



Intellectual Property in Industrial Designs: Issues in Innovation and Competition

John R. Thomas

February 13, 2009

Summary

Under current intellectual property laws, industrial designs may potentially be protected through design patents, trade dress, and copyright. In addition, the Vessel Hull Design Protection Act established a specialized, or *sui generis*, intellectual property right for the protection of boat hull designs. Some experts argue that the present intellectual property regime does not adequately protect industrial designers.

The 110th Congress engaged in a number of activities with respect to industrial designs. Some of these issues may potentially arise in the future. First, the 110th Congress enacted P.L. 110-434, the Vessel Hull Design Protection Act Amendments of 2008. Some experts believe that earlier legislation, the Vessel Hull Design Protection Act, had been underused because it allowed competitors to copy a protected boat hull design so long as they introduced changes to the design of the deck. P.L. 110-434 specified that protection is available for designs of hulls and decks, either individually or in combination.

Bills that would have provided proprietary rights in fashion designs were introduced before the House and Senate. This legislation would have amended the Vessel Hull Design Protection Act to allow for the protection of fashion designs. The term of protection would have been three years based upon registration with the U.S. Copyright Office.

Another bill would have established a “repair” exemption within the Patent Act. Although potentially of broad application, this legislation appeared to have been motivated by the enforcement of design patents that are said to restrict competition in the secondary market for automobile replacement parts.

The Senate has also recently provided its consent to ratify the Geneva Act to the Hague Agreement Concerning the International Registration of Industrial Designs, an international agreement that would allow U.S. designers more readily to obtain intellectual property protection overseas. Accession to this international agreement would require changes to the design patent statute, including expansion of the term of design patents from 14 to 15 years.

Recent, significant judicial developments concerning the scope of protection accorded to design patents have also occurred.

Supporters of *sui generis* regimes assert that they allow for protection of subject matter, like industrial designs, that at times fall outside traditional intellectual property paradigms. Proponents believe that these systems can prevent levels of free riding that ultimately discourage innovation. However, some observers are concerned that the proliferation of such systems may limit the ability of others to compete, ultimately diminishing consumer choice.

Contents

Industrial Designs and Intellectual Property	2
Copyright	3
Trade Dress	3
Design Patents	4
Vessel Hull Design Protection.....	6
Current Issues in Industrial Design Protection.....	7
Intellectual Property Rights in Fashion Designs	8
Amendments to the Boat Hull Act	10
U.S. Adherence to the Hague Convention.....	10
Automobile Spare Parts.....	11
Judicial Developments Concerning Design Patents.....	12
Issues in Innovation and Competition	16
Legislation	18

Figures

Contacts

Author Contact Information	19
Acknowledgments	19

In recent years, Congress has expressed interest in intellectual property protection for industrial designs. The 110th Congress enacted P.L. 110-434, the Vessel Hull Design Protection Act Amendments of 2008.¹ Bills that would provide proprietary rights in fashion designs were also introduced before the 110th Congress, although they were not enacted.² In 2008, unenacted legislation was also introduced in the House would establish a “repair” exemption within the Patent Act.³ Although potentially of broad application, this legislation appears to have been motivated by intellectual property rights in the designs of automobile parts.⁴ The Senate has also recently provided its consent to ratify the Geneva Act to the Hague Agreement Concerning the International Registration of Industrial Designs,⁵ an international agreement that would allow U.S. designers to obtain intellectual property protection overseas more readily.⁶ In addition to these legislative activities, industrial designs have also been subject to notable developments in the federal courts and internationally. A review of intellectual property issues pertaining to industrial designs therefore appears timely.

The term “industrial design” broadly refers to the creation of the form and function of objects of everyday use.⁷ Virtually every manufactured product, including such items as automobiles, clothing, computers, footwear, furniture, and telephones, embodies an industrial design.⁸ Industrial designers perform the tasks previously accomplished by individual artisans with respect to mass-produced goods, commonly endeavoring to make products more convenient to use and more visually appealing.⁹ As explained by the Industrial Designers Society of America:

Industrial design is the profession that determines the form of a manufactured product, shaping it to fit the people who use it and the industrial processes that produce it. Industrial Designers work to make our lives more comfortable, pleasurable and efficient. By studying people at work, at home and in motion, they create products like office chairs that promote proper posture, kitchen tools that are comfortable even for elderly hands and toys that provide safe play and learning for all children. In particular, Industrial Designers deal with the parts of a product that humans interact with, striving to give universal access to products that are ecologically responsible and safe to use. Also, they give a product with distinctive elegance that makes us want it.¹⁰

¹ P.L. 110-434, 110th Cong., 2d. sess., 122 Stat. 4972 (2008).

² H.R. 2033 was referred to the Subcommittee on Courts, the Internet, and Intellectual Property on May 4, 2007. S. 1957 was referred to the Committee on the Judiciary on August 2, 2007. Both bills were titled the “Design Piracy Prohibition Act.”

³ H.R. 5638 was referred to the House Committee on the Judiciary on March 13, 2008.

⁴ See “Legislation/Patents: Auto Parts Groups Lobby for Bill to Exempt Repair Parts from Patent Infringement,” 75 *Patent, Trademark & Copyright Journal* (April 25, 2008), 674.

⁵ World Intellectual Property Organization, Hague Agreement Concerning the International Deposit of Industrial Designs, July 2, 1999, 2279 U.N.T.S. 156 (available at http://www.wipo.int/export/sites/www/hague/en/legal_texts/pdf/geneva_act_1999.pdf).

⁶ Treaty No. 109-21 (December 7, 2007).

⁷ See, e.g., Henry Dreyfuss, *Designing for People* (Allworth Press 2003); Carma Gorman, ed., *The Industrial Design Reader* (Allworth Press 2003).

⁸ Regan E. Keebaugh, “Intellectual Property and the Protection of Industrial Design: Are Sui Generis Protection Measures the Answer to Vocal Opponents and a Reluctant Congress?,” 13 *Journal of Intellectual Property Law* (2005), 258.

⁹ William T. Fryer, “The Hague Agreement on the Protection of Industrial Designs: Strategies to Use and U.S. Choices in Ratification of the Geneva Act,” 89 *Journal of the Patent and Trademark Office Society* (2007), 662.

¹⁰ Industrial Design Society of America, “What is ID?” (available at http://www.idsa.org/webmodules/articles/articlefiles/what_is_id_brochure.pdf).

“Intellectual property” is a phrase that refers to proprietary rights in creations of the mind.¹¹ Currently, some measure of protection for industrial designs can be found under three different intellectual property laws: copyright, trademark, and patent.¹² Perceived shortcomings with these systems as applied to industrial designs have led to proposals to establish specialized, or *sui generis*,¹³ regimes that apply to particular sorts of designs. Congress established such a regime for boat hulls in 1988,¹⁴ and serious discussion is ongoing with respect to the merits of *sui generis* intellectual property rights for fashion designs.¹⁵

This report identifies several current issues relating to intellectual property in industrial designs. It begins by describing the different sorts of intellectual property protection that apply to industrial designs. The report then identifies current issues at the interface between intellectual property and industrial designs. The report closes by reviewing the impact that *sui generis* rights regimes may have upon innovation and competition in the United States.

