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Patent Application Disclosure Requirements and Inequitable Conduct for Failure to Disclose

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Over the years, the disclosure requirements in the United States Patent and Trademark Office (PTO) have evolved from providing a detailed description of relevant prior art to a simple listing of the art. In recent years, changes to these requirements are being considered by the PTO, lawmakers, and the courts alike. In the PTO, proposed Information Disclosure Statement (IDS) rules seek to impose a higher duty on applicants to submit a limited and timely disclosure to the Examiner.[1] At the same time, legislators are proposing to codify the standards for inequitable conduct, materiality, intent to deceive, and remedies applicable to a holding of inequitable conduct.[2] The Court of Appeals for the Federal Circuit appears to be requiring more detailed and extensive disclosure. Not only public references may be deemed material, but also documents that have never been published and were never meant for publication.[3] In addition, documents disclosed, or Official Actions issued, in one application must be disclosed in related applications even in situations where the related applications are being prosecuted by the same Examiner.[4]

The current proposal for new IDS rules limits submission to only twenty references, which can be cited prior to the first Official Action on the Merits (FAOM). After the FAOM and before the Notice of Allowance, any reference cited in an IDS must also include an "explanation," providing a detailed correlation between the subject matter of the reference and the elements of each claim. In addition, a separate statement indicating that each reference submitted is not cumulative of others previ-

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Why Online Consumer Surveys Can Be a Smart Choice in Intellectual Property Cases

BRUCE ISAACSON, JONATHAN D. HIBBARD, AND SCOTT D. SWAIN

Parties involved in intellectual property litigation increasingly find that their matters require an understanding of consumer attitudes and behaviors. Issues such as trademark infringement, brand confusion, brand dilution, genericness, deceptive advertising, secondary meaning, and damages to brand equity all can require gathering evidence directly from consumers, often by conducting surveys. Although experts can also provide opinions, expert opinion alone is often no longer viewed as sufficient, and the failure to gather evidence directly from consumers can be viewed harshly by the courts.[1] As a result, consumer surveys have become crucial evidence that help determine the outcome of many cases involving Lanham Act issues.[2]

When an IP attorney hires an expert to conduct a survey, what is the "best" way for that expert to gather data relating to consumer opinions, attitudes, and behaviors? While several

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The Debate over the Preferred System for Protecting Design in the United States: Patents Versus Registrations

DAVID R. GERK

A new community design system in the European Union, new legislation being debated on Capitol Hill,[1] and the Federal Circuit's en banc reconsideration of the law governing infringement of design patents in *Egyptian Goddess*[2] have placed current U.S. design protection mechanisms front and center for an evaluation—or at least a checkup. As a result of these events, the current U.S. design patent system, now more than ever, is under increased scrutiny and high-level evaluation by the design community, Congress, and the courts. Currently, there seems to be agreement only about the fact that a wide variety of proposals and opinions exist regarding the characteristics of a preferred system for protecting and fostering new designs in the United States. A variety of proposals currently advocate a range of solutions including: (1) scrapping the

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Patents Versus Registrations

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current design patent system and a moving to a registration system, perhaps modeled after the community design of the European Union (EU); (2) placing designs under the umbrella of copyright in much the same way vessel hull designs[3] have been covered on a subject matter specific basis; and (3) statutorily modifying the current design patent system to fix components of the system that have been identified as being in need of a "tune-up." Before true improvement can be made to the design system to the benefit of designers, innovators, and the American legal system as a whole, a general consensus should be arrived at in the design community as to the general direction this ship should be steered. To the extent there is a desire for an improved intellectual property system covering designs, resources must be focused. Without direction, the ship will spin in place, squandering any winds for improvement in the design community, both on Capitol Hill and in the courts.

Accordingly, the design community, the legislators, and others involved will likely need to come to a general consensus in the near future as to whether the general mechanism(s) for protection of designs in the United States should be: (1) the current design patent system, (2) a design registration system, (3) *sui generis* protection (e.g., something along the line of protection for vessel hulls and semiconductors), or (4) some combination of one or more of the above. Regardless of your specific thoughts or desires regarding the exact traits of a preferred design system in the United States, you are likely to fall into one of two camps:

- Camp A—those who advocate for the current design patent system to be kept in place as the core mechanism for protecting designs in the United States, or

- Camp B—those who advocate that the United States move to a primarily registration-based system and mechanism for protecting designs.

Admittedly, both camps make strong and persuasive arguments. With design and design protection receiving significant scrutiny and consideration, it is becoming increasingly likely that important decisions will be made in the near future that will determine the future of design protection in the United States for many years to come. Because many more Americans, corporations, and even foreign entities will concretely see or feel the effects of these decisions, it seems prudent to review some of the high points of the two main systems for protecting designs globally, namely, design patent systems and design registration systems. However, in order to focus such a review, the analysis will be performed from a U.S.-centric perspective.

