

DESIGN PATENT PERSPECTIVE: Understanding Functionality in Design Patent Law

PART 2



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To briefly review, a design is not patentable unless it is ornamental, and a design is not ornamental if it is “functional.” Portions of a design also may be functional, and if so, they are “factored out” in an infringement analysis. In part I we explored the history of functionality, its general principles, and some sources of confusion. We also observed that various standards and procedures for considering and determining design patent functionality, particularly in claim construction, are in an unresolved state of development. Now we are ready to tackle a number of these unresolved issues. Let’s start with

the standard for functionality, and on this fundamental issue the cases are not in agreement.

According to Supreme Court dictum “[t]o qualify for protection, a design must present an aesthetically pleasing appearance that is not dictated by function alone”¹ The “dictated by function” standard was expressed by the Court of Customs and Patent Appeals² in *In re Garbo*³ and applied by the Federal Circuit in 1988 and 1993 in two notable design patent cases involving an athletic shoe sole and upper.⁴ Under this standard, the functionality determination usually turns on whether there are alternative designs available to achieve the identified function. If alternative designs exist, then the design is more likely to serve an ornamental purpose.⁵

The first break with the strict “dictated by function” standard occurred in 1997 in *Berry Sterling Corp. v. Prescor Plastics, Inc.*,⁶ a case involving a car cup designed for Coca Cola’s “Coke to Go” program. The Federal Circuit reversed an invalidity finding due to a flawed functionality analysis and instructed that on remand the presence of alternative designs was just one factor to be considered. The court stated “[o]ther appropriate considerations might include: whether the protected design represents the best design; whether alternative designs would adversely affect the utility of the specified article; whether there are any concomitant utility patents; whether the advertising touts particular features of the design as having specific utility; and whether there are any elements in the design or an overall appearance clearly not dictated by function.”⁷ The court cited no authority for this statement, but several of these factors are similar to those listed in *In re Morton-Norwich Products, Inc.*⁸ for determining whether a trademark is functional.

In March 2006, the Federal Circuit mentioned another functionality standard in *Amini Innovation Corp. v. Anthony California, Inc.*,⁹ stating in dictum “[a]n

aspect is functional ‘if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.’” For this principle, the court cited and quoted *Inwood Labs., Inc. v. Ives Labs., Inc.*,¹⁰ a trade dress case decided by the Supreme Court.

In November 2006, *Berry Sterling* was followed by *PHG Techs., LLC v. St. John Cos.*,¹¹ a case involving the design for a medical label sheet. The Federal Circuit vacated a preliminary injunction and stated “[o]ur cases reveal a ‘list of . . . considerations for assessing whether the patented design as a whole—its overall appearance—was dictated by functional considerations.’” The court then listed the factors from *Berry Sterling*, and cited *Berry Sterling* as authority for the proposition.

So beginning in 2006 three different standards for design patent functionality existed at the Federal Circuit: the strict “dictated by function” standard; the *Berry Sterling* list of factors that included “best” design; and the *Inwood Labs* standard that included cost and quality considerations.¹²

The “dictated by function” standard is supported by dictum in *Bonito Boats, supra*, and also by the differing policies underlying trademark/trade dress law and design patent law.¹³ The primary purpose of the functionality doctrine in trademark/trade dress law is to preserve competition since the intellectual property right is potentially perpetual. In contrast, the primary purpose of the functionality doctrine in design patent law is to make sure that only novel and non-obvious ornamental design choices are being protected, i.e., choices that are not dictated solely by function. Preservation of competition is not a concern because the design patent right by its very nature blocks competition for a limited period of time.

In contrast, those arguing for the *Inwood Labs* standard and the *Morton-Norwich* type factors listed in *Berry Sterling, supra*, argue that cost, quality, “best” design, and other factors can indicate that a particular design resulted from factors other than pure aesthetic design choices. This approach has some appeal, but a significant problem is that designs almost always can be differentiated on cost, quality, and “best design” factors.¹⁴ Is a design not an acceptable alternative if it works the same, but costs more? How about designs that cost less, but work not quite as well? And how about designs that cost more, but work better? Where is the line drawn regarding the

degree of difference that must be achieved (on any one of the factors alone or in combination) to trigger a finding of no acceptable alternative and functionality?

Part I suggested that a real key to understanding and determining functionality was the concept and presence of an aesthetic design choice. It would seem that even when a designer makes decisions based in part on cost, quality, and “best design” factors, if the designer weighs these factors against the benefits and drawbacks of particular aesthetic design choices, then the designer is still making enough of an aesthetic design choice to meet the statutory ornamental requirement. For example, a designer may feel that the aesthetic benefits of a particular design justify a higher cost or a lower quality of performance, or conversely, that the aesthetic benefits do not justify a higher cost or lower quality (or perhaps justify a higher cost but not lower quality, or vice versa). In all these cases, the designer still is making decisions based in part on aesthetic considerations and their benefits and drawbacks. It only is when the design truly is “dictated by function” that the designer has no aesthetic design choices to make.