Industrial Designs and Intellectual Property

Industrial designs that are well-received in the marketplace may attract competition. William T. Fryer III, a member of the faculty of the University of Baltimore School of Law, asserts that “[o]nce an effective product design is successful, competitors rush in and copy the product, particularly the product appearance.”¹⁶ Advocates of enhanced protection for industrial designs therefore assert that intellectual property rights potentially provide an important mechanism for allowing innovators to reap the economic rewards of their investments.¹⁷ On the other hand, some observers are concerned that overly expansive intellectual property rights may raise prices and decrease the availability of consumer goods.¹⁸

Under current intellectual property laws, industrial designs may potentially be protected through copyright, trade dress, and design patents.¹⁹ Congress has also established a specialized, or *sui generis*, intellectual property right for the protection of boat hull designs.²⁰

¹¹ See Roger E. Schechter and John R. Thomas, *Intellectual Property: The Law of Copyrights, Patents and Trademarks* (Thomson West 2003), 1.

¹² Keebaugh, *supra*, at 260.

¹³ The term *sui generis*, which literally means “of its own kind,” “is used in intellectual property law to describe a regime designed to protect rights that fall outside the traditional copyright, trademark, patent, and trade secret doctrines.” *Black’s Law Dictionary* (8th ed. 2004).

¹⁴ The Vessel Hull Design Protection Act was enacted as Title V of the Digital Millennium Copyright Act of 1998 in the 105th Congress. P.L. 304, 112 Stat. 2905 (1998).

¹⁵ See Lynsey Blackmon, “The Devil Wears Prado: A Look at the Design Piracy Prohibition Act and the Extension of Copyright Protection to the World of Fashion,” 35 *Pepperdine Law Review* (2007), 107.

¹⁶ Fryer, *supra*, at 662.

¹⁷ Perry J. Saidman, “The Crisis in the Law of Designs,” 89 *Journal of the Patent and Trademark Office Society* (2007), 301; David Goldenberg, “The Long and Winding Road: A History of the Fight Over Industrial Design Protection in the United States,” 45 *Journal of the Copyright Office Society* (1997), 21.

¹⁸ Keebaugh, *supra* at 256 (noting those views).

¹⁹ See Orit Fischman Afori, “Reconceptualizing Property in Designs,” 25 *Cardozo Arts & Entertainment Law Journal* (2008), 1105.

²⁰ See Bradley J. Olson, “The Amendments to the Vessel Boat Hull Protection Act of 1988: A New Tool for the Boating Industry,” 38 *Journal of Maritime Law and Commerce* (2007), 177.

Copyright

The Copyright Act of 1976 provides protection for original works of authorship. The types of creations addressed by copyright range from traditional works of art, including literature, music and visual art, to such modern forms of artistic expression as sound recordings, motion pictures and computer software.²¹ Copyright protection arises automatically, as soon as the work has been fixed in tangible form.²² Authors may register their works with the U.S. Copyright Office, however, and obtain certain procedural and substantive advantages during copyright enforcement.²³ The copyright law affords authors the exclusive right to reproduce, adapt, and publicly distribute, perform, and display the protected work, subject to limitations such as the fair use privilege.²⁴ The term of copyright is ordinarily the life of the author plus 70 years.²⁵

The availability of copyright protection for industrial designs has been described as limited, however.²⁶ The Copyright Act of 1976 provides protection for “pictorial, graphic, and sculptural works” but further explains that:

the design of a useful article ... shall be considered a pictorial, graphic, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.²⁷

The Court of Appeals for the Ninth Circuit has explained that “[t]his limitation is in keeping with the notion that functional items are not eligible for the relatively long-term protections of copyright, as opposed to the more temporary rights provided by the Patent Act.”²⁸ Because industrial designs are commonly integrated into a “useful article”²⁹—such as automobiles, handheld electronic devices, or clothing—they are often not eligible for copyright.³⁰

Trade Dress

Protection for industrial designs may also occur under the trademark law in the form of “trade dress” protection. The term “trade dress” refers to the overall visual image that a product presents to consumers, including its design.³¹ To be entitled to trademark protection, a significant number of consumers must perceive the trade dress as denoting the product of a particular manufacturer, rather than being arbitrary or merely decorative, after the trade dress has been used in the

²¹ 17 U.S.C. § 102 (2006).

²² *Id.*

²³ 17 U.S.C. §§ 408—412 (2006).

²⁴ 17 U.S.C. §§ 106, 107—122 (2006).

²⁵ 17 U.S.C. § 302 (2006).

²⁶ Emily S. Day, “Double-Edged Scissor: Legal Protection for Fashion Design,” 86 *North Carolina Law Review* (2007), 245-47; Keebaugh, *supra*, at 264-65.

²⁷ 17 U.S.C. § 101 (2006).

²⁸ *Chosun, Int’l, Inc. v. Chrisha Creations, Ltd.*, 413 F.3d 324, 328 (9th Cir. 2005).

²⁹ The term “useful article” is defined as “an article having an intrinsic utilitarian function that is not merely to portray the appearance of an article or to convey information.” 17 U.S.C. § 101 (2006).

³⁰ CRS Report RS22685, *Copyright Protection for Fashion Design: A Legal Analysis of the Design Piracy Prohibition Act (H.R. 2033 and S. 1957)*, by Brian T. Yeh.

³¹ Schechter and Thomas, *supra*, at 587-91.

market.³² In trademark law, this notion of acquired distinctiveness is termed “secondary meaning.”³³

Trademark rights in trade dress may arise under state law as soon as the product is used in commerce. However, trade dress may be registered with the United States Patent and Trademark Office (USPTO), a step that affords significant substantive and procedural advantages.³⁴ The trade dress owner may prevent others from using a similar product appearance that creates a likelihood of confusion as to the source or sponsorship of the associated goods.³⁵ These rights persist so long as the trade dress continues to be used and retains its distinctiveness.³⁶

Commentators have identified a primary limitation of trade dress protection with respect to industrial designs.³⁷ Trade dress rights cannot be established in functional features of a product. Courts have reasoned that such protection would overly hamper competition and undermine the policies of the patent system.³⁸ As a result, if the industrial design makes the product easier to manufacture, more convenient to ship, or work better, then it may not be subject to trade dress protection.³⁹

Design Patents

In addition to granting so-called “utility patents” directed towards machines, manufactures, compositions of matter and processes,⁴⁰ the Patent Act of 1952 also allows for “design patents.” An inventor may obtain a design patent by filing an application with the USPTO directed towards a “new, original and ornamental design for an article of manufacture.”⁴¹ Most design patent applications consist primarily of drawings that depict the shape or surface decoration of a particular product. They may concern any number of products, including “apparel, automobile parts, computer products, containers, cosmetics, electronics products, textile designs, home furnishings, home appliances, jewelry, motor vehicles, office supplies, optics and toys.”⁴²

To obtain protection, the design must not have been obvious to a designer of ordinary skill of that type of product.⁴³ In addition, a design must be “primarily ornamental” to be awarded design patent protection.⁴⁴ Similar to the doctrine of functionality in trademark law, if the design is

³² Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 209 (2000).

³³ Ingrida Karins Berzins, “The Emerging Circuit Split Over Secondary Meaning in Trade Dress Law,” 152 *University of Pennsylvania Law Review* (2004), 1661.

³⁴ 15 U.S.C. § 1051 (2006).

³⁵ See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 20.

³⁶ *Id.* at § 30.

³⁷ See Margreth Barrett, “Consolidating the Diffuse Paths to Trade Dress Functionality: Encountering *Traffix* on the Way to *Sears*,” 61 *Washington and Lee Law Review* (2004), 79; see also Jay Dratler, Jr., “Trademark Protection for Industrial Designs,” 1988 *University of Illinois Law Review* (1988), 887.

³⁸ Schechter and Thomas, *supra*, at 610-11.

³⁹ See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164-65 (1995).

⁴⁰ 35 U.S.C. § 101 (2006).

