

# Design Patent Reexamination: 10 Year Filing Trends & Strategic Considerations

**Md**  
Medical Devices

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**Na**  
Nanotechnology

**AIPLA's Spring Meeting | May 6, 2010 | New York**

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## **Types of Reexamination Distinguished by *Inter Partes* Third-Party Requester (3PR) Participation and Right of Appeal**

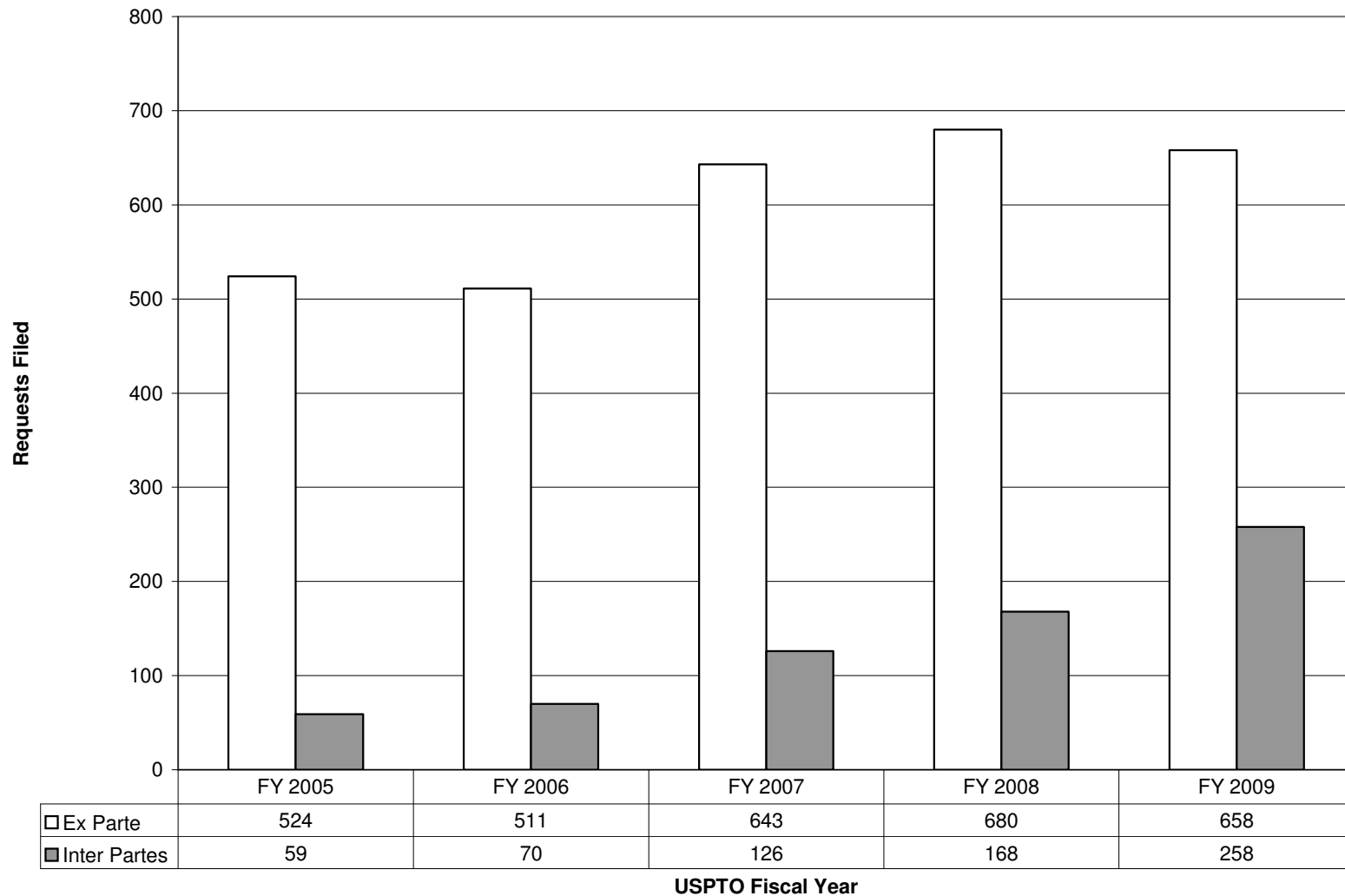
### *Ex Parte* Reexamination

- Created by Congress in 1980
- Provide a quality check on issued patents reexamined in view of new patents and printed publications
- Can be filed anonymously or by patent owner