The Federal Circuit has not addressed the conflicting functionality standards, but it appears the “dictated by function” standard may be prevailing.¹⁵ In the appeal after remand in *Berry Sterling*, the Federal Circuit revisited the functionality issue and this time only discussed the “dictated by function” standard. In *Arminak & Assocs. v. Saint-Gobain Calmar, Inc.*,¹⁶ the court stated “[i]f the design is dictated by performance of the article, then it is judged to be functional and ineligible for design patent protection.” Further, in the Federal Circuit’s most recent case involving functionality in the claim construction context, *Richardson v. Stanley Works, Inc.*,¹⁷ the court did not discuss either the *Berry Sterling/Morton-Norwich* type factors or the *Inwood Labs* standard. Rather, the court stated that the design had certain elements that were “driven purely by utility” and the court cited *L.A. Gear, Inc. v. Thom McAn Shoe Co.*,¹⁸ for the proposition that design patent scope does not extend to functional elements. *L.A. Gear* uses the “dictated by function” standard.

When a “dictated by function” standard is used, the presence of alternative designs that can perform the same function usually will defeat allegations of functionality. But are there standards for defining what

the function of a design is? Some district courts appear to interpret a design’s function narrowly, making it difficult to find alternatives,¹⁹ particularly when the factors from *Berry Sterling* are considered.²⁰ There is not much appellate case law discussing this topic yet, but in *Hupp v. Siroflex of America*,²¹ a case involving a design for a simulated stone pathway concrete mold, the Federal Circuit appears to have endorsed a broader approach by stating “[s]ince other designs have the same general use, and the aesthetic characteristics of Hupp’s design are not dictated by the function of the article, Hupp’s design is primarily ornamental within the meaning of the design patent law.”²² (emphasis added).

In addition to unsettled standards, the procedure for determining functionality in the claim construction context remains unresolved. In *Egyptian Goddess, Inc. v. Swisa, Inc.*,²³ the Federal Circuit stated that trial courts have a duty to conduct claim construction in design patent cases. However, the court did not prescribe any particular form the claim construction must take. The court stated “a trial court can usefully guide the finder of fact by ... distinguishing between those features of the claimed design that are ornamental and those that are purely functional.”²⁴

A district court has observed “[i]t is not entirely apparent from this passage whether the Federal Circuit advocates resolving ... functionality issues through formal *Markman* claim construction, jury instructions, or some other means.”²⁵ It also is unclear whether the Federal Circuit considers functionality to be a question of law or a question of fact in the claim construction context. In the invalidity context, the Federal Circuit states that functionality is a question of fact.²⁶ It also is clear that design patent infringement is a question of fact.²⁷ However, in the utility patent context, claim construction is considered to be a question of law.²⁸

The two cases that reached the Federal Circuit on functionality issues in claim construction, *OddzOn Products v. Just Toys*²⁹ and *Richardson v. Stanley Works*,³⁰ do not definitively resolve the fact/law issue either way.³¹ District court cases are split on the issue. Some appear to construe functional elements as a matter of law during claim construction. For example, in *Carson Chang v. AIM Sports, Inc.*,³² the court quoted *Markman, supra*, that “the interpretation and construction of patent claims, which define the scope of the patentee’s

rights under the patent, is a matter of law exclusively for the court.”³³

Other district courts believe the issue of functionality is a matter of fact. In *Black & Decker (U.S.) v. Pro-Tech Power*,³⁴ the district court held that claim construction functionality is a question of fact and should not be resolved as a matter of law during claim construction. The court also stated “[t]he rationale behind the decision in *Markman* simply does not apply to making determinations regarding functionality....”³⁵ The court reasoned (1) because design patents consist of pictures and not words, the court’s experience with “document construction” and “standard construction rules” regarding terms in a document is not helpful, (2) decisions regarding functionality are likely to come down to a battle of experts where credibility determinations must be made, (3) in cases decided after *Markman*, the Federal Circuit has not changed the standard tests for design patent infringement, which are questions for the jury, (4) functionality in the invalidity context is a question of fact, and (5) functionality is treated as a question of fact in the trademark and trade dress context.³⁶