⁴¹ 35 U.S.C. § 171 (2006).

⁴² Saidman DesignLawGroup, “Design Patent” (available at http://www.designlawgroup.com/tools_design_patent.cfm).

⁴³ 35 U.S.C. § 103(a) (2006).

⁴⁴ *Arminak and Associates, Inc. v. Saint-Gobain Calmer, Inc.*, 501 F.3d 1314, 1319 (Fed. Cir. 2007).

instead “dictated by the performance of the article, then it is judged to be functional and ineligible for design patent protection.”⁴⁵ In such circumstances the designer should pursue a utility patent, which protects the functional and utilitarian aspects of products and processes.⁴⁶

Issued design patents confer the right to exclude others from the “unauthorized manufacture, use, or sale of the article embodying the patented design or any colorable imitation thereof.”⁴⁷ The scope of protection of a design patent is provided by drawings within the design patent instrument.⁴⁸ To establish infringement, the design patent proprietor must prove that “in the eye of an ordinary observer, giving such attention as a purchaser usually gives,” the patented and accused designs “are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it is the other.”⁴⁹ The courts also require that “no matter how similar two items look, the accused device must appropriate the novelty in the patented device” that distinguishes it from earlier designs.⁵⁰ The term of a design patent is 14 years from the date the USPTO issues the patent.⁵¹

Intellectual property attorneys Richard Sybert and Lindsay Hulley have explained that the “best protection for product design is likely a design patent in the United States....”⁵² Design patents have been described as less expensive to prepare than utility patents, and unlike utility patents they are not subject to “maintenance fees” that must be submitted to the USPTO during the life of the patent.⁵³ In contrast to copyright enforcement, design patent infringement does not require a showing that the defendant accessed the prohibited design and copied it.⁵⁴ And unlike trademark, the design patent holder need show neither the existence of consumer confusion nor the design’s acquisition of “secondary meaning” in order to prove infringement.⁵⁵

The design patent regime has nonetheless been subject to criticism by industry representatives, lawyers, and academics alike. Some commentators have expressed concerns that the standards of novelty and nonobviousness, which the design patent law essentially adapted from the law of utility patents, do not provide apt or fair evaluating criteria for industrial designs. As Gerard Magliocca, a member of the faculty of the Indiana University School of Law—Indianapolis, explains:

To see this point more clearly, think of these two elements as part of a broader test to determine whether an improvement represents an “advance” over the state of the art in a

⁴⁵ *Id.*

⁴⁶ Keebaugh, *supra*, at 260.

⁴⁷ *Goodyear Tire & Rubber Co. v. Hercules Tire & Rubber Co.*, 162 F.3d 1113, 1116-17 (Fed. Cir. 1988); *see also* 35 U.S.C. § 289 (2006).

⁴⁸ *In re Mann*, 861 F.2d 1581, 1582 (Fed. Cir. 1988).

⁴⁹ *Gorham Co. v. White*, 81 U.S. (14 Wall.) 511, 528 (1871).

⁵⁰ *Litton Sys., Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1444 (Fed. Cir. 1984) (citation omitted).

⁵¹ 35 U.S.C. § 173 (2006).

⁵² Richard Sybert and Lindsay J. Hulley, “Copyright Protection for ‘Useful Articles,’” 54 *Journal of the Copyright Society of the USA* (2007), 419.

⁵³ Scott D. Locke, “Fifth Avenue and the Patent Lawyer: Strategies for Using Design Patents to Increase the Value of Fashion and Luxury Goods Companies,” 5 *John Marshall Review of Intellectual Property Law* (2005), 40.

⁵⁴ Daniel H. Brean, “Enough Is Enough: Time to Eliminate Design Patents and Rely on More Appropriate Copyright or Trademark Protection for Product Designs,” 16 *Texas Intellectual Property Law Journal* (2008), 325.

⁵⁵ Jonathan E. Moskin, “The Shape of Things to Come—Emerging Theories of Design Protection,” 92 *The Trademark Reporter* (2003), 681.

given field. Viewed in these terms, one commentator has observed that, “[w]hereas it may often be possible to recognize a technological innovation as an ‘advance’ because of its efficiency in promoting economies or in achieving previously unattainable utilitarian ends, there exist no comparable criteria of ‘advance’ for artistic creations.” Indeed, most designs simply involve rearranging basic artistic elements (*e.g.*, colors, shapes, and materials) into a new pattern. The result of this reshuffling process can almost always be considered obvious—and hence unpatentable—because any designer could have come up with the combination at issue. Put another way, the nonobviousness and novelty requirements often end up restricting design protection to those rare instances when an improvement establishes an entirely new style. This leaves most designers out of luck and is at odds with the reality that commercial art is generally incremental in nature.⁵⁶

Other observers believe that acquiring design patents remains an overly costly and time-consuming procedure. These factors may reduce the attractiveness of such protection for products, like clothing, that remain popular for only short periods of time.⁵⁷ Design patent law’s functionality doctrine, which is similar to principles found in copyright and trademark law, has again been subject to critique. An industrial design that successfully integrates functional and ornamental aspects may simply be ineligible for protection.⁵⁸

Vessel Hull Design Protection

In the boating industry, some manufacturers have been known to use a “plug molding” technique to duplicate the hulls of their competitors. Some observers believe that the “boat manufacturing industry has long been plagued by low-cost boat makers who think nothing of taking a successful competing boat hull design to make a direct-cast mold for their own unauthorized manufacturing use.”⁵⁹ In response, the state legislature of Florida enacted legislation that prohibited certain uses of the plug molding process.⁶⁰ However, the 1989 Supreme Court ruling in *Bonito Boats Inc. v. Thunder Craft Boats, Inc.* held that this legislation was preempted by the federal patent statute and therefore invalid.⁶¹

Following the *Bonito Boats* decision, Congress enacted the Vessel Hull Design Protection Act.⁶² This 1998 statute, currently codified in Title 13 of the Copyright Act, allows for the registration of an original design that has actually been incorporated into a fabricated vessel hull.⁶³ Although this system is administered by the Register of Copyrights, the protection afforded by the Vessel Hull Design Protection Act is not a copyright, but rather a *sui generis* right.⁶⁴

⁵⁶ Gerard N. Magliocca, “Ornamental Design and Incremental Innovation,” 86 *Marquette Law Review* (2003), 852.

⁵⁷ Keebaugh, *supra*, at 262.

⁵⁸ See Steven A. Church, “The Weakening of the Presumption of Validity for Design Patents: Continued Confusion Under the Functionality and Matter of Concern Doctrines,” 30 *Indiana Law Review* (1997), 499.

⁵⁹ Olson, *supra*, at 178.

⁶⁰ Fla.Stat. § 559.94 (1987) (repealed).

⁶¹ 489 U.S. 141 (1989).

⁶² The Vessel Hull Design Protection Act was enacted as Title V of the Digital Millennium Copyright Act of 1998 in the 105th Congress. P.L. 304, 112 Stat. 2905 (1998).

⁶³ 17 U.S.C. §§ 1301(b)(2), 1310(b) (2006).

⁶⁴ Keebaugh, *supra*, at 274.