### *Inter Partes* Reexamination

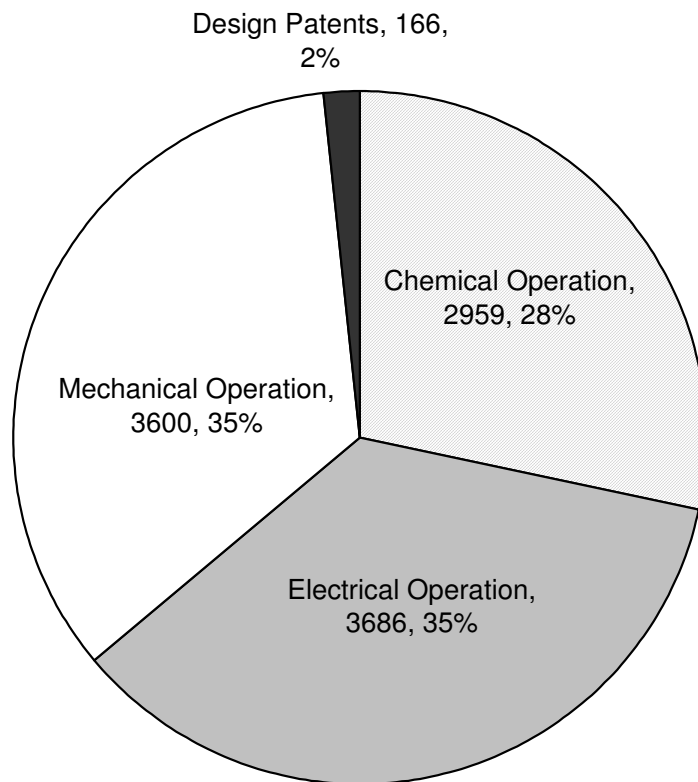
- Created by Congress in 1999
- Provide a fast, low-cost, effective alternative to district court litigation
- Ineligible if filed before Nov. 29, 1999
- Must disclose Real Party in Interest
- Requester cannot be in privity with owner

## Official USPTO Filing Statistics for *Ex Parte* and *Inter Partes* Reexaminations Since 2005 Illustrating Growth Trend in Request Filings



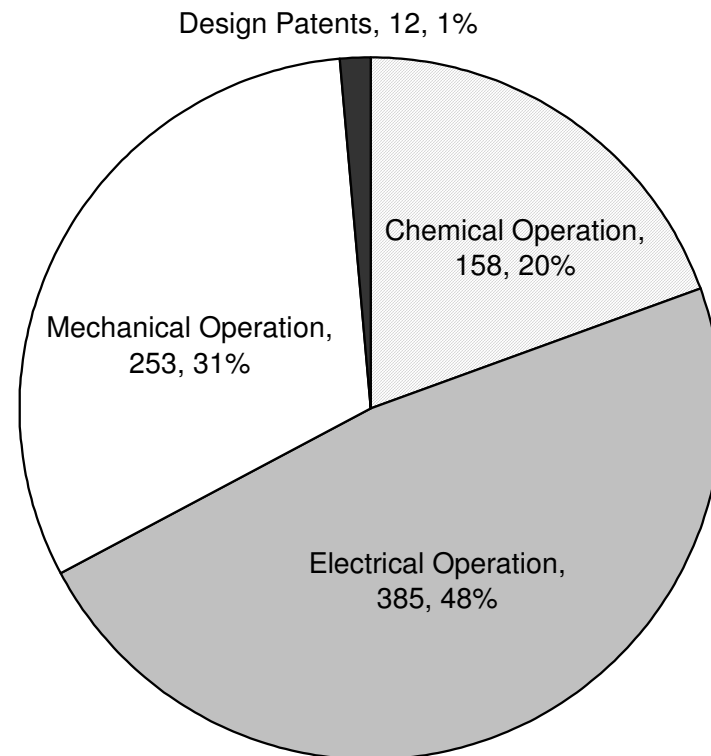
# Official USPTO Cumulative Filing Statistics for *Ex Parte* and *Inter Partes* by Discipline