Courts also differ on the timing of claim construction, and it depends in large part on whether functionality is considered as a matter of fact or law. Courts considering functionality as a matter of law may rule following a *Markman* hearing,³⁷ or may defer the issue until later when discovery is complete and the issue has been fully briefed by the parties.³⁸ Courts considering functionality as an issue of fact generally defer the issue until trial if a genuine issue of fact exists,³⁹ and some courts consider a bifurcated approach. For example, in *Colgate-Palmolive Co. v. Ranir L.L.C.*,⁴⁰ the district court declined to identify which features were functional and stated it would entertain the following proposals from the parties: “the submission of invalidity to the court as a bench trial; bifurcation of invalidity and infringement, wherein a trial on invalidity would proceed first, followed by a trial on infringement, and prior to the infringement phase, the court may modify its claim construction using the first jury determination as an advisory jury on the issues of ornamental-ity and functionality.”⁴¹

In addition to uncertainty about functionality standards and procedures, the method of expressing a claim construction involving functional elements differs from court to court. Some district courts construe a design patent claim by listing the orna-

mental features.⁴² This can be helpful when inventorship issues are involved and it is important to know who invented each specific ornamental portion of the design.⁴³ Other courts construe the claim by identifying and eliminating the functional features. In *Carson Chang, supra*, the court construed a multifunction tool to be as shown in the patent figures, but limited the patent claim to exclude the “functional” design feature of having to remove the individual tools from the housing of the multifunction tool.

Courts that identify and list the ornamental features appear to be following the admonition in *OddzOn Prods, Inc. v. Just Toys, Inc.*, that “[w]here a design contains both functional and non-functional elements, the scope of the claim must be construed in order to identify the non-functional aspects of the design as shown in the patent.”⁴⁴ Courts that refer to the patent figures and only describe what functional features must be factored out appear to be following the admonition in *Egyptian Goddess* that “in deciding whether to attempt a verbal description of the claimed design, the court should recognize the risks entailed in such a description, such as the risk of placing undue emphasis on particular features of the design and the risk that a finder of fact will focus on each individual described feature in the verbal description rather than on the design as a whole.”⁴⁵

In sum, the standards, principles and procedures for considering and determining design patent functionality remain uncertain, but various trends appear to be emerging. In part 3 we will explore ways litigants can strengthen their functionality positions during the design process, prosecution process, and while in litigation.

