Trade Dress Protection Not In Great Shape For Great Shapes

Law360, New York (May 19, 2015, 2:59 PM ET) –


Martin Schwimmer

The primary line of defense for defending shapes and configurations is the design patent. Monday's decision in *Apple Inc. v. Samsung Electronics Co. Ltd.*, 2014-1335, 2015-1029 (CAFC May 18, 2015), illustrates that plan B, namely trade dress, infringed Apple's trade dress as well. A jury awarded Apple nearly $1 billion in damages: $548 million for the design patents, and $382 million for the trade dress.

The Federal Circuit has now affirmed the design patent verdict, but reversed the trade dress holding.

Apple asserted two forms of trade dress. The company alleged an unregistered trade dress consisting of the totality of the following five elements:

(1) A rectangular product with four evenly rounded corners;

(2) A flat clear surface covering the front of the product;

(3) A display screen under the clear surface;

(4) Substantial black borders above and below the display screen and narrower black borders on either side of the screen; and

(5) When the device is on, a row of small dots on the display screen, a matric of colorful square icons with evenly rounded corners within the display screen, and an unchanging bottom dock of colorful square icons with evenly rounded colors set off from the display's other icons.

Apple also asserted rights in a registered trademark that consisted of the home screen of the iPhone displaying an array of 20 icons.

The challenge in successfully asserting trade dress rights in a product appearance is that the plaintiff must establish:

(1) That the claimed trade dress, taken as a whole, is not functional;

(2) In the case of a product configuration (as opposed to packaging), that the trade dress has achieved secondary meaning; and

(3) That defendant's use causes a likelihood of confusion.

It can be argued that by certain metrics, Apple is the company most suited to prevail in a product

configuration trade dress case. Apple is a design-centric powerhouse — that is — it features the designs of its products as the dominant element of much of its extensive advertising (marketing types refer to this sort of marketing as "product as hero" advertising). In other words, if anyone can establish secondary meaning in its product configurations, it's Apple.
Furthermore, Apple has the resources to obtain survey evidence to prove secondary meaning, as well as likelihood of confusion.

However in this case, Apple stumbled at the gateway element, namely nonfunctionality.

Here, the Federal Circuit, applying the Ninth Circuit standard (as this was an appeal from a Northern District of California case), framed the functionality question as "do the product features serve no purpose other than product identification."

One way of understanding this standard is that if the manufacturer touts the design as being beautiful, that is product identification. If the manufacturer touts the design as making the product easy to use, that could undermine a trade dress claim.

Here, Samsung was able to establish:

(1) The rounded corners improves "pocketability" (also known as not snagging pockets); and

(2) Flat clear screens facilitates touch displays.

Protection is not much of a fallback.

The somewhat dissonant decision, holding essentially that Samsung infringed the design patent but not the trade dress of the iPhone home screen, raises questions as to whether the two theories of IP protection, both of which are defined in part as not extending to functional elements, should be reconciled.

(1) Apple had prevailed at trial over Samsung in 2012, establishing that Samsung had not only infringed Apple's design patents in the iPhone — but had the "dots" under the icons that allow access to other pages of apps;

(2) The unchanging row of apps at the bottom allows quick access to the most commonly used apps.

To top it off, Apple's advertising demonstrated the ease of use of the touch display (suggesting that trade dress elements provided something in addition to source identification).

Turning to Apple's registered trade dress, Apple asserted claims based on U.S. registration no. 3,470,983, which is described as "the configuration of a handheld mobile digital electronic device."

The court noted that: "It is clear that individual elements claimed by the '983 trade dress are functional." For example, the map icon functioned as an icon for the map app. Apple's expert testified that, "The whole point of an icon on a smartphone is to communicate to the consumer

using that product, that if they hit that icon, certain functionality will occur on the phone."

Apple's argument was that "the total combination of the sixteen icon designs in the context of the iPhone shape" was something other than functional. However, citing Apple's experts who testified that the home screen was "instantly recognizable" because it was "highly intuitive," the court concluded that Apple lost the presumption of nonfunctionality it had obtained from its registration. Apple had scant evidence to meet its burden of nonfunctionality, and the trade dress claims were dismissed.

Design Patents

Turning to Apple's design patents, Samsung asserted that it was not liable for infringement of Apple's U.S. Design Patent Nos. D618,677 ("D'677 patent"), D593,087 ("D'087 patent"), and D604,305 ("D'305 patent"). Samsung argued that the only similarity between its products and the claims of the Apple patents were limited to basic or functional elements of the patented designs.