## Annual *Ex Parte* Request Filings



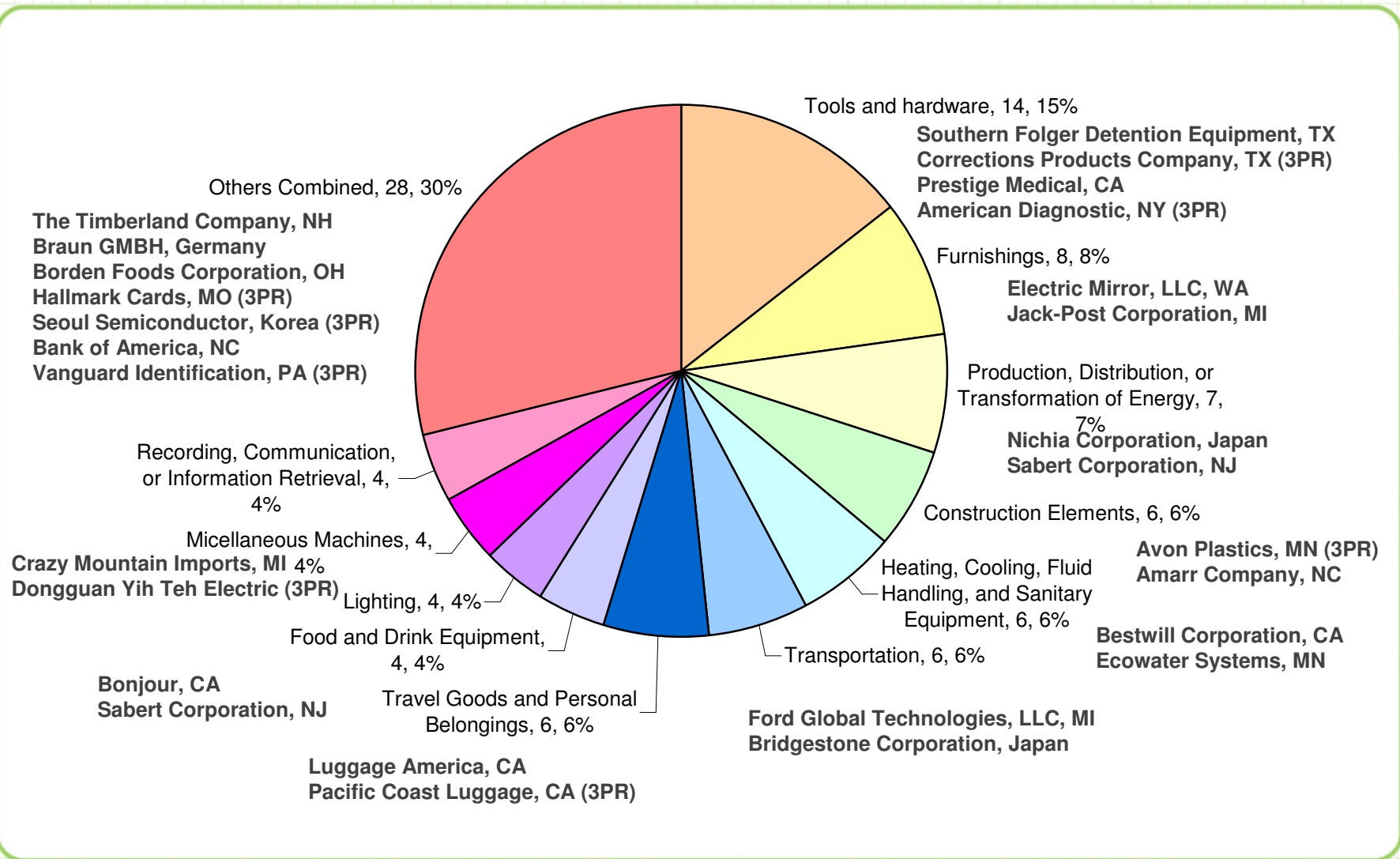
\*Cumulative Since July 1, 1981

## Annual *Inter Partes* Request Filings

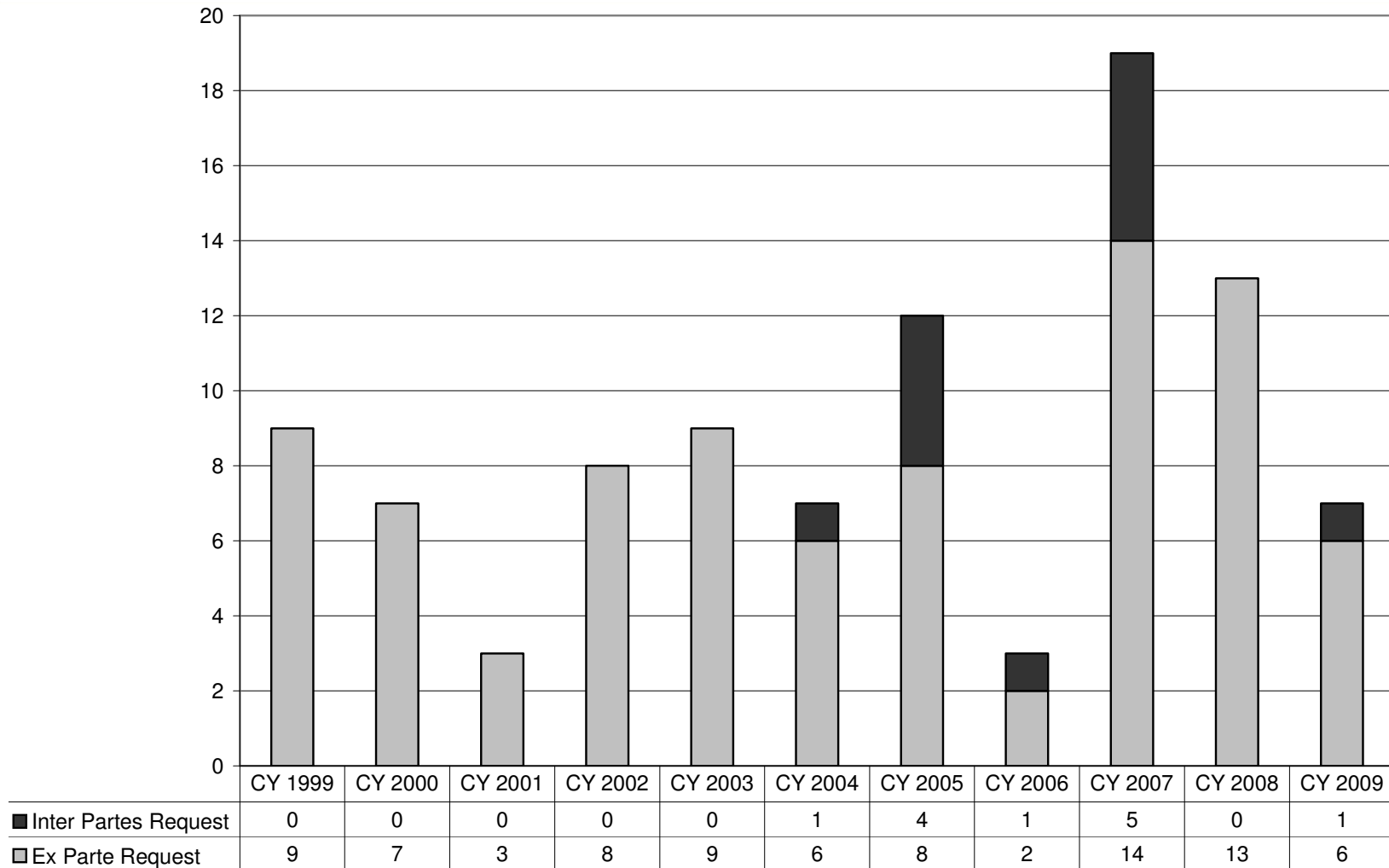


\*Cumulative Since November 29, 1999

# Design Patent Classes, Owners and Third-Party Requesters Involved in Reexamination

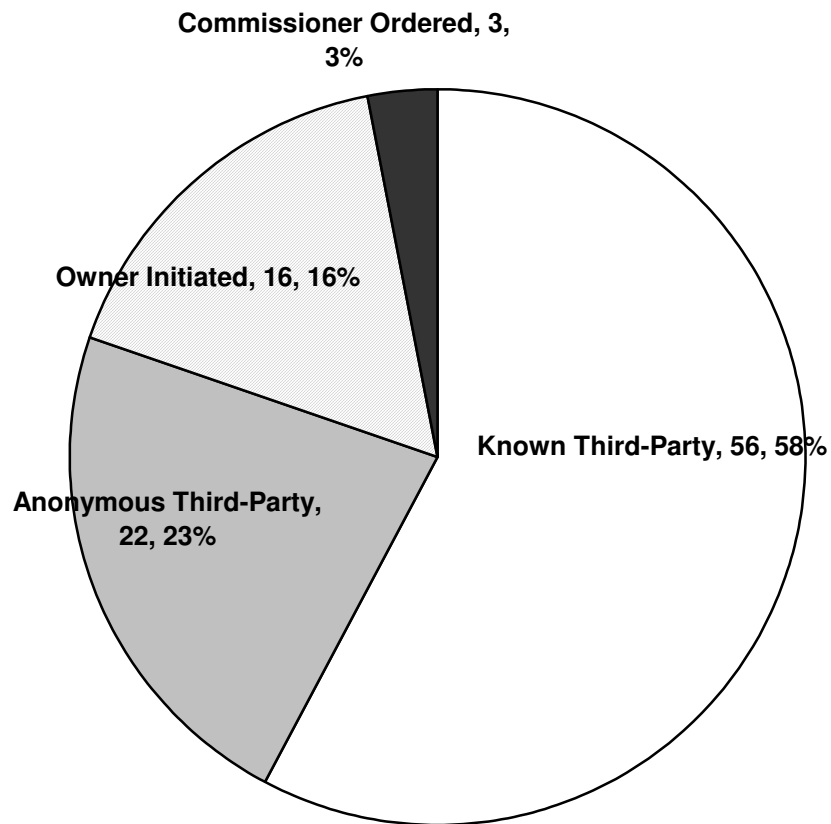


## Still Early to Spot Trends Similar to Utility in *Ex Parte* and *Inter Partes* Design Patent Reexamination Request