In order to enjoy protection, the design owner must affix notice of the registration upon vessel hulls that embody the design.⁶⁵ The protected design affords its owner the exclusive right to “make, have made, import, for sale or for use in trade, any useful article embodying that design” and “sell or distribute for sale or for use in trade any useful article embodying that design.”⁶⁶ The statute does not extend protection to designs that are “staple or commonplace” or “dictated solely by a utilitarian function.”⁶⁷ In addition, an accused design that is “original and not substantially similar in appearance to a protected design” is exempted from infringement.⁶⁸

The Vessel Hull Design Act also creates infringement liability if a seller or distributor who did not itself make or import an infringing article induces, or acts in collusion with, a manufacturer to make or import the article.⁶⁹ A seller or distributor may also be liable for infringement if it fails to respond to the design owner’s request to disclose the source of an infringing article, and if that person orders or reorders the article after receiving notice of the protected design.⁷⁰ The Act also establishes a limited “innocent infringement” exemption which excuses individuals who made, imported, sold, or distributed an article embodying the copied design without knowledge that the design was protected.⁷¹

The design owner may bring a lawsuit in federal court against those it believes are infringing.⁷² Remedies available under the Act include an injunction⁷³ and damages adequate to “compensate for the infringement.”⁷⁴ The Act also allows the court to increase the damages “to such amount, not exceeding \$50,000 or \$1 per copy, whichever is greater, as the court deems to be just,” provided that the damages awarded are compensatory rather than punitive in nature.⁷⁵ The term of protection is ten years.⁷⁶

Current Issues in Industrial Design Protection

Multiple forms of intellectual property protection are potentially available to industrial designs. Some observers believe that this “ragged quilt of protection” does not adequately protect designers, however.⁷⁷ In particular, the inability of copyright, trademark, and design patent law to protect industrial designs that have some functional component is frequently criticized.⁷⁸ Others

⁶⁵ 17 U.S.C. § 1306 (2006).

⁶⁶ 17 U.S.C. § 1308 (2006).

⁶⁷ 17 U.S.C. § 1302 (2006).

⁶⁸ 17 U.S.C. § 1309(e) (2006).

⁶⁹ 17 U.S.C. § 1309(b)(1) (2006) (further explaining that purchasing or giving an order to purchase an infringing article in the ordinary course of business does not of itself constitute infringement or collusion).

⁷⁰ 17 U.S.C. § 1309(b)(2) (2006).

⁷¹ 17 U.S.C. § 1309(c) (2006).

⁷² 17 U.S.C. § 1321 (2006).

⁷³ 17 U.S.C. § 1322 (2006).

⁷⁴ 17 U.S.C. § 1323(a) (2006).

⁷⁵ *Id.*

⁷⁶ 17 U.S.C. § 1305 (2006).

⁷⁷ Magliocca, *supra*, at 845.

⁷⁸ See Laura C. Marshall, “Catwalk Copycats: Why Congress Should Adopt a Modified Version of the Design Piracy Prohibition Act,” 14 *Journal of Intellectual Property Law* (2007), 305.

disagree, believing that there is no compelling case for expanding intellectual property protection for industrial designs and that doing so would limit competition and the availability of products for consumers.⁷⁹ Recent debate about the scope of intellectual property rights for industrial designs has occurred within several specific contexts. This report next turns to a review of these issues.

Intellectual Property Rights in Fashion Designs

Congress has recently considered legislation that would, for the first time in the United States, provide explicit intellectual property protection for fashion designs.⁸⁰ In the 110th Congress, H.R. 2033 and S. 1957, each titled the Design Piracy Prohibition Act, would have expanded the scope of coverage under the Vessel Hull Design Protection Act to also include “an article of apparel.”⁸¹ This term was broadly defined to include an article of clothing, including undergarments, outerwear, gloves, footwear, headgear, handbags, purses, tote bags, belts, and eyeglass frames.⁸² In order to secure protection, the designer must apply for registration within three months after the article has been made available to the public.⁸³ The term of protection was set at three years.⁸⁴

H.R. 2033 and S. 1957 would have also narrowed the current “innocent infringement” exemption established by the Vessel Hull Design Protection Act by stating that someone who does not have actual knowledge of the existence of protection, but had “reasonable grounds to know that protection for the design is claimed,” can be held liable for infringement.⁸⁵ These bills also stipulated that an article is infringing if its design was copied from a protected design “or from an image thereof.”⁸⁶ They also would have codified the doctrines of secondary liability for infringement of a protected design⁸⁷ and increased the potential judicial augmentation of infringement damages to \$5 per copy with a cap of \$250,000.⁸⁸

Although H.R. 2033 and S. 1957 were nearly identical in text and structure, the two bills featured one substantive difference. This distinction related to the current provision, introduced in the Vessel Hull Design Protection Act, that exempts from infringement an accused vessel hull design that is “original and not substantially similar in appearance to a protected design.”⁸⁹ H.R. 2033 would not have amended this provision, with the result that it would apply both to vessel hulls and fashion designs. S. 1957 would have retained the existing provision for vessel hulls, but with

⁷⁹ See Testimony of Steve Maiman Before the U.S. House of Representatives Subcommittee on the Courts, the Internet and Intellectual Property (February 14, 2008) (available at <http://judiciary.house.gov/media/pdfs/Maiman080214.pdf>).

⁸⁰ For a more thorough review of these proposals, see CRS Report RS22685, *Copyright Protection for Fashion Design: A Legal Analysis of the Design Piracy Prohibition Act (H.R. 2033 and S. 1957)*, by Brian T. Yeh.

⁸¹ H.R. 2033, S. 1957, 110th Cong., 1st Sess., at § 2(a)(2)(A) (2007).

⁸² *Id.* at § 2(a)(2)(B).

⁸³ *Id.* at § 2(e)(1).

⁸⁴ *Id.* at § 2(c).

⁸⁵ *Id.* at § 2(d)(1).

⁸⁶ *Id.* at § 2(d)(2).

⁸⁷ *Id.* at § 2(d)(3). The term “secondary liability” includes such concepts as contributory, vicarious, and induced infringement, and refers generally to the imposition of liability upon those who did not directly infringe, but rather encouraged or benefitted from the infringement in certain circumstances. See Schechter and Thomas, *supra*, at 188.

⁸⁸ *Id.* at § 2(g).

⁸⁹ 17 U.S.C. § 1309 (2006).

respect to fashion designs would have excluded from protection accused designs that are “original and not *closely and substantially similar in overall visual appearance* to a protected design.”⁹⁰

Perceived shortfalls in the established intellectual property regimes provided the impetus for this Design Piracy Prohibition Act.⁹¹ Design patents have been described as “difficult and expensive to obtain,” as well as entailing “a lengthy examination process.”⁹² Trade dress law may protect a fashion design if that design has obtained a reputation among consumers as identifying the source of the product.⁹³ However, such protection is not of general applicability, and its extent is limited to uses of the design that create a substantial likelihood of consumer confusion.⁹⁴ Finally, the prohibition against obtaining copyright for “useful articles” means that clothing most often does not secure protection.⁹⁵

Due to the limited nature of existing intellectual property rights for fashion, many designers assert that their successful designs are “knocked off” in a matter of weeks or even days.⁹⁶ This trend may particularly impact young designers who have yet to establish reputations in the marketplace, and in fact may be unable to do so when competitors frequently copy their work.⁹⁷ Proponents of the Design Piracy Prohibition Act further asserted that the relatively short term of protection afforded—three years—will protect high end “haute couture” designs but not unduly impact the public.⁹⁸ Supporters of this statute also point to intellectual property rights that have been established for fashion design overseas.⁹⁹

Not everyone agrees that intellectual property rights of the sort contemplated by the Design Piracy Protection Act would be appropriate. Opponents of the legislation explained that the fashion industry is enjoying great success and that copying is an integral and accepted practice within it.¹⁰⁰ They also claim that this legislation would have led to numerous accusations of infringement, stifling the creative production of fashion designs and reducing consumer choice.¹⁰¹ They further observe that substantial copying of designs continue to occur in foreign states that have enacted fashion design protection laws, suggesting that this intellectual property right may prove of limited effectiveness.¹⁰²

⁹⁰ S. 1957 at § 2(d)(2)(C) (emphasis added).