The Current United States Design Patent System

We have all heard the truism that "you don't know what you've got 'til it's gone." This sentiment may be fitting when considering the current U.S. design patent system. Before buying into the appeal of a new system, it is prudent to take stock of the positive attributes of the current system that could be lost or put in jeopardy if a new system is attempted. Before abandoning our current ship and hopping on a new ship that is unproven in American waters, it is important to identify key features of the U.S. design patent system that have effectively served the design community for many years.

Advocates of the current design system argue that, among other things, the current U.S. design patent system: (1) weeds out non-novel designs; (2) sets a minimum threshold of quality and clarity by requiring applications to satisfy the 35 U.S.C. § 112 requirements; (3) gives applicants (and even would-be infringers) improved understanding of the scope of coverage early in the process; (4) allows for varied strategy and scope of coverage; (5) allows for salvage of "good designs;" (6) reduces frivolous lawsuits; and (7) keeps the patent trolls out.

Weeding Out Non-Novel Designs

The truism that "you don't know what you've got 'til it's gone" may be fitting when considering the current U.S. design patent system.

In 2005, 25,533 design patent applications were filed with the United States Patent and Trademark Office (USPTO), with 12,950 design patents issuing that same year.[4] Among these 25,000-plus design applications filed in 2005, a certain percentage lacking in novelty received an office action rejecting the design application as a result of examination. Accordingly, applicants either abandoned the case, successfully traversed the amendment by argument and/or amendment, or received a final office action from the USPTO despite the applicants' arguments and/or amendments. As such, one can reasonably speculate that a large number of the subset of applications that were finally rejected by the examiners or that resulted in abandonment by the applicants seemingly lacked novelty (or were obvious) when compared to the designs already in the public domain. Let's assume that 15 percent of the total number of applications were rejected for lack of novelty (or obviousness) compared to the prior art. As such, in 2005 more than 3,750 designs unworthy of the patent right of exclusivity were taken off the proverbial "legal streets" prior to ever reaching a courtroom. Alternatively, in a registration-type system, these nearly 4,000 design patents in the year 2005 alone would likely still be roaming the legal streets armed with the same gamut of rights as the truly innovative designs. Despite their lack of novelty and the absence of further contribution to the body of public knowledge in the field of design that serves as the justification for the granting of patent rights, these designs would now serve as a basis for infringement actions or settlement negotiations in a registration system. Over time, the substantive examination of the current system filters out

thousands of designs lacking in novelty (or that are obvious), which otherwise would sail through a registration system, unnecessarily burdening the legal system and the courts with unjust and otherwise preventable suits.

Setting a Minimum Threshold for Quality and Clarity

While designs may lack sufficient novelty to deserve a right of exclusivity in exchange for their contribution to the body of public knowledge through public disclosure by issuance of a design patent, certain applications that are lacking sufficient quality and clarity to warrant the right of exclusivity will also be rejected by the USPTO. These minimum thresholds for quality are clearly defined by statute, i.e., 35 U.S.C. § 112, and thus provide an effective threshold quality control requirement for all involved in the patenting process. The requirements of 35 U.S.C. § 112 help to ensure that design patents that become the basis for enforcement actions in U.S. courts satisfy minimum thresholds of quality and clarity as each design patent must satisfy the written description and enablement requirements of 35 U.S.C. §112.[5] Without substantive examination, including a determination by the examiner that an application issuing from the USPTO satisfies the statutorily prescribed requirements of 35 U.S.C. § 112, numerous defective design patents may become the basis for litigation in U.S. courts. The USPTO, rather than the courts, are the proper place for determinations regarding quality and clarity to be dealt with to the greatest extent possible.

While time and resources may be saved on the front end of a registration system, these savings are more than lost at the enforcement end of the system.

However, in a registration system, no substantive review is typically given to applications. Design registrations are not reviewed for quality or clarity in accordance with a statutorily defined minimum threshold requirement as they are in the United States' current design patent system. In fact, it is this very lack of substantive review that permits registration systems to quickly turn an initial registration into a registered design for enforcement. Further, while time and resources may be saved on the front end of a registration system when compared to an examination system, these savings are more than lost at the enforcement end of the system. For example, even after a design is registered in a registration system, the owner of the design rights has no more understanding of coverage than he did when the registration was filed. The public's notice through publication of the design registration also fails to provide additional insight as to the scope of the newly granted rights.

With a registration system, U.S. courts would be forced to serve as an initial fact finder of all design registration applications, a role they are unlikely to relish and are not structured to serve. A design registration system might save a dollar and a day at initial filing, but will likely cost more time and money when traveling down the road of enforcement, licensing, or settlement. There is a somewhat universal desire for design rights to vest as soon as possible. However, an examination system including a review of applications for satisfaction of a statutorily defined threshold arguably furthers judicial efficiency by placing the USPTO, rather than the judicial system, in the position of initial fact finder with respect to whether applications are of sufficient quality, clarity, and understandability.