Filings (1999-2009)



## More Than 80% of Design Patent Reexams are Initiated by Third-Party Requesters (3PR)

Design Patent Reexaminations by Initiating Party

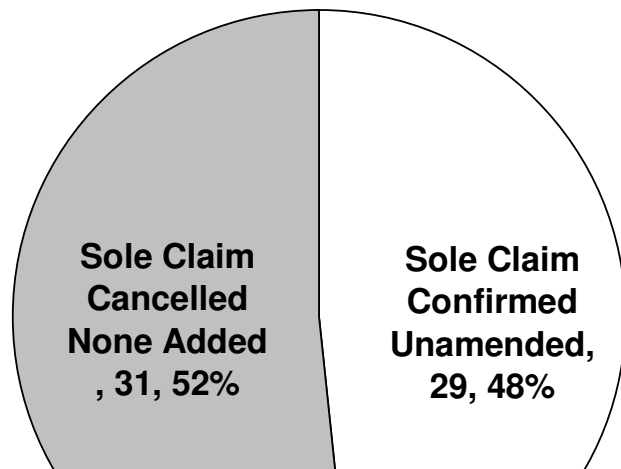


Clear majority of DPR's are third-party initiated

- Excluding *inter partes*, 78% of *ex parte* are initiated by a third-party and only 19% by owners.
- Significant compared to counterparts in the general sample (e.g., only 63% third-party initiated and 35% owner initiated).