ENDNOTES

1. *Bonito Boats v. Thunder Craft Boats*, 489 U.S. 141, 148 (1989).
2. The Court of Customs and Patent Appeals (C.C.P.A.) was abolished in 1982 by the Federal Courts Improvement Act and its jurisdiction was transferred to the United States Court of Appeals for the Federal Circuit.
3. 287 F.2d 192, 193-194 (C.C.P.A. 1961) (“[A] design may embody functional features and still be patentable, but in order to attain this legal status under these circumstances, the design must have an unobvious appearance distinct from that dictated solely by functional considerations.”).
4. See *Avia Group International, Inc. v. L.A. Gear California, Inc.*, 853 F.2d 1557, 1563 (Fed. Cir. 1988) (“When function dictates a design, protection would not promote the decorative arts, a purpose of the design patent statute.”); *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1123 (Fed. Cir. 1993) (“the design of a useful article is deemed to be functional when the appearance of the claimed design is ‘dictated by’ the use or purpose of the article.”).
5. 988 F.2d at 1123.
6. 122 F.3d 1452 (Fed. Cir. 1997).
7. *Id.* at 1456.
8. 671 F.2d 1332, 1340, 1341 (C.C.P.A. 1982). In *In re Morton-Norwich Products, Inc.*, the court listed these factors to aid in a functionality analysis in a trademark context: “(1) the existence of a utility patent disclosing the utilitarian advantages of the design; (2) advertising materials in which the originator of the design touts the design’s utilitarian advantages; (3) the availability to competitors of functionally equivalent designs; and (4) facts indicating that the design results in a comparatively simple or cheap method of manufacturing the product.”
9. 439 F.3d 1365, 1371 (Fed. Cir. 2006).
10. 456 U.S. 844, 851, 102 S. Ct. 2182, 72 L. Ed. 2d 606 (1982).
11. 469 F.3d 1361, 1366 (Fed. Cir. 2006).
12. Note that multiple standards have been cited in a district court opinion without any distinction drawn between them. See *Telebrands Corp. v. Del Labs, Inc.*, 2011 U.S. Dist. LEXIS 101423, *18 (S.D.N.Y. Sept. 8, 2011) (citing both the *Inwood Labs* and “dictated by function” standards and then applying the *Morton-Norwich* type factors by agreement of the parties).
13. See generally Perry J. Saidman, *Functionality and Design Patent Validity and Infringement*, 91 Journal of the Patent and Trademark Office Society (JPTOS) 313, 325 May, 2009.
14. As a leading design patent commentator puts it, “what self-respecting lawyer cannot mount a good argument (previously limited to trade dress cases) that a particular feature affects the cost or quality of the design, or is essential to the use or purpose of the design? [footnote omitted]. Such a standard for design patent functionality would reduce design patents to sitting ducks for alleged infringers.” *Id.*
15. But see *Telebrands Corp. v. Del Laboratories, Inc.*, 2011 U.S. Dist. LEXIS 101423, *21 (S.D.N.Y. Sept. 8, 2011) where the district court applied the *Inwood Labs* standard and *Morton-Norwich* factors to both the design patent and trademark claims by agreement of the parties.)
16. 501 F.3d 1314, 1319 (Fed. Cir. 2007) (citing *Best Lock Corp. v. Ilco Unican Corp.*, 94 F.3d 1563, 1566 (Fed. Cir. 1996)).
17. 597 F.3d 1288 (Fed. Cir. 2010). Note that the district court opinion does mention the *Berry Sterling / Morton-Norwich* type factors, but the Federal Circuit opinion conspicuously does not.
18. 988 F.2d 1117, 1123 (Fed. Cir. 1993).
19. See, e.g., *Spotless Enters. v. A&E Prods. Group L.P.*, 294 F. Supp. 2d 322, n. 21 (E.D.N.Y. 2003) (clothes hanger design “must not only have the upswept arms, but also have a certain equilibrium when weighed down by the garment as well as flexibility”).
20. See, e.g., *Shop*TV, Inc. v. Bed Bath & Beyond, Inc.*, 2010 U.S. Dist. LEXIS 10170, 4-5 (D. Colo. Feb. 3, 2010) (no alternative designs available when design maximized the amount of storage space for liquids and gels that can be carried in a one-quart bag in compliance with federal aviation regulations).
21. 122 F.3d 1456 (Fed. Cir. 1997).
22. *Id.* at 1461.
23. 543 F.3d 665 (Fed. Cir. 2008) (en banc).
24. *Id.* at 680.
25. *DePaoli v. Daisy Mfg. Co.*, 2009 U.S. Dist. LEXIS 62057, n. 6 (D. Mass. July 14, 2009).
26. See *PHG Techs., LLC v. St. John Cos.*, 469 F.3d 1361, 1365 (Fed. Cir. 2006) (“Whether a patented design is functional or ornamental is a question of fact.”); *Avia Group International, Inc. v. L.A. Gear California, Inc.*, 853 F.2d 1557, 1563 (Fed. Cir. 1988) (functionality considered question of fact).
27. See *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1124 (Fed. Cir. 1993).
28. See *Markman v. Westview Instruments*, 517 U.S. 370, 391 (1996).
29. 122 F.3d 1396 (Fed. Cir. 1997).
30. 597 F.3d 1288, 1293 (Fed. Cir. 2010).
31. It should be noted, however, that in *Richardson* the Federal Circuit reviewed the trial court’s functionality claim construction *de novo* on appeal citing *Cybor Corp. v. FAS Techs., Inc.* 138 F.3d 1448, 1456 (Fed. Cir. 1998) (en banc). In *Cybor*, the Federal Circuit stated “we therefore reaffirm that, as a purely legal question, we review claim construction *de novo* on appeal including any allegedly fact-based questions relating to claim construction.” *Id.* at 1456.
32. 2011 U.S. Dist. LEXIS 42462 (C.D. Cal. 2011).
33. 52 F.3d at 970-971.
34. 1998 U.S. Dist. LEXIS 9162 (E.D. Va. 1998).
35. *Id.* at *9-10.
36. *Id.* at *10-14.
37. See, e.g., *W.Y. Indus. v. Kari-Out Club LLC*, 2011 U.S. Dist. LEXIS 96467 (D.N.J. Aug. 25, 2011).
38. See *180s, Inc. v. Gordini U.S.A., Inc.*, 699 F. Supp. 2d 714, 729 (D. Md. 2010).
39. See, e.g., *Five Star Mfg., Inc. v. Ramp Lite Mfg., Inc.*, 44 F. Supp. 2d 1149, 1156 (D. Kan. 1999); *Telebrands Corp. v. Del Laboratories, Inc.*, 2011 U.S. Dist. LEXIS 101423 (S.D.N.Y. Sept. 8, 2011).
40. 2007 U.S. Dist. LEXIS 55258 (D. Del. 2007).
41. *Id.* at *8-9.
42. See, e.g., *W.Y. Indus. v. Kari-Out Club LLC, supra* at *5-6.
43. See *Safco Prods. Co. v. Welcom Prods.*, 2011 U.S. Dist. LEXIS 71941, *26 (D. Minn. July 1, 2011).
44. 122 F.3d at 1405.
45. *Id.* at 679-680.