⁹¹ See Day, *supra*, at 243.

⁹² A Bill to Provide Protection for Fashion Designs: Hearing Before the House Subcommittee on Courts, the Internet, and Intellectual Property, 109th Cong., 2nd sess. (2006) (statement of the U.S. Copyright Office) [hereinafter “Hearings”].

⁹³ See *supra* notes 31-32 and accompanying text.

⁹⁴ See Hearings, *supra* (statement of U.S. Copyright Office).

⁹⁵ *Id.*

⁹⁶ See Day, *supra*, at 241-42.

⁹⁷ See Hearings, *supra* (statement of Susan Scafidi, Associate Professor of Law, Southern Methodist University).

⁹⁸ Day, *supra*, at 270.

⁹⁹ See Hearings, *supra* (statement of Susan Scafidi, Associate Professor of Law, Southern Methodist University).

¹⁰⁰ See Hearings, *supra* (statement of David Wolfe, Creative Director, Donegar Creative Services).

¹⁰¹ See Hearings, *supra* (statement of Christopher Sprigman, Associate Professor, University of Virginia School of Law).

¹⁰² *Id.*

Amendments to the Boat Hull Act

Some experts believe that in the decade since its enactment, the Vessel Hull Design Protection Act had been “underutilized, no doubt in part due to the difficulty in proving infringement based on the way in which ‘hull’ was originally defined.”¹⁰³ In particular, the Act currently defines the term “hull” as “the frame or body of a vessel, including the deck of vessel....”¹⁰⁴ This definition required that courts consider the features incorporated into a vessel’s deck when considering what subject matter is protected.¹⁰⁵ As a result, the Act has been said to have created a “legal loop-hole for ‘knock-off’ artists to freely copy a protected boat hull design as long as they are clever enough to modify one or more protectable elements of the ‘deck.’”¹⁰⁶

P.L. 110-434, the Vessel Hull Design Protection Act Amendments of 2008, apparently responded to these concerns. Enacted by the 110th Congress, that legislation clarified the distinction between a hull and a deck.¹⁰⁷ P.L. 110-434 also specified that protection is available for designs of hulls and decks, either individually or in combination. President Bush signed into law the amendments to the Vessel Hull Design Protection Act on October 16, 2008.¹⁰⁸

U.S. Adherence to the Hague Convention

An international agreement known as the Geneva Act to the Hague Agreement Concerning the International Registration of Industrial Designs potentially simplifies the process through which industrial design protection can be obtained in many countries.¹⁰⁹ Under current law, U.S. designers must file separate applications for intellectual property protection in each jurisdiction where they seek to obtain rights.¹¹⁰ This process is potentially complex and may involve multiple languages, currencies, and local legal representatives.¹¹¹

The Geneva Act to the Hague Convention would instead provide U.S. designers with the option of filing a single English-language application at the U.S. Patent and Trademark Office (USPTO). The application would then be forwarded to the World Intellectual Property Organization (WIPO), which then publishes the application. The intellectual property authorities of each designated member state then have a maximum of 12 months to provide notice that the application has been refused. In the event of a refusal, further efforts to obtain intellectual

¹⁰³ Olson, *supra*, at 177.

¹⁰⁴ 17 U.S.C. § 1301(b)(4) (2006). The statutory definition expressly excludes “masts, sails, yards, and rigging” from the definition of “hull.” *Id.*

¹⁰⁵ *See* *Maverick Boat Co. v. American Marine Holdings, Inc.*, 70 USPQ2d 1493 (2004), *aff’d*, 418 F.3d 1186 (11th Cir. 2005).

¹⁰⁶ Olson, *supra*, at 180.

¹⁰⁷ In particular, the word “hull” is defined in part as “the exterior frame or body of a vessel,” while the word “deck” is defined in part as “the horizontal surface of a vessel that covers the hull....”

¹⁰⁸ P.L. 110-434, 110th Cong., 2d. sess., 122 Stat. 4972 (2008).

¹⁰⁹ World Intellectual Property Organization, Hague Agreement Concerning the International Deposit of Industrial Designs, July 2, 1999, 2279 U.N.T.S. 156 (available at http://www.wipo.int/export/sites/www/hague/en/legal_texts/pdf/geneva_act_1999.pdf).

¹¹⁰ *See* Fryer, *supra*, at 662.

¹¹¹ *See* CRS Report RL31132, *Multinational Patent Acquisition and Enforcement: Public Policy Challenges and Opportunities for Innovative Firms*, by John R. Thomas.

property protection in that design would occur in keeping with national laws.¹¹² If a member state does not give notice of a refusal within 12 months, then the application is deemed to be granted.¹¹³

The Senate gave advice and consent to the ratification of the Geneva Act to the Hague Convention on December 7, 2007.¹¹⁴ The United States has not yet deposited its instrument of ratification with WIPO, however. As explained by President Bush's letter of transmittal to the Senate:

In the event that the Senate provides its consent to ratify the Agreement, the United States would not deposit its instrument of ratification until the necessary implementing legal structure has been established domestically.¹¹⁵

The USPTO has testified before Congress that a number of changes would need to be made to render U.S. design patent law compatible with the Geneva Act to the Hague Convention, including increasing the term of protection from 14 to 15 years and providing limited rights to patent applicants between the date their international applications are published and the date the patent issued.¹¹⁶ This implementing legislation has not yet been introduced before Congress.

Automobile Spare Parts

The use of design patents to protect automobile aftermarket or collision repair parts has long been debated.¹¹⁷ Some observers believe that allowing intellectual property rights to cover “must-match” spare parts on complex products overly limits competition. Others believe that distinguishing between primary and secondary markets for the protected design would be unprecedented and unnecessarily limit protection for designers.¹¹⁸ This debate has proceeded overseas as well. On December 12, 2007, the European Parliament approved a proposal to end design protection for automobile spare parts and other machinery components.¹¹⁹

¹¹² See World Intellectual Property Organization, “The Hague Agreement Concerning the International Registration of Industrial Designs: Main Features and Advantages” (available at http://www.wipo.int/freepublications/en/designs/911/wipo_pub_911.pdf).

¹¹³ *Id.*

¹¹⁴ Treaty No. 109-21 (December 7, 2007).

¹¹⁵ Message from the President of the United States Transmitting the Geneva Act to the Hague Convention Concerning the International Registration of Industrial Designs (November 13, 2006).

¹¹⁶ See “Intellectual Property/Treaties: PTO Urges Senate Foreign Relations Committee to Ratify Three IP Treaties,” 74 *Patent, Trademark & Copyright Journal* (Bureau of National Affairs July 20, 2007), 346.

¹¹⁷ See Erica Pruetz, “Protecting Car Design Internationally: A Comparison of British and American Design Laws,” 24 *Loyola of Los Angeles International and Comparative Law Review* (2002), 475.

¹¹⁸ For further discussion reflecting different views in this debate, see Kenneth Enborg, “Industrial Design Protection in the Automobile Industry,” 19 *University of Baltimore Law Review* (1989-90), 227; James F. Fitzpatrick, “Industrial Design Protection and Competition in Automobile Replacement Parts—Back to Monopoly Profits?,” 19 *University of Baltimore Law Review* (1989-90), 233.