## Claim Outcome Analysis: Better than 50% Chance Sole Claim will be Cancelled during the Course of Reexamination

### Combined *Ex Parte* and *Inter Partes* DPR NIRC Claim Outcome Analysis



Patent Owners Successful in Preserving the Design Claim	Sole Claim Confirmed Unamended
Bridgestone Corporation, Tokyo, Japan	2
PRC Corp., Fenton, MI	2
Sabert Corporation, Sayerville, NJ	2

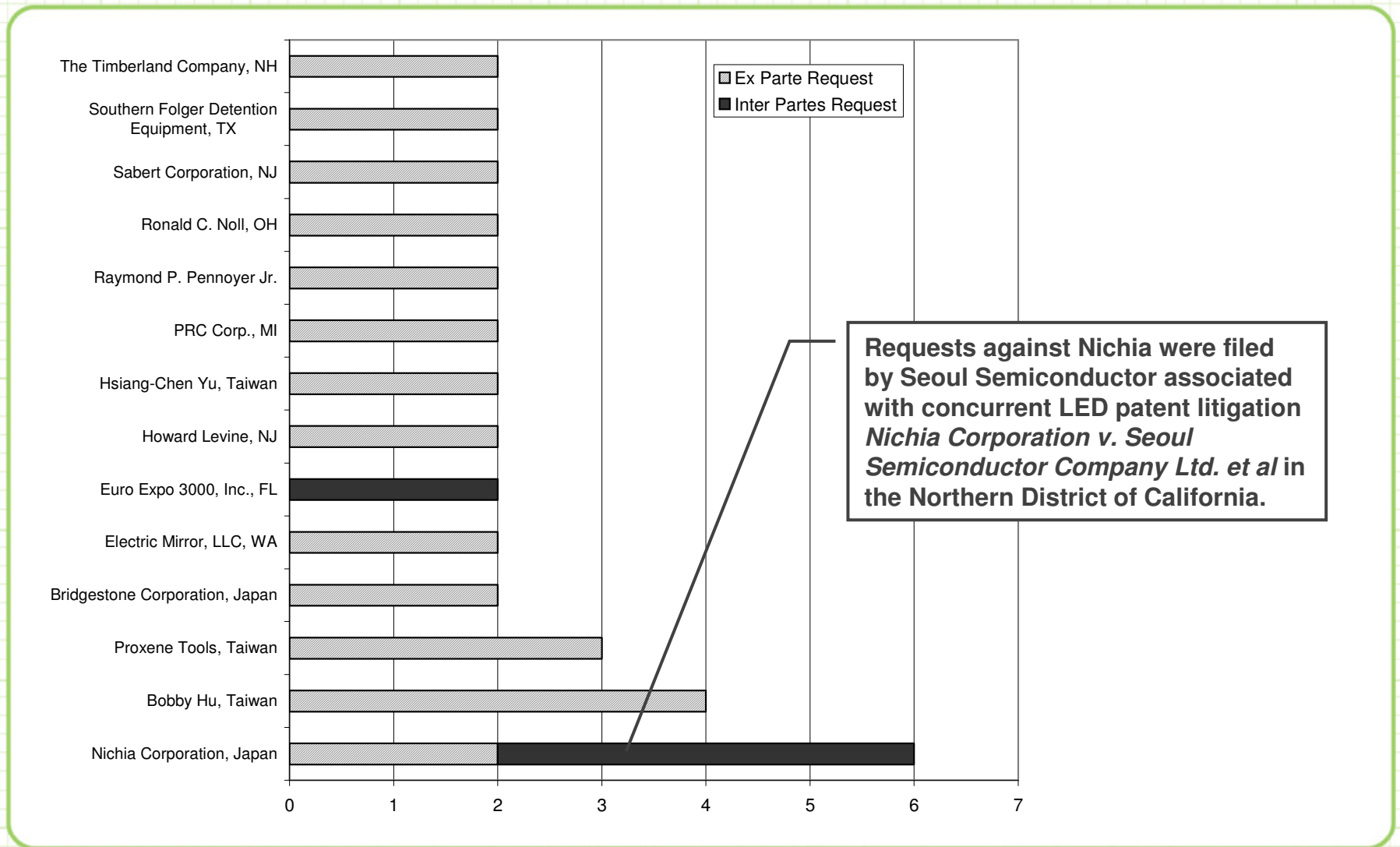
Third-Party Requesters Successful in Cancelling the Claim	Sole Claim Cancelled None Added
Anonymous Third-Party	7
Commissioner Ordered	3
Charles Wang, Taipei Hsien, Taiwan	2
Corrections Products Company, TX	2
The Durham Manufacturing Company, CT	2