All design patents are limited by statute (35 U.S.C. 171) to new, original and ornamental designs for articles of manufacture. However, when these designs flow from the utility or functionality of the article, then the design is not ornamental, and design patent protection is inappropriate. There is no requirement for the protected design to cover the entirety of the article, or in the case of a graphical user interface, the entire screen; a patentee must show in broken lines those parts of the article for which design protection is disclaimed.

Samsung asserted that that even though Apple's designs disclaimed everything but the graphical user interface elements (as well has some hardware features of the iPhone itself) displayed on the device's screen, that those elements were in fact basic and structural. Samsung argued that even though Apple has a valid design patent on these ornamental features, the only similarity between its products and Apple's rested on these basic design elements, such as the rectangular screen orientation and the rounded edges of the icons.

Samsung took the position that "the district court erred in failing to exclude the functional aspects of the design patents, either in the claim construction or elsewhere in the infringement jury instructions." Samsung cited case law stating, "Design patents do not and cannot include claims to the structural or functional aspects of the article." Here, Samsung points to the rectangular form and rounded corners of the iPhone's graphical display elements as not design choices, but structural elements not worthy of protection, and if they are, not elements that should be viewed when determining infringement.

Samsung's argument functioned as an invitation for the Federal Circuit to attack on the validity of Apple's design patents. However, the court declined and noted that the case law supplied by Samsung "addressed design patent validity" and did not advance a rule designed to "eliminate elements from the claim scope of a valid patent in analyzing infringement."

The court went further, noting that there is no rule that eliminates entire elements from a valid design patent where the design of those elements was based in part on their functional purpose.

In other words, the court takes the position that elements of a design will necessarily have functional aspects. To properly construe the claims of a design patent, a fact-finder must look to the ornamental aspects of all the components and not just those that are strictly ornamental. Because of this, the court found no error in the determining that the "functional elements" of Apple's design were used to assess the similarity between it and the accused product.

Next, Samsung asserted that the lower court erred for stating that actual deception was not required.

For a design patent to be infringed, an ordinary observer of the accused design and the patented design would need to be deceived into purchasing one design, while supposing it was the other. The court, citing the Egyptian Goddess standard, frames the question of deception as the level of similarity between the accused product and patent design and the accused product and any prior art that predates the design. When the accused product is closest in similarity to the patented design, then an ordinary observer would be deceived and infringement has occurred.

Samsung asserts that the jury instructions rendered the comparison of the accused product to the patented design toothless by removing the necessity of actual deception. However, the Federal Circuit points out that the case law is clear, and that actual deception is irrelevant. All that is necessary is that an ordinary observer would be deceived, not that any were. Thus, actual deception is not required.

Even with designs limited to the face of the iPhone, and graphical interface, Apple's patents were able to carry the day. Simply arguing that features of a valid design have structural or functional utility is not enough to eliminate them as elements in an infringement analysis. Likewise, a patentee need not offer evidence that actual observers were deceived by an infringers product designs, just that one could be so. It is irrelevant that other commercial features might prevent actual deception, so long as the potential of deception remains, infringement follows.

Conclusion

Our initial impression of the decision is that while both the trade dress and the design patent analyses are correct, it suggests an unworkable tension between the two doctrines. The trade dress contains functional elements, and therefore isn't protectable as a trademark, and thus a confusion analysis will not even be conducted. On the other hand, the ornamental design covered by the design patent contains functional or structural elements that lend to the similarity between plaintiff's and defendant's designs, and the trier of fact may consider the ornamentality of claim elements as a whole, and need not exclude specific functional elements when determining similarity.

As a practice pointer, the decision is a clear signal to obtain design patent protection. The hurdles seem much lower and, as has been pointed out, the cost of a design patent is a lot less than the cost of the sort of advertising necessary to establish secondary meaning.

As for a trademark analysis, there seems to be a certain paradox. The principle "form follows function" (associated with the architect Louis Sullivan) may represent the apex of industrial

design, but, if followed, seems to be the death knell for trade dress protection. Fortunately for Apple, the iPhone is still eligible for design patent protection.

—By Martin Schwimmer and Jordan Garner, Leason Ellis LLP

Marty Schwimmer is a partner and Jordan Garner is an associate at Leason Ellis in White Plains, New York.