¹¹⁹ European Parliament legislative resolution of 12 December 2007 on the proposal for a directive of the European Parliament and of the Council amending Directive 98/71/EC on the legal protection of designs (available at <http://www.europarl.europa.eu/oeil/file.jsp?id=5201742>). See Joseph Straus, “Design Protection for Spare Parts Gone in Europe? Proposed Changes to the EC Directive: The Commission's Mandate and its Doubtful Execution,” 27 *European Intellectual Property Review* (2005), 391.

Recent legal controversies have renewed this debate domestically. In *In re Certain Automotive Parts*,¹²⁰ the International Trade Commission held that certain third-party replacement automobile parts, designed for use in the 2004 Ford F-150 pickup truck, infringed design patents owned by the Ford Motor Co. As a result, the ITC banned the importation of these component parts into the United States. In response, a coalition of automobile part manufacturers called on Congress to add a “repair” infringement exemption to U.S. design patent law.¹²¹

In the 110th Congress, legislation was introduced before the House of Representatives that would have introduced a new subsection (j) to the “Infringement of patent” provision at § 271 of the Patent Act.¹²² That subsection would read:

It shall not be an act of infringement to make, use, offer to sell, or sell within the United States or import into the United States any article of manufacture that itself constitutes a component part of another article of manufacture, if the sole purpose of the component part is for the repair of the article of manufacture of which it is a part so as to restore its original appearance.¹²³

It should be appreciated that this exemption appears to extend beyond automobile spare parts and design patents. Rather, proposed § 271(j) of the Patent Act would apparently have applied to all industries with respect to any patent.¹²⁴ This legislation was not enacted.

Observers vary as to the merits of this proposal. Supporters of the legislation assert that design patents on automobile replacement parts “increase repair bills, block competition, and threaten the safety of consumers who may forego necessary repairs because of their high cost.”¹²⁵ However, not all concerned parties agree. Design patent attorney Perry Saidman reportedly has stated that the legislation would ignore “the rationale behind design patents” and opined that “any company whose business is predicated on copying the original designs of others will ... beat a path to Congress’ door, claiming that their knockoff products increase competition and reduce prices for consumers.”¹²⁶

Judicial Developments Concerning Design Patents

Some legal experts have drawn attention to recent judicial opinions with respect to design patents.¹²⁷ One of these opinions, *Arminak and Associates, Inc. v. Saint-Gobain Calmar, Inc.*,¹²⁸

¹²⁰ No. 337-TA-557, 2007 WL 2021234 (ITC May 4, 2007).

¹²¹ See “Legislation/Patents: Auto Parts Coalition Asks Lawmakers for Design Patent Infringement Exemption,” 74 *Patent, Trademark & Copyright Journal* (Bureau of National Affairs September 21, 2007), 611.

¹²² H.R. 5638 was referred to the House Committee on the Judiciary on March 13, 2008. This bill would amend 35 U.S.C. § 271 (2006).

¹²³ H.R. 5638 at § 1.

¹²⁴ See “Legislation/Design Patents: Lofgren Introduces Bill Exempting ‘Repair’ Parts from Infringement Liability,” 75 *Patent, Trademark & Copyright Journal* (Bureau of National Affairs March 21, 2008), 527.

¹²⁵ See “Patents/Legislation: Labor, Auto Safety Groups Oppose Provisions in Patent Reform Measure,” 74 *Patent, Trademark & Copyright Journal* (Bureau of National Affairs August 3, 2007), 405.

¹²⁶ See “Legislation/Patents: Auto Parts Groups Lobby for Bill to Exempt Repair Parts from Patent Infringement,” 75 *Patent, Trademark & Copyright Journal* (Bureau of National Affairs April 25, 2008), 674.

¹²⁷ Perry J. Saidman, “The Crisis in the Law of Designs,” 89 *Journal of the Patent & Trademark Office Society* (2007), 301.

¹²⁸ 501 F.3d 1314 (Fed. Cir. 2007).

concerned the identity of the “ordinary observer” in design patent infringement determinations. In order to decide that an accused design infringes a design patent, a court must conclude that “in the eye of an ordinary observer, giving such attention as a purchaser usually gives,” the patented and accused designs “are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it is the other.”¹²⁹ The Supreme Court has held that “ordinary observers” should not be viewed as experts versed in the designs used within a particular industry, but rather “those who buy and use” the product that bears the particular design.¹³⁰

In the *Arminak* decision, the Court of Appeals for the Federal Circuit (“Federal Circuit”) held that under the facts of that case, an industrial purchaser was the appropriate “ordinary observer” for assessing infringement. The design patent in *Arminak* depicted the top portion of a trigger sprayer, which is commonly termed a “shroud.” Both the patent proprietor and the accused infringer sold trigger sprayers to producers of liquid household products. The Federal Circuit concluded that ordinary consumers, who do not purchase shrouds by themselves, but rather household cleaning products with trigger sprayers, could *not* be judged the “ordinary observer.” Rather, “the purchaser of the patented and accused designs in this case is the purchaser of one of a retail product’s component parts that is thereafter assembled with other parts to make the retail product.”¹³¹ The Federal Circuit therefore affirmed the district court’s finding of noninfringement.

The ruling in *Arminak* has been criticized due its potential impact upon design patent holders. As industrial purchasers are considerably more sophisticated than ordinary consumers concerning the nuances of particular product designs, a finding of infringement is much less likely when the standard of the “ordinary observer” is raised beyond the level of the lay public. Although the *Arminak* holding may potentially be justified under its particular facts, design patent attorney Perry Saidman has viewed this ruling as inconsistent with governing Supreme Court cases.¹³² Mr. Saidman has further concluded that the *Arminak* holding effectively renders “a holding of design patent infringement virtually unattainable, ... indeed destroying all the protection for designs that Congress intended to give.”¹³³

Another judicial opinion, *Egyptian Goddess, Inc. v. Swisa, Inc.*,¹³⁴ raised two issues of current controversy with respect to design patents. In *Egyptian Goddess* and other decisions, courts have engaged in a process of “claim construction” with respect to design patents.¹³⁵ Because the claims of design patents consist of visual images of the protected design, this “claim construction” process consists of putting into words the visual appearance of the designs shown in the patent’s drawings. This textual description is then compared to the accused product under the “ordinary observer” standard in order to determine whether the design patent was infringed or not. For example, the asserted design patent in the *Egyptian Goddess* case concerned an “ornamental nail buffer.” One of the patent’s seven figures appeared as follows:

¹²⁹ *Gorham Co. v. White*, 81 U.S. (14 Wall.) 511, 528 (1871).

¹³⁰ *Id.*

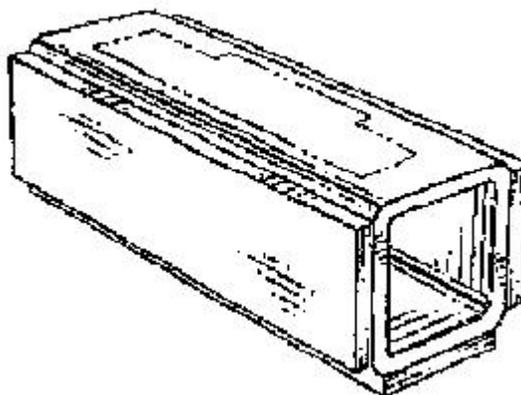
¹³¹ 501 F.3d at 1323.

¹³² Saidman, *supra*, at 301.

¹³³ *Id.* at 314.

¹³⁴ 543 F.3d 665 (Fed. Cir. 2008).

¹³⁵ *Id.* at 668.