Improved Understanding of Coverage

In addition to ensuring defective or non-novel (or obvious) applications are prevented from issuing as patents, substantive examination by the USPTO provides applicants (as well as the public) an improved understanding of the breadth of coverage the issued design patent is likely to receive if it is enforced in litigation. First, an examiner generally familiar with a particular subject matter field of designs spends several hours searching the relevant prior art and reviewing the claimed design in light of the uncovered prior art. The results of the examiner's search become part of the prosecution history of the design patent application, providing significant insight as to the extent to which the field of art of the claimed design is occupied. Further, improved knowledge of the field of art assists applicants in understanding the design's point or points of novelty over the prior art, which is currently a key component of the test for infringement.[6]

Substantive examination also assists the public in determining the scope of coverage prior to litigation, as the references uncovered by the examiner, as well as any submitted by the applicant or her representatives during the prosecution of the case, are listed on the face of the patent. Thus, upon issuance, the applicant, as well as the general public, is provided further insight into the likely scope of coverage of the issued design. With increased certainty regarding the scope of the claimed design by both the owner of the rights and any would-be infringers, it is easier to assess the merits of accusations of infringement. As a result, fewer frivolous lawsuits are initiated, as design patent owners are now aware in advance when their patent possesses a narrow scope and is unlikely to support a successful infringement claim. Likewise, accused infringers are also able to assess when their products fall well within the scope of coverage of the claimed design and know to push for settlement of the

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dispute because their chances of proving noninfringement are minimal. As a result, only those cases in which each side believes it is likely to win based upon the knowledge gained from examination make it through trial.

Variety Strategy and Scope of Coverage

The current U.S. design patent system permits applicants to pursue varied claim strategies and varying scopes of coverage relating to a given design and its associated commercial embodiments. For example, two of the more important and commonly used features of the current U.S. design system are the ability to claim portions of articles and the ability to amend a claim by modifying or correcting drawings. With respect to claiming portions of articles, design patents specifically claiming portions enable applicants to direct coverage to the most critical and visually striking feature of a design without watering the claim down with surrounding or environmental aspects of the design. Infringers, though, now possess improved tools for infringement, including ever-evolving software and computer design drawing programs. Copycats and would-be infringers are now able to replicate or mimic successful designs with record time, variability, and precision. Accordingly, applicants must continue to be given tools to creatively craft design claims, or they will be at a significant disadvantage with respect to copycats armed with improved tools for copying and mimicry. When design applications directed to portions of especially innovative designs are skillfully drafted, copycats are then forced to choose between selling articles with designs that clearly fall within the scope of the design patent coverage or moving farther away from the features of the claimed design such that the correlation between the genuine good and the copycat is lost.

The ability to amend the claim during prosecution is a significant tool for inventors or designers. Not only does amendment allow applicants to correct any errors in informalities, it allows the applicant to vary the scope of coverage during prosecution if the applicant wishes to modify its coverage due to new information or circumstances. These amendments must not introduce new matter in order to receive the benefit of the initial filing date but still permit applicants to modify the claim scope in any number of instances. For example, the ability to amend the applications after filing permits applicants to modify the scope of the claim to move farther away from the prior art identified by the examiner or closer to a copycat as the applicant acquires more information regarding the appearance of an infringing good.[7] Additionally, amendments permit informalities and good faith errors, including inconsistencies in figures or errors in the specification, to be corrected during prosecution rather than having to address them during litigation, at which point they may be irreversible and fatal to the rights of the designer.

Salvage of "Good Designs"

As mentioned above, flexibility in prosecution provides designers improved ability to craft the coverage of their design rights on an as-needed basis. Also, any good faith errors that are not fatally defective can be modified during the prosecution process so that an issuing U.S. design patent is generally free from many of the errors or defects that would likely be present in a registration system. Furthermore, the current U.S. design system permits "good designs" to be salvaged so designers receive the rights they deserve.

For example, think back to the year 2000. Now, imagine that a registration system, rather than the current design patent system, is in place. You come up with a new design for a portable media player. The design's most prominent features consist of a rectangular display at the top of the device and a circular touch wheel. While it is not an overly complicated design in terms of number of elements, it is considered very appealing by the general public. And let's just say for argument's sake that you name this portable media player an "iPod". You bring this product to market in October 2001[8] and by June 2007 you have sold over 105 million iPods[9] or related devices with revenue approaching $3 billion in the first fiscal quarter of 2006.[10]

This sounds like a great story, right? However, back in 2000 when you initially filed your application(s) for design coverage, some good faith errors were made during the drafting of these registrations and these errors were not uncovered because the design registrations you filed were not substantively examined in the "design registration system" in place. Accordingly, the design registrations you own are fatally defective and aren't worth the paper they are printed on if they need to be enforced to judgment. Oh, and the dozens if not hundreds of copycats out there operating without fear of design protection to keep them in place . . . they now are feeling freer than ever to duplicate the appearance of your immensely popular iPod design.