High rate of cancellation compared to utility

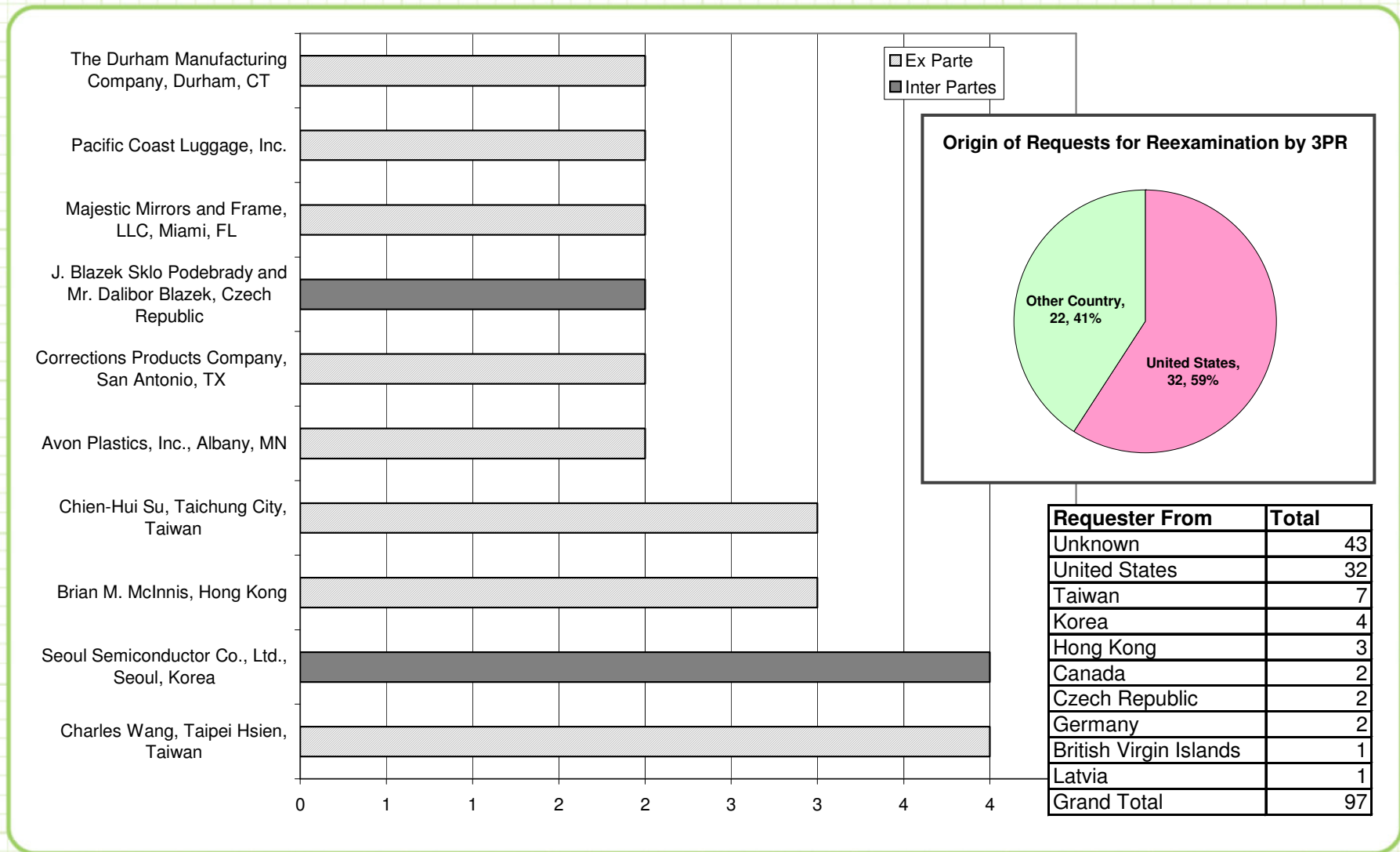
- Of the 97 design patent reexaminations, 60 had been issued a NIRC as of March 26, 2010

- Of these 60 concluded proceedings, 29 or 48% emerged confirmed and unamended and 31 or 52% were cancelled

## Top Design Patent Owners in Reexaminations Both Owner Initiated and Third-Party Initiated



# Top Known Third-Party Requesters of Design Patent Reexamination (Not Anonymous) and Percentage Originating Outside U.S.



## Reasons to Anticipate an Increase in Design Patent Reexamination Filings

### 1. Effective Defense Strategy for Accused Infringers

Strategy for defendants accused of infringement in district courts where design patent owners have option to seek profits under 35 U.S.C. §§ 284, 289.

### 2. Abundance of Qualifying Printed Publications

Third-party requesters can raise SNQ's using images as a printed publication where offers for sale and public use evidence otherwise does not qualify.

### 3. High Rate of Cancellation and Success for 3PR

Of 60 concluded DPRs, only 29 or 48% emerged confirmed and 31 or 52% were cancelled entirely compared with 11% cancellation in utility average.