The claim construction associated with the design patent was as follows:

A hollow tubular frame of generally square cross section, where the square has sides of length S , the frame has a length of approximately $3S$, and the frame has a thickness of approximately $T = 0.1S$; the corners of the cross section are rounded, with the outer corner of the cross section rounded on a 90 degree radius of approximately $1.25T$, and the inner corner of the cross section rounded on a 90 degree radius of approximately $0.25T$; and with rectangular abrasive pads of thickness T affixed to three of the sides of the frame, covering the flat portion of the sides while leaving the curved radius uncovered, with the fourth side of the frame bare.¹³⁶

Some observers believe that the judicial claim construction inquiry potentially provides a more fair and predictable method for determining the scope of patent protection.¹³⁷ However, others have asserted that this “verbalization” of the claimed design overly limits the scope of design patents and does not adequately allow for the judgment of the “ordinary observer” in design patent infringement determinations.¹³⁸

In *Egyptian Goddess*, the Federal Circuit concluded that trial courts possessed discretion on whether to conduct a detailed claim construction or not. Judge Bryson explained that “[g]iven the recognized difficulties entailed in trying to describe a design in words, the preferable course ordinarily will be for a district court not to attempt to ‘construe’ a design patent claim by providing a detailed verbal description of the claimed design.”¹³⁹ However, “a district court’s decision regarding the level of detail to be used in describing the claimed design is a matter within the court’s discretion....”¹⁴⁰

The *Egyptian Goddess* opinion also changed the way that courts will conduct infringement analyses of design patents in the future. Previous, the Federal Circuit had used the “point of novelty” standard when deciding whether design patents were infringed or not.¹⁴¹ Under this

¹³⁶ *Id.* As described below, the Court of Appeals ultimately determined that the accused nail buffers did not infringe the asserted design patent.

¹³⁷ See Kyle J. Fiet, “Restoring the Promise of *Markman*: Interlocutory Patent Appeals Reevaluated Post-*Philips v. AWH Corp.*,” 84 *North Carolina Law Review* (2006), 1291 (noting these views).

¹³⁸ See Locke, *supra*; Perry J. Saidman and Allison Singh, “The Death of *Gorman v. White*: Killing It Softly with *Markman*,” 86 *Journal of the Patent and Trademark Office Society* (2004), 792.

¹³⁹ 543 F.3d at 679.

¹⁴⁰ *Id.*

¹⁴¹ See Daniel Adam Nadel, “The Elusive Point of Novelty Test Leaves Design Patent Infringement in Limbo: A (continued...)”

standard, “no matter how similar two items look, the accused device must appropriate the novelty in the patented device” that distinguishes it from earlier designs in order to prove infringement.¹⁴² The Federal Circuit had explained that the patent proprietor must set forth either a single novel design element or a combination of known elements that collectively present a “non-trivial advance over the prior art.”¹⁴³ If the design element or elements asserted by the patent proprietor do not meet this standard, then the court will reach a judgment of noninfringement.

In the *Egyptian Goddess* case, the patent proprietor’s asserted point of novelty was the combination of four of the claimed design’s elements: (1) an open and hollow body, (2) square cross-section, (3) raised rectangular pads, and (4) exposed corners. Applying Federal Circuit precedent, the trial court determined that an earlier design patent directed towards a nail buffer disclosed all of these elements, with the exception that it was triangular, rather than square in cross-section. Observing that a number of other references illustrated nail buffers with square cross-sections, the court rejected the asserted “point of novelty” and rendered a judgment of noninfringement.¹⁴⁴

As it had come to be applied by the Federal Circuit, the “point of novelty” standard had been criticized on a number of grounds. Some commentators believed that this approach confused validity and infringement standards for design patents and also resulted in a narrow scope of design patent protection.¹⁴⁵ However, other observers explained that design patents contain general illustrations that do not specify the distinctions between the patented design and the state of the art. They favored a rule that ensures that there will be no finding of infringement when the accused design has the same overall appearance of both the design patent and earlier designs, particularly because they both use features found in well-known predecessors.¹⁴⁶

In response to critiques of the “point of novelty” standard, the Federal Circuit explicitly rejected this test in *Egyptian Goddess*. The Court of Appeals instead concluded that “the ‘ordinary observer’ test should be the sole test for determining whether a design patent has been infringed.”¹⁴⁷ Although some commentators believe this ruling is not of particular practical significance,¹⁴⁸ other observers believe that *Egyptian Goddess* had made design patents more attractive because, in their view, it is now easier for a court to reach a conclusion of infringement.¹⁴⁹

(...continued)

Critique of *Lawman Armor Corporation v. Winner International, LLC*,” 17 *Federal Circuit Bar Journal* (2008), 343.

¹⁴² *Litton Sys., Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1444 (Fed. Cir. 1984) (citation omitted).

¹⁴³ *Egyptian Goddess*, 498 F.3d at 1357.

¹⁴⁴ *Id.* at 1358.

¹⁴⁵ See Aaron Cook, “Points of Novelty, *Lawman Armor*, and the Destruction of Design Patents,” 12 *Journal of Technology Law & Policy* (2007), 103.

¹⁴⁶ See Amicus Brief of Elite Group, Inc. and Sensio, Inc. in *Egyptian Goddess, Inc. v. Swisa, Inc.*, No. 2006-1562, 2008 WL 545143 (Fed. Cir. 2008).

¹⁴⁷ 543 F.3d at 678.

¹⁴⁸ See Robert Scheffel, “Clear as Mud: Federal Circuit Issues *Egyptian Goddess* Decision,” *Intellectual Property Alert* (Sept. 22, 2008).

¹⁴⁹ See Erin Coe, “Federal Circuit Examines Design Patent Test,” *IP Law 360* (June 2, 2008).

Issues in Innovation and Competition

Current congressional interest in industrial designs spans a number of different issues and industries. This breadth of interest in strengthening intellectual property rights for industrial designs arguably reflects the changing nature of the U.S. economy. Given the increasing sophistication of foreign manufacturing, the protection of industrial designs provides one mechanism for sustaining competitive domestic design-based industries. As attorney Regan Keebaugh explains, “[i]f economic reality means the United States can no longer compete in the production side of manufacturing, then one way to maintain jobs in the manufacturing industry is through developing a strong design industry to ensure that products made overseas are designed in the United States.”¹⁵⁰

Intellectual property laws are said to promote innovative industries by establishing exclusive rights in new inventions, industrial designs, and other creations. Absent such rights, “free riders” could easily duplicate and exploit the innovative developments of others. Further, because they incurred no design and development costs, copyists could likely undersell the original innovator. The resulting inability of innovators to capitalize on their creations would lead to an environment where too little research and development occurs.¹⁵¹ Intellectual property rights may also encourage others to design around these proprietary interests, pointing the way to new products, markets, economies of production and even entire industries.¹⁵²

Although the established intellectual property paradigms of copyrights, trademarks, and patents provide protection for traditional works of authorship, brand names, and inventions, they also limit or deny protection for other sorts of subject matter. As this report has explained, copyright, trade dress, and design patent law to varying degrees deny protection to industrial designs with a functional component.¹⁵³ *Sui generis* protection systems may potentially fill gaps that may not have been anticipated by the framers of the traditional intellectual property regimes.¹⁵⁴

Sui generis protection regimes also offer a potential advantage when compared to the copyright, trademark, and patent statutes. Although the established forms of intellectual property apply broadly to numerous industries and types of innovations,¹⁵⁵ *sui generis* protection regimes may be more precisely tailored to meet the needs of particular industries. For example, the acquisition of rights could be designed to fit the perceived needs of particular industries, the scope and term of protection may be particular product cycles, and competitors and consumers could enjoy the privilege to use protected subject matter in certain circumstances.¹⁵⁶

¹⁵⁰ Keebaugh, *supra*, at 257.