Good faith errors that are not fatally defective can be modified so that an issuing U.S. design patent is generally free from defects likely to be present in a registration system.

However, under the current U.S. design patent system this story likely has a completely different ending. Because each design patent application is substantively examined for novelty and certain minimum thresholds of quality and clarity, these errors in the drafting of your application of a design patent would likely have been identified by the examiner. Accordingly, depending on the specific error, you (the applicant) would likely have had one or more opportunities to correct any error(s) and modify your application or claim accordingly. As such, even though good faith errors were made in your initial filing, *your design rights* in your hundred-billion-dollar-revenue-making 105-million-plus-unit selling product *were salvaged* because these errors were identified during the substantive examination and you were able to address them accordingly. Whether

it be for Apple® and its iPod® or the basement designer with a niche product, the current U.S. design system enables salvage of "good designs," a feature likely lost in a registration system.

Reducing the Number of Frivolous Lawsuits

Perhaps the most compelling reason the current U.S. design patent system is preferable to a design registration system is that the former can be expected to produce fewer frivolous lawsuits. As previously described, an examination system provides a first checkpoint for preventing frivolous lawsuits. Sham and fatally flawed designs fall by the wayside during the initial examination process as design patents are issued only to new, nonobvious designs that are clearly and understandably presented to the public based upon the statutorily defined requirements of 35 U.S.C. §§ 102, 103, and 112. During this review process, insight is provided as to what the related field of art already contains as part of the public domain. Additionally, any formalities or clarity issues can be fixed so that the insight into the scope of the issuing design patent and the design patent's quality are much improved from the time of initial filing. With an improved understanding as to the scope and quality of the design patent in hand, owners of design patents are empowered to make improved decisions as to the merits of enforcement of the design patent. Knowing the claim scope to be narrow in light of a crowded field of art in advance, a patentee is significantly more restrained in filing lawsuits. Specifically, patentees attempting to operate in good faith are much less likely to file a frivolous lawsuit with improved knowledge of the strength or weakness of its case. On the flip side, substantive initial examination allows accused infringers to more effectively evaluate their noninfringement or invalidity defenses, leading to more settlements in cases in which the infringers realize the facts of the case are stacked against them.

Perhaps the most compelling reason the current U.S. design patent system is preferable to a registration system is that the former is likely to produce fewer frivolous lawsuits.

In contrast, a registration system devoid of a substantive examination process prior to issuance leaves patentees and the public (including competitors and other would-be accused infringers) in the dark or in a vacuum regarding the merits of the case until litigation proceeds. Fans of the current design system argue that implementation of a registration system will likely lead to an increase in the number of suits filed, many of which will be frivolous and likely would have been eliminated or never filed if a substantive examination occurred earlier in the process.

In response to concerns about increases in frivolous litigation, proponents of a registration system often point to statistics regarding the EU to demonstrate that it is possible for a registration system not to be consumed by significant numbers of law suits. While it is true that the EU system is not burdened by litigation, any inferences drawn from successes of the EU and extrapolated to the United States can be misleading if not fully understood in context. Europe's ability to remain unburdened by excessive litigation seems to be attributable more to Europe's core legal system and rights than to any ability of the design registration system itself to discourage frivolous lawsuits. In particular, the EU and most western democracies differ from the United States in that they are "loser pays" legal systems.

The most obvious and desirable effect of a "loser pays" legal system is the discouragement of weak cases. Proponents of a "loser pays" system also identify basic fairness, compensation to the victimized opponent, deterrence of tactical or poorly founded claims and legal maneuvers, and a provision of incentives for accepting reasonable settlements as further desirable aspects of a "loser pays" system.[11] A "loser pays" legal system is an extremely strong deterrent to frivolous or weak lawsuits, and any design system that lacks substantive examination of the designs requires this deterrent to prevent frivolous lawsuits from running amuck and gobbling up judicial resources with reckless abandon. However, the United States is *not* a "loser pays" system. If the United States were to implement a similar registration-based system without also implementing a "loser pays" requirement, a significant increase in lawsuits (many of them frivolous or weak cases) will likely be experienced.

Keeping the Trolls (And Other Creatures) Out

While the definition of the term "patent troll" varies, it is generally a pejorative term used for a person or company that acquires patents in order to enforce these patents against one or more entities in a manner generally viewed as unduly aggressive or opportunistic.[12] Often these trolls have no brick and mortar assets and provide no products or services. In essence, a patent troll is typically in the sole business of acquiring patent rights and enforcing them to the fullest extent possible, even in frivolous or nearly frivolous circumstances. Typically, trolls proceed in the hopes of forcing settlement when the accused infringers find it more cost efficient to settle rather than endure the legal costs of defending litigation to final judgment.