### 4. Increase in Design Filings and Low Rejection Rate

During prosecution, 81.6% design patents receive no rejection and only 1.2% are rejected on the basis of prior art, 18.2% are rejected for § 112 or other.\*

\* "Design Patent Rejections" by Dennis Crouch (Patently O' Blog, Jan 19, 2010)

## Key Defense Strategy for Potential Infringers

1. Strategy for defendants accused of infringement in district courts where design patent owners have option to seek profits under 35 U.S.C. §§ 284, 289.

**Patent Owner Asserts  
Property Right Against  
One or More Parties with  
Plans to Enforce**

**Plaintiff-Patent Owner  
Files Patent Infringement  
Suit in U.S. District Court  
Under 35 U.S.C. § 271**

**Accused Infringer(s)  
Seek to Invalidate the  
Design Patent Using  
Prior Art/Printed Pubs**

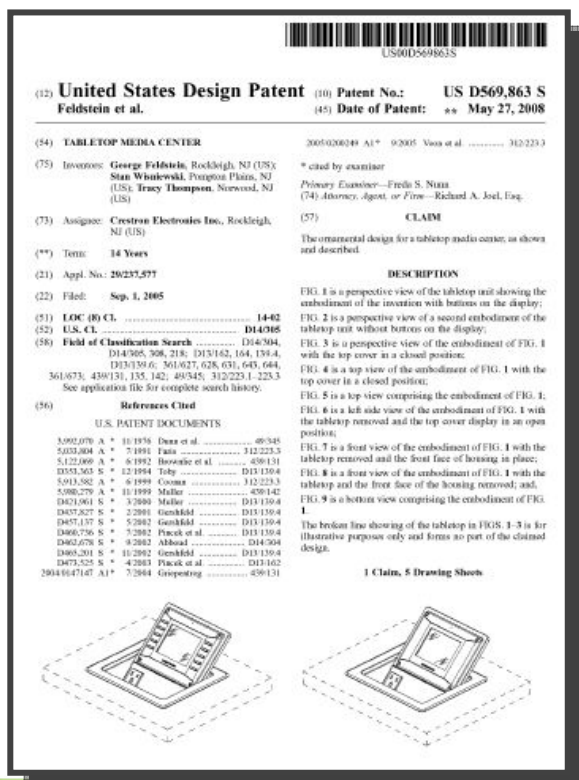
**Defendant-Accused  
Infringer(s) File Request  
for Reexamination Under  
35 U.S.C. §§ 303 or 312**

Courts can employ three theories to determine damages for design patent infringement, all of which may prompt potential infringers to launch defensive reexamination attacks on owners seeking to enforce:

- the infringer's profits pursuant to § 284
- lost profits pursuant to § 289
- a combination of lost profits and reasonable royalty

## Catalogue Images as Printed Publications

2. Third-party requesters can raise SNQ's using images as printed publications where offers for sale and public use evidence otherwise does not qualify.



- D. 569,863 Assigned to Crestron Electronics  
Title: TABLETOP MEDIA CENTER
- 90/010,699 Filed 9/25/2009 by RGB Systems

A substantial new question of patentability affecting the claim of United States Patent Number D569,863 is raised by the request for *ex parte* reexamination.

The following non-patent literature published by Crestron more than one year prior to the filing date of D569,863 were not disclosed nor considered by the U.S. Patent and Trademark Office:

- Crestron Product Catalog 2003, published Dec 2002  
Discloses a touchpanel TPS-1700, p.27  
Discloses a touchpanel CT-1550, p. 46
- Crestron Product Catalog, 35<sup>th</sup> Anniversary Edition, published July 2004  
Discloses a FlipTop computer center QM-FTCC (p.254), a control box with thirteen buttons, which is attached to a flip-top cover, which is mounted on a table, and which, when closed, is flush with the table surface.

## More Than 50% Chance of Success For 3PR

3. Of 60 concluded DPRs, only 29 or 48% emerged confirmed and 31 or 52% were cancelled entirely compared with 11% cancellation in utility average\*

All 3 *inter partes* design patent reexaminations resulted in total cancellation, excluding the recent BPAI decision in *Vanguard Identification Systems, Inc. v. Patent of Bank of America Corporation* (95/000,093)

