defense to copyright infringement
 - But, it is a VERY NARROW defense, full of GRAY areas
- 4 Fair Use Factors:
 - Purpose - commercial vs. nonprofit and educational
 - Criticism, comment, news reporting, teaching, research
 - Nature – published vs. non-published
 - Amount and Substantiality
 - even 2% can be too much if it is the “heart and soul”
 - Effect on the Market of the Original Work
 - was a license available for a fee?
 - is it a transformative work?



Fair Use?



Substantial Similarity

- There is NO understandable definition, but . . .
 - Would an average lay observer, looking at both what are the **protectable elements** of the copyrighted work and the **total concept and feel** of both works, recognize the alleged copy as having been appropriated from the copyrighted work
 - So called “Ordinary Observer” Test



Substantial Similarity

- Ordinary Observer Test means . . .
 - “The test for infringement of a copyright is of necessity vague.”
 - “Good eyes and common sense may be as useful as deep study of reported and unreported cases.”
- Focus on SIMILARITIES not DIFFERENCES

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Mar. 29, 1976

THE
NEW YORKER

Price 75 cents



MOSCOW ON THE HUDSON

America is sometimes a strange place even for Americans.
Let alone for Vladimir Ivanoff, a Russian defector with a black roommate,
a Cuban lawyer and an Italian girlfriend.
Who's learning to live with Big Macs, cable TV, hard rock, softcore,
unemployment and a whole new wonderful word for him.
Freedom.



**Copyrights are counterintuitive so
remember Mark Twain's warning...**

**“Only one thing is impossible for God: to
find any sense in any copyright law on
the planet.”**



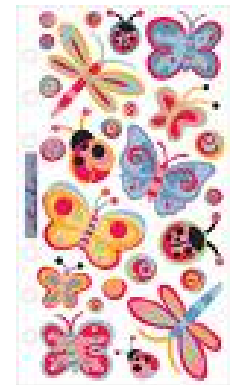
1812

- Mark Twain's Notebook, 1902-1903

Product Designs – Myriad of IP Rights

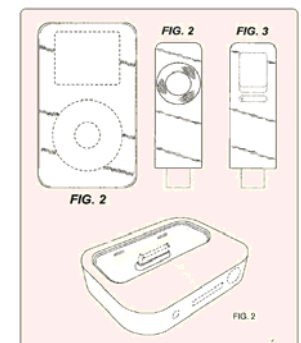
- Copyrights

- graphics, sculpture, parts of a product
- but typically NOT the shape of the product



- Design Patents

- graphics, sculpture, parts of the product
- and the shape of the product



- Trade Dress

- anything that identifies the source of the product





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**THANK YOU FOR
YOUR TIME!**

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