In recent years, the public has expressed significant concerns regarding the operation, behavior, and success of patent trolls in forcing large settlements while the patent trolls expose themselves to no risk of counterclaims since they typically provide no products or services. In the eyes of the public, patent trolls use the government-granted rights of exclusivity without providing the "innovation to the public" that is deserving of this right of exclusivity for limited times. Further, many recent statutory changes and even rule changes by the USPTO were made in response to the public's concern with the presence and success of patent trolls in the context of utility patents. Even judges are now seem-

ingly tailoring decisions to ensure these decisions do not handcuff the legal system from dealing with patent trolls.[13]

The current design patent system, while not impervious to trolls, inherently possesses various mechanisms and requirements that reduce the risk of abuse by patent trolls or similar entities that acquire IP rights with a primary business plan of obtaining licensing royalties without producing products or services for society. Again, substantive examination of designs for novelty, nonobviousness, and certain minimum thresholds of quality and clarity ensure trolls or other entities similarly disfavored by the public are prevented from flooding the system with design registrations acquired with mere payment of a fee and an unexamined submission. A design registration system with its low fees, quick issuance, and lack of examination is significantly more susceptible to a new breed of trolls registering designs they may have even derived from existing products. It is also more susceptible to patent trolls extorting settlement money to make these nuisance suits go away. In an era where the utility patent world is beefing up its defenses and safeguards against patent trolls due to public outcry, it is unwise to abandon a design system with a number of safeguards that have been effective in keeping trolls out in favor of an easily abusable registration system.

A Fix for the Hiccups Is Achievable—Even Likely

Winston Churchill said that "democracy is the worst form of government except all the others that have been tried." One view of the current U.S. design patent system is that "it is the worst form of design protection except all the others that have been tried." Many have pointed out problems or flaws with the system that have arisen over time or due to changing circumstances. Rather than scrapping a system that has served the U.S. design community well for many years in lieu of a vessel untested and improperly configured for American waters, proponents of keeping the current design patent system suggest we focus our resources to fixing identifiable ills of the current system.

The design community seems to generally agree that designers' rights have been obfuscated by a number of recent decisions. For example, determinations of functionality,[14] inventorship,[15] ordinary observer,[16] and point of novelty[17] have been complicated in light of several recent decisions that have introduced rules of law and/or tests that seem to run afoul of the general purpose and intention of the design system. Rather than taking the current system to the junkyard because of a few bad spark plugs, proponents of the design patent system argue that the current system should be given a tune-up to bring the system back into alignment.

For example, many in the design community, in light of the recent *Lawman* and *Egyptian Goddess* decisions, have questioned the need and appropriateness of the judicially created point of novelty test's continued inclusion as the second part of the test for infringement. Additionally, even some federal judges seem to question whether a *Markman* determination is appropriate for design patents.[18] Inquiries such as the point of novelty test and the traditional utility style *Markman* determination are believed by many design practitioners to unnecessarily complicate a seemingly straightforward design inquiry. In the world of design, drawings are everything. If a picture is worth a thousand words, why replace those thousand words with forty-two "utility patent type words" introduced by a *Markman* construction when trying to compare the visual appearances of two designs?

Specifically, to fix the easily identifiable problems in some of the aforementioned aspects of the design system, the design community should advocate for legislation that would provide statutory codification of the tests and requirements for some or all of these principles. These tests or requirements should be easily applied by "reasonable minds in the design community." Statutorily defining these principles, if done properly, could reduce the risk of subsequent judicial decisions creating bad rules of law that contradict the purposes and intents of the design system.

Rather than taking the current system to the junkyard because of a few bad spark plugs, the current system should be given a tune-up to bring the system back into alignment.

If the U.S. design system is in need of a tune-up, the Federal Circuit's en banc reconsideration of such principles as claim construction and point of novelty in *Egyptian Goddess* could be the beginning of this tune-up. As for hiccups that may linger after *Egyptian Goddess*, some in the design community have suggested that changes should take the form of a statutory codification of some of the key principles for clearer and more consistent application. Such a concept seems more achievable now than ever before given the increased attention designs are receiving on Capitol Hill and elsewhere. A tune-up now seems achievable, even likely.

Design Registration Systems

Various design registration systems are currently in place in numerous countries around the globe. While each system has its own unique rules and procedures, design registration systems generally tend to have substantially similar core concepts and principles. Similarly, from the perspective of applicants/registrants, the desirable attributes associated with many of the registration systems internationally include the following: (1) speed, (2) low cost, (3) efficient use of resources, (4) reduced risk of case law confusion, and (5) conformity and harmonization with international treaties and systems.