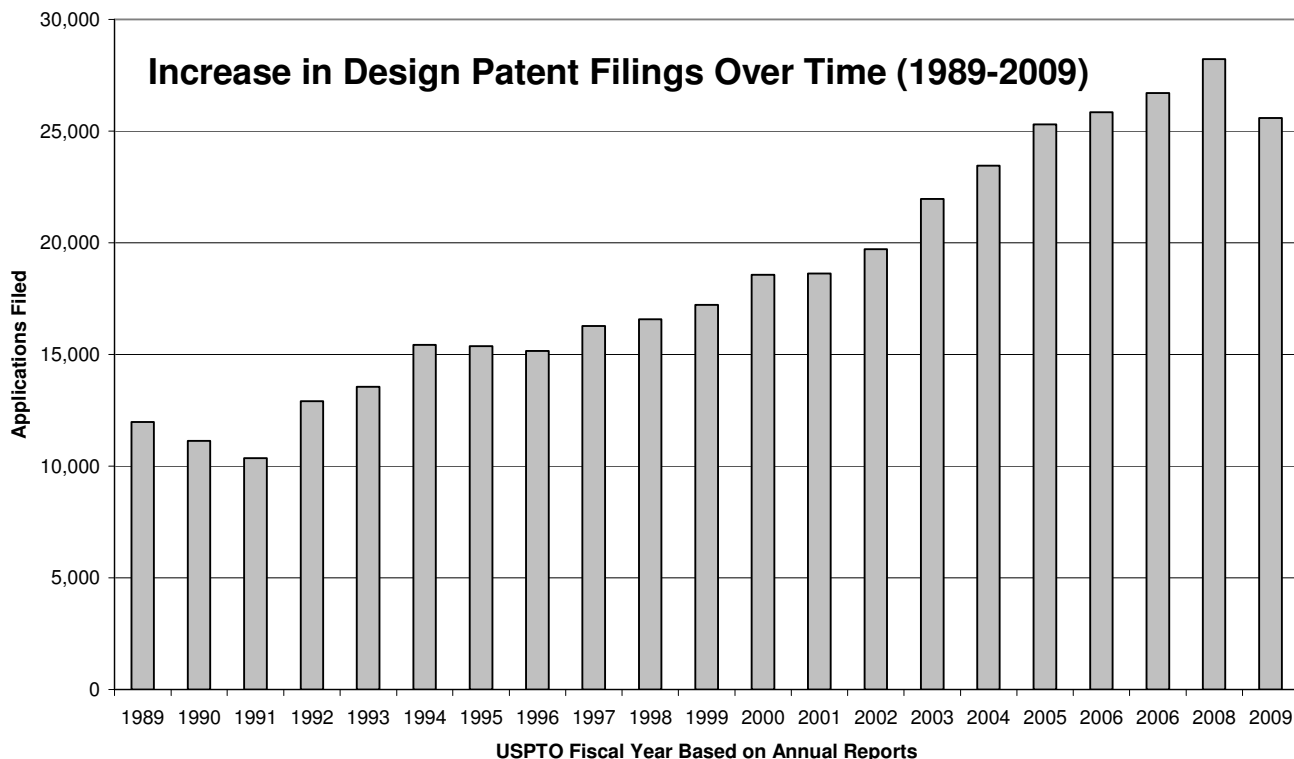
This decision reversed final rejection of the reexamined claim. Only one other design patent reexamination is known to be on appeal as of March 26, 2010

\*The "single" claim reporting may skew the outcome statistics and are not, in that sense, comparable to their general sample counterparts (e.g., where some claims can be amended, cancelled, confirmed, added -- which is normal).

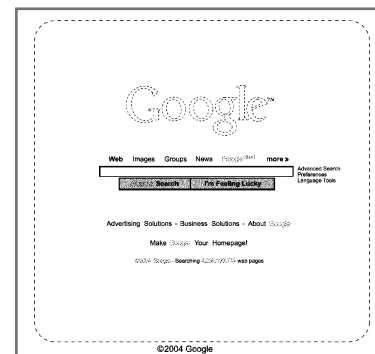
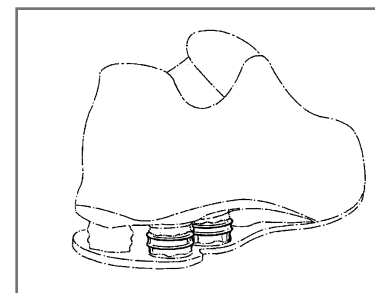
In view of the above, the conclusion that we reach in the present appeal is that the Examiner has not set forth a prima facie case because Keller is inadequate as a primary reference since it does not create basically the same visual impression as the claimed design.

## Filing Trends, Prosecution and Enforcement

4. During prosecution 81.6% receive no rejection, only 1.2% are rejected on the basis of prior art, and 18.2% are rejected for § 112 or other.\*



\* "Design Patent Rejections" by Dennis Crouch (Patently O' Blog, Jan 19, 2010)



## Impact of USPTO Decisions on Stock Price and the Role of Design Patent Protection

- Companies in a variety of industries including Sony, Apple, Nike, Under Armour, Ford, Honda, Microsoft, and Google increasingly rely on design patents to protect the appearance of products.
- In the past decade there have been many high profile reexaminations: NTP, Inc. v. Research in Motion, Ltd. (Blackberry), TiVo v. Echostar, (TimeWarp), recently i4i v. Microsoft (Word).
- Investors have become aware of the impact reexaminations can have on company value.

## ***The Reexamination Center: Comprehensive Resource for Legal News and Information***

Visit *The Reexamination Center*, a clearinghouse for information on the law and practice of patent reexamination [www.reexamcenter.com](http://www.reexamcenter.com)



**Thank You**

Questions?

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