¹⁵¹ See Rebecca S. Eisenberg, “Patents and the Progress of Science: Exclusive Rights and Experimental Use,” 56 *University of Chicago Law Review* 1017 (1989).

¹⁵² *Id.*

¹⁵³ See *supra* notes 24-28 (copyright); 36-38 (trade dress); 42-44 (design patents) and accompanying text.

¹⁵⁴ See generally J.H. Reichman, “Legal Hybrids Between the Patent and Copyright Paradigms,” 94 *Columbia Law Review* (1994), 2432.

¹⁵⁵ See CRS Report RL33996, *Patent Reform in the 110th Congress: Innovation Issues*, by John R. Thomas and Wendy H. Schacht.

¹⁵⁶ See generally Mark D. Janis and Stephen Smith, “Technological Change and the Design of Plant Variety Protection Regimes,” 82 *Chicago-Kent Law Review* (2007), 1557.

Policy makers may also appreciate that the designs of previous *sui generis* regimes have tended to be based upon one of the established intellectual property paradigms. For example, the rights established under the Semiconductor Chip Protection Act of 1984¹⁵⁷ are similar to copyright.¹⁵⁸ On the other hand, both the design and plant patent systems were incorporated into the existing utility patent laws and therefore follow a patent-like model.¹⁵⁹ Some observers believe that copyright- or trademark-like protection represents the most appropriate scheme of protection for industrial designs because neither regime requires courts or government officials to analyze the merits of “creative expression applied to goods.”¹⁶⁰ On the other hand, other experts believe that the design patent law, which does entail an analysis of whether an industrial design would have been obvious to a skilled artisan,¹⁶¹ has historically served as the “best option” for protecting industrial designs.¹⁶²

Although the establishment of *sui generis* regimes may reduce harmful free riding that results in reduced investment in innovation, experts have also expressed concerns about the expansion of intellectual property rights. They observe that the primary mechanism through which intellectual property rights create incentives to innovate is to limit the ability of others to participate in the marketplace.¹⁶³ From the perspective of the government, such systems are inexpensive when compared to prizes or other potential incentives.¹⁶⁴ Yet they also limit the ability of firms to compete and possibly raise prices and limit the products available to the public, at least in the short term.¹⁶⁵

In this regard, it should be appreciated that the traditional intellectual property regimes often did not leave certain subject matter outside the scope of protection by accident. Rather, this circumstance resulted from a purposeful legislative choice.¹⁶⁶ For example, the patent statute stipulates that designs that would have been obvious to a skilled artisan should not be awarded proprietary rights.¹⁶⁷ The Supreme Court recently explained this rule as resulting from the judgment that “[w]ere it otherwise patents might stifle, rather than promote, the progress of useful arts.”¹⁶⁸ To the extent that proposed *sui generis* regimes lower this threshold and award

¹⁵⁷ 98th Congress, P.L. 620, 98 Stat. 3347 (codified as amended at 17 U.S.C. § 901 *et seq.*).

¹⁵⁸ See Leon Radomsky, “Sixteen Years After the Passage of the U.S. Semiconductor Chip Protection Act: Is International Protection Working?,” 15 *Berkeley Technology Law Journal* (2000), 1049.

¹⁵⁹ See Jonathan D. Carpenter, “Intellectual Property: The Overlap Between Utility Patents, Plant Patents, the PVPA, and Trade Secrets and the Limitations on the Overlap,” 81 *North Dakota Law Review* (2005), 171.

¹⁶⁰ Daniel H. Breaun, “Enough is Enough: Time to Eliminate Design Patents and Rely on More Appropriate Copyright and Trademark Protection for Product Designs,” 16 *Texas Intellectual Property Law Journal* (2008), 325.

¹⁶¹ 35 U.S.C. § 103(a) (2006).

¹⁶² Saidman, *supra*, at 303.

¹⁶³ See Steven Wilf, “The Making of the Post-War Paradigm in American Intellectual Property Law,” 31 *Columbia Journal of Law & the Arts* (2008), 139.

¹⁶⁴ See Michael Abramowicz, “Perfecting Patent Prizes,” 56 *Vanderbilt Law Review* (2003), 115.

¹⁶⁵ See Peter K. Yu, “The International Enclosure Movement,” 82 *Indiana Law Journal* (2007), 827.

¹⁶⁶ See *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 349 (1991) (explaining that the inability of copyright to protect facts *per se* is not an unforeseen byproduct of the statutory scheme, but rather an essential characteristic of the copyright system).

¹⁶⁷ 35 U.S.C. § 103 (2006).

¹⁶⁸ *KSR International Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1746 (2007).

proprietary rights in “subpatentable” innovations, they may diminish the public domain and hamper both future innovation and competition.¹⁶⁹

Finally, congressional award of proprietary rights to some industries may inspire additional lobbying efforts by others. Other sorts of potentially innovative products—including databases and other compilations of information;¹⁷⁰ perfumes, colognes, and scents;¹⁷¹ and computer software¹⁷²—are among those that, at least according to some observers, do not interface well with the traditional copyright, trademark, and patent regimes. Mark Janis, a member of the faculty of the University of Iowa College of Law, explains that once one industry has made its case for a *sui generis* regime of intellectual property rights, “[i]t takes little imagination to extend this reasoning to justify the creation of a multitude of additional second tier ... regimes having specialized subject matter requirements.”¹⁷³ Determining which industries, if any, deserve *sui generis* rights outside the established intellectual property paradigms ultimately remains a matter of legislative judgment.

Legislation

P.L. 110-434, 110th Congress

S. 1640 (Leahy), Vessel Hull Design Protection Amendments of 2008. A bill to amend chapter 13 of title 17, United States Code (relating to the vessel hull design protection), to clarify the definitions of a hull and a deck. Introduced on June 18, 2007. Reported by Senator Leahy from the Committee on the Judiciary on October 4, 2007. Passed the Senate on October 4, 2007, and was received in the House on October 5, 2007.

H.R. 6541 (Berman), Vessel Hull Design Protection Amendments of 2008. A bill to amend chapter 13 of title 17, United States Code (relating to the vessel hull design protection), to clarify the definitions of a hull and a deck. Introduced in the House on July 17, 2008. Passed House on July 22, 2008. Passed Senate on September 30, 2008. Signed by the President on October 16, 2008.

¹⁶⁹ See Mark D. Janis, “Second Tier Patent Protection,” 40 *Harvard International Law Journal* (1999), 151.

¹⁷⁰ See Daniel J. Gervais, “The Protection of Databases,” 82 *Chicago-Kent Law Review* (2007), 1109.

¹⁷¹ See Thomas G. Field, Jr., “Copyright Protection for Perfumes,” 45 *IDEA: The Journal of Law and Technology* (2004), 19.

¹⁷² See Pamela Samuelson *et al.*, “A Manifesto Concerning the Legal Protection of Computer Programs,” 94 *Columbia Law Review* (1994), 2308; *but see* Jane C. Ginsburg, “Four Reasons and a Paradox: The Manifest Superiority of Copyright Over *Sui Generis* Protection of Computer Software,” 94 *Columbia Law Review* (1994), 2559.

¹⁷³ See Janis, *supra*, at 151.

Author Contact Information

John R. Thomas

Acknowledgments

This report was funded in part by a grant from the John D. and Catherine T. MacArthur Foundation.



<http://www.crsdocuments.com>