Increased Speed

The strongest argument on behalf of a registration-style system for protecting designs is speed. Perhaps the most consistent and widespread desire of applicants utilizing design systems, and the U.S. patent system in particular, is a wish for a reduction in pendency and faster issuance of design applications. Many of the more prevalent applicants of design systems worldwide are furniture, home goods, apparel, con-

sumer electronic, and other like manufacturers and retailers with products that have marketing-and-sales shelf lives ranging from months to several years at most. For these products, the first several weeks or months are critical for accumulating sales and establishing market presence for a particular product. If these companies cannot protect copycats from diluting early sales, later protections can, in many cases, arrive too late to protect innovative designs from misappropriation at the most critical time.

Generally speaking, registration systems are capable of issuing design registrations in rapid fashion. Review of applications in a registration system is typically focused on registration formalities such as completeness of submission, payment of fees, and inclusion of requisite materials and data required for registration. Advocates of design registration systems typically point to systems recognized for speed and efficiency, such as the EU Community Design System as models of what "could be." However, it is important to keep in mind that no substantive examination is performed regarding "novelty," "individual character," or other related thresholds such as "obviousness."

The potential for improved speed in both issuance and subsequent enforcement is an attractive attribute offered by registration systems. . . . However, it would be somewhat misleading to compare the speed of two systems without accounting for distinctions in the end product.

Relatedly, quicker issuances naturally result in quicker enforcement. The sooner a designer, patentee, registrant, or assignee has an issued design patent or registration in hand, the faster he can enforce his design rights. Having the ability to halt a distributor or manufacturer of copycat or imitation products very soon after release is an attractive proposition to most companies. Quick-issuing design registrations also facilitate U.S. Customs' ability to prevent entry of infringing products. If copycat and imitation products can be stopped at the border before they are dispersed throughout the United States, there is strong hope for stopping significant numbers of infringing products from ever making it to American consumers.

Proponents of registration systems argue that too long a delay before design rights issue greatly reduces the efficacy of Customs enforcement as imitation products have already entered the United States and have been disbursed across the country. Once these imitation products have been spread throughout the states, policing becomes significantly more difficult and sometimes even impracticable.

Without doubt, the potential for improved speed in both issuance and subsequent enforcement is an attractive attribute offered by registration systems. While it is tempting to compare design patent and design registration systems side by side, the products, namely a design patent and a registered design, are not the same. The analogy that two items are "apples and oranges" is commonly used when two things compared are noticeably distinct. Perhaps here a better analogy would be to identify design patents and design registrations that issue from their respective systems as oranges (design registrations) and orange juice (design patents). Orange juice may take somewhat longer to produce in light of the extra processing, squeezing, and refinement that is inherent in the process, but the end product may have already been purified. Since it would be somewhat misleading to compare the speed of two systems without accounting for distinctions in the end product that results (i.e., a design patent versus a registered design), these distinctions (as described above) should be kept in mind when comparing the two systems.

Low Cost

Not far behind "speed" on everyone's list of desirable traits of design registration systems is the low cost of prosecution, at least on a cost-per-design-claim basis when registration systems are compared to a patent system such as that in the United States.

Because design registrations do not have the governmental costs associated with a substantive review, including search and examination, these cost savings can theoretically be passed directly on to the applicants.[19] At the time of publication, the filing fee[20] for each design patent application at the USPTO is $210. Additionally, a $100 search fee[21] and an examination fee[22] of $130 must be paid at some point during prosecution. Also, to issue the single design claim once the application has been allowed requires payment of an $820 issue fee.[23] Thus, at a minimum, each non-small entity applicant will pay at least $1,260 in government fees alone per issued design claim. Further, each application and issuing design patent is permitted to contain one claim and only one claim under U.S. patent laws.[24] If a designer creates a truly innovative new design that is expected to be a core product of its business for the coming year and the designer wishes to protect as many aspects of the design in the strongest manner possible by having ten claims of varying coverage on the single design, the applicant will can anticipate paying $12,600 in government fees. In contrast, in most registration systems whether a series of claims be directed to a digital audio player, a washing machine, a piece of furniture, or an automobile, the claims directed at the same or similar article of manufacture can all be filed in one applica-

tion. Accordingly, either a single filing fee or, alternatively, a reduced fee is required for additional designs contained in the application. Further, no examination fee is required because no substantive examination is performed and any registration/issuance fee is typically much less expensive than the $820 required by the USPTO.

Efficient Use of Resources

Proponents of registration systems also suggest that registration systems are more efficiently structured systems. Only a small percentage of design patents/registrations are ever enforced, leaving hundreds if not thousands of design patents in a given system on the figurative shelves of the patent office never to be touched again. In an examination system like that of the United States, every application is substantively examined for novelty and related issues of patentability whether or not it is ever enforced. In essence, many substantive examinations of designs that will never be enforced are performed by examiners at the USPTO. It can be argued that these substantive searches of never-to-be- enforced designs are completely wasted resources. Further, the expense of putting an infrastructure put in place, including personnel and related costs for performing substantive reviews, is often considered a waste by proponents of registration systems.

In contrast, registered designs are only examined for substantive issues of patentability by a legal entity such as a judge once they become the subject of litigation. They are not substantively examined by the government's design office. Because substantive examination is only performed for this small subset of design registrations that are the subject of litigation, fewer substantive examinations are performed. By only substantively examining designs upon enforcement for issues relating to patentability, the system as a whole can arguably be made more efficient, thereby furthering the first two desirable characteristics of a design registration system, namely, increased speed and low cost.

Reduced Risk of Case Law Confusion

Proponents of registration systems also suggest a switch from a "design patent system" to a "design registration system" as a way to eliminate confusion in the governing body of law. In particular, some have proposed a switch to a registration system because of the believed confusion relating to issues such as functionality, inventorship, ordinary observer, and point of novelty and also to reduce the risk of confusion in the body of governing law. Logically, fewer issues are likely to arise during the initial registration process in a registration system as compared to a patent system as fewer issues, and virtually no substantive issues, are being considered. However, any assertion that replacement of the current design system in the United States would directly result in an ambiguity-free, clear-cut body of law concerning enforcement is dubious at best. Registration systems currently in place abroad regularly have varying requirements of patentability and infringement when compared to the U.S. system and accordingly the issues that may be deemed as ambiguous are specific to the particular requirements for patentability and infringement. Specifically, while a registration system abroad may be able to boast that its applicants have no "point of novelty" concerns, this is attributable to the fact that a "point of novelty" analysis is not an integral consideration in that country's infringement analysis. Thus, it seems that confusion in case law is more attributable to the lack of clarity and consistency in the application of the principles of the design system, whatever that design system may be, rather than a result of the particular design system in place.

Conformity and Harmonization with International Treaties and Systems

The United States. has never been afraid to take a path that differs from other countries. Currently, there are only a handful of countries that utilize a design patent system, generally characterized by a substantive examination during prosecution, as compared to a design registration system. Proponents of switching to a registration system suggest that because the world is moving increasingly to more and more harmonized laws, especially in the world of IP, it is in our interest to participate in this move toward harmonization. Accordingly, it is argued that moving the U.S. design registration system more in conformity with the majority of other design systems will aid U.S. companies that may desire foreign protection as they will not have to pursue significantly varied design strategies abroad as compared to the United States. Further, proponents of a movement to a registration system point to the recent ratification of the Hague Agreement as yet another reason for a switch to a registration system. Under the Hague Agreement, U.S. applicants will now be able to file a single initial filing designating numerous signatory countries and pursuing national applications in those countries somewhat akin to a Patent Cooperation Treaty application in the utility patent realm. Harmonization of the U.S. design system with the systems abroad can be argued to be in the interest of U.S. designers and corporate assignees assisting U.S. applicants to utilize the mechanism under the Hague Agreement to reduce their design prosecution and filing costs versus filing individually in various countries around the globe. Even further, some proponents of a registration system go as far as to argue that the current U.S. design patent system is actually in violation of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), of which the United States is a signatory country.[25] For the above reasons, proponents of design regis-

Registered designs are only examined for substantive issues of patentability once they become the subject of litigation.

tration system argue the time is right to implement a design registration system in the United States to harmonize the U.S. system with those abroad and move the United States into conformity with its U.S. treaty obligations.

Conclusion

Which is a better system for the U.S., a design patent system or a design registration system? Advocates on both sides have legitimate, persuasive, and logical arguments in their arsenal.

At a minimum advocates for keeping the current design system suggest that the current design patent system: (1) weeds out non-novel designs;(2) sets a minimum threshold for quality and clarity; (3) provides improved understanding of coverage; (4) offers variety in strategy and scope coverage; (5) permits salvage of "good designs;" (6) reduces the number of frivolous lawsuits; (7) keeps the trolls (and other lurking creatures) out; and (8) may self-correct any hiccups that have been recently introduced into the body of law.

Advocates of moving the United States to a design registration system can suggest that, at a minimum, this type of system provides: (1) increased speed of issuance and enforcement; (2) reduced costs for prosecution; (3) a more efficient use of resources; (4) reduced risk of confusion of principles; and (5) conformity and harmonization with international treaties and other global design systems.

In the coming weeks and months, legislators, corporate executives, lobbyists, members of the design community, and the general public may be considering where America should sail its ship of design protection and enforcement. In charting that course, legislators, designers, corporate innovators, and the general public must fully understand the implications of choosing between the options—i.e., they must understand the implications of the arguments in support of each system. Without a full vetting of the issues, we may jump to adopt a system based upon an initially appealing scenario that may not play out as we expect. Moreover, a full vetting of the issues will also assist in any transition to a new system by bringing to light particular needs and circumstances of the United States. Regardless of the course United States decides to take, prudence dictates a sufficient review of the map and the development of a well-charted route before setting sail on the voyage.

Endnotes

1. The Design Privacy Prohibition Act, H.R. 2033, 110th Cong. (2007), *available at* http://thomas.loc.gov/cgi-bin/query/z?c110:s.1957:.

2. Egyptian Goddess v Swisa, 2007 WL 243951 (Fed. Cir. 2007).

3. 17 U.S.C. §1301.

4. U.S. Patent Statistics Chart Calendar Years 1963–200, *available at* www.uspto.gov/go/taf/us_stat.htm.

5. *See* 35 U.S.C. §112, *see also,* MPEP §§ 1503.02, 1504.04. Among the illustrative defects that may be a basis for rejection by the Examiner include: (1) "if the appearance, shape or configuration of the design...cannot be determined or understood," (2) "[w]hen inconsistencies between the views of the drawings are so great that the overall appearance of the design is unclear," (3) "if the visual disclosure of the claimed design as originally filed is of such poor quality that its overall shape and appearance cannot be understood," and (4) "if the description [in the specification] fails to enable one of ordinary skill in the art to make an article having the shape and appearance . . . ." MPEP §1504.04.

6. One of the issues before the U.S. Court of Appeals for the Federal Circuit's upcoming rehearing en banc in *Egyptian Goddess* is whether the "point of novelty" portion of the infringement should be revised, replaced, or removed completely. *See* Egyptian Goddess v Swisa, 2007 WL 243951 (Fed. Cir. 2007), November 26, 2007 Order re rehearing *en banc*.

7. No amendments may be made that would be considered to add new matter in order for the subject matter of the claim to be entitled to the date of the initial filing of the application. *See* 35 U.S.C. S 132; *see also* 37 CFR 1.121(f) and MPEP §1504.04.

8. *See* Apple Presents iPod, Ultra-Portable MP3 Music Player Puts 1,000 Songs in Your Pocket, *available at* www.apple.com/pr/library/2001/oct/23ipod.html (Oct. 23, 2001)

9. *See* Charles Gaba, *Mac vs. PC System Shootouts, iPod Sales: Quarterly & Total, at* http://systemshootouts.org/ipod_sales.html.

10. *See* Apple Performance Jan '01–Jul '06, web.mac.com/simplytom/iWeb/SimplyTom/SimplyBlog/989EE4C3-5D5D-467C-BB65-CC51975E3C69.html. (last visited May 7, 2008).

11. *See*, Walter Olsen, *Loser Pays,* POINTOFLAW.COM, May 5, 2004, at www.pointoflaw.com/loserpays/overview.php.

12. *See* e.g., "Patent Troll," WIKIPEDIA, http://en.wikipedia.org/wiki/Patent_troll (last visited May 7, 2008).

13. *See e.g.*, eBay Inc. v. MercExchange, L.L.C., 126 S. Ct. 1837 (2006).

14. *See* PHG Techs., LLC v. St. John Cos., Inc., 469 F.3d 1361 (Fed. Cir. 2006).

15. *See* Junker v. Eddings, 369 F.3d 1359 (Fed. Cir. 2005); *see also* Hoop v. Hoop, 137 Fed. Appx. 354 (Fed. Cir. 2005)(nonprecedential).

16. *See* Arminak and Assocs. v. Saint-Gobain Calmar, Inc., 2007 WL 2644562 (Fed. Cir. 2007).

17. *See* Egyptian Goddess, Inc. v. Swisa, Inc., 2007 WL 243951 (Fed Cir. 2007); *see also,* Lawman Armor Corporation v. Winner Int'l, LLC, 449F.3d 1192 (Fed. Cir. 2006).

18. *See* Minka Lighting, Inc. v. Craftmade Int'l, Inc., 2001 WL 1012685 (N.D. Tex. 2001).

19. Because funding, revenue, and general economic health and environment of each country's intellectual property office as well as the country itself vary greatly, comparing fees of general design registration systems versus design patent systems across borders is extremely difficult.

20. 37 C.F.R. § 1.16(b)(1)

21. 37 C.F.R. § 1.16(l)

22. 37 C.F.R. § 1.16(p)

23. 37 C.F.R. § 1.18(b)

24. 37 C.F.R. § 1.153 ("More than one claim is neither required nor permitted.")

25. *See* www.wto.org/English/thewto_e/countries_e/usa_e.htm ; *see also* www.wto.org/english/tratop_e/trips_e/intel2_e.htm#industrialdesigns. (Because the TRIPS Agreement requires signatory countries to provide certain protections for "new" and "original" designs, the further requirement that designs be "nonobvious" to be eligible for protection in the United States is argued by some to put the United States in violation of the TRIPS agreement. Others however argue the nonobviousness requirement falls squarely within the provisions of TRIPS, permitting members to provide that designs are not "new" or "original" if they do not significantly differ from known designs or combinations of known designs. *See* Article 25.1 of the TRIPS Agreement.)