



# Intellectual Property Entertainment and Sports Law Section

Alabama State Bar Association

Volume 6, Issue 1

April 2012

## In This Issue

Defamation in the Age of Social Media

**The Hidden Value of Design Patents**

Eye of Newt:  
Avoiding the Boiling  
Cauldron of Campaign  
Song Selection

## Upcoming CLE

July, 2012 Alabama  
State Bar Annual Meeting  
Destin, Florida

## Newsletter Submissions:

Now accepting submissions to the IPE&S Newsletter. Please submit your article for consideration to Stacey Davis at [sdavis@bakerdonelson.com](mailto:sdavis@bakerdonelson.com)  
Deadline: September 1, 2012.

## Defamation in the Age of Social Media

By Marcus R. Chatterton



© Peter Steiner, The New Yorker, 1993

With the rise of social media, and other forms of user-generated internet content, the potential for defamatory statements have increased dramatically. Emboldened by the elixir of anonymity - and conditioned by the culture of pseudonymous message boards and anonymous commenting - many people take an "anything goes" approach to their conduct on the internet. If you haven't seen this firsthand, take a few moments to read the comment section of a popular video at [www.youtube.com](http://www.youtube.com), or virtually any article published on [www.al.com](http://www.al.com) (especially during football season). As Peter Steiner famously quipped in his seminal New Yorker cartoon, "On the internet, nobody knows you're a dog." See PC Magazine, Memes Every Techie Should Know, December 14, 2011, available at <http://www.pcmag.com/article2/0,2817,2397604,00.asp>.

(Continued on page 2)

**Marcus Chatterton** is an associate in the Litigation Practice Group of Balch & Bingham, LLP. In addition to his Intellectual Property and Real Property practice, he represents businesses of all sizes in product liability, personal injury, breach of contract, economic loss claims and construction disputes. He may be reached at [mchatterton@balch.com](mailto:mchatterton@balch.com) or (205) 226-3420. His full bio may be found at <http://www.balch.com/mchatterton/>.

## The Hidden Value Of Design Patents

By Jeremy A. Smith

### Introduction

The United States provides a myriad of protections for intellectual property, including patents, trademarks, copyrights and trade secrets. Developing a comprehensive and effective intellectual property strategy requires a clear understanding of the benefits and limitations of each type of intellectual property. Design patents, in particular, seem to be less well understood than any other type of intellectual property. Design patents have taken to the forefront of late as Apple, Samsung and other electronic manufacturers battle over design patents covering cellular phones and tablet computers.

A design patent protects the ornamental appearance of a good. See 35 U.S.C. § 171. A design patent may be used to protect a certain part of a sofa, the curve of the back of a chair, the appearance of a mobile phone or the shape of an automobile's grill. Design patents, thus complement, but do not replace, utility patents and can provide advantages in litigation with an accused infringer.

The value of design patents lie in creating overlapping intellectual property protection for a commercialized good. For example, a good could be the subject of one or more utility patent applications directed to the operation, use and manufacture of the good and one or more design patent applications directed to the actual appearance of the commercial embodiment of the good, thus developing a true intellectual property portfolio protecting the good.

A design patent and a utility patent covering the same good can both be asserted in litigation against a competitor. By protecting only the appearance of a good, design patents provide a different scope of protection than utility patents. Just like having utility patent claims of varying scope is advantageous, having both a design patent and a utility

patent for a good may be advantageous because an invalidating prior art reference for a utility patent might not invalidate the design patent and vice versa. Similarly, a defense that may succeed against the utility patent might not succeed against the design patent and vice versa. In cases where an accused infringer literally copied the patented good, a design patent may be especially useful.

Design patents also offer economic advantages over utility patents. Design patents are typically much easier, and therefore cheaper, to prepare and prosecute than utility patents. Generally, the cost for preparing a design patent application is about one-quarter of the price of a utility patent application. Design patent applications are also typically examined by the United States Patent and Trademark Office ("USPTO") more quickly than utility patent applications. It is not uncommon to have a design patent application allowed by the USPTO within one year of filing, while the prosecution of a utility patent application is often three (3) years or longer. As a consequence, it may be possible to obtain a design patent that can be asserted in litigation against a competitor years before a corresponding utility patent on the same good is available.

### Infringement

Until 2008, proving the infringement of a design patent was rather difficult as the patent owner had to show that (i) an "ordinary observer" would be induced to purchase the accused good thinking it to be the protected good and (ii) that the accused good misappropriated the novelty of the patent design that distinguished the patented good from the prior art (the so-called "point of novelty" element). See *Litton Sys., Inc. v. Whirlpool Corp.*, 728 F.2d 1423 (Fed. Cir. 1994). In 2008, the Federal Circuit overturned the "point of novelty" element holding that the "ordinary observer" element was the sole test for determining whether a design patent was infringed. *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665 (Fed. Cir. 2008) (en banc).

The Egyptian Goddess decision is generally recognized as making design patents more valuable as it is now easier to prove infringement of a design patent as the focus is not solely on the "point of novelty" of the patented good but rather on the totality of appearance of the patented good. Under Egyptian Goddess, the differences in the prior art and the patented good are still relevant as the "ordinary observer" is one that views the accused good and the patented good with some familiarity of the prior art. Thus, if an accused good copies features of a patented good that are different from the prior art, then an infringement has likely occurred. Unlike the "point of novelty test" however small differences in the accused

good and the patented good relating to insignificant features of the design are not as important after *Egyptian Goddess*. Further, the patent holder no longer bears the burden of proving that the patented design is different than the prior art – now, the patent holder only has the burden of proving the accused good is substantially similar to the patented good. *Id.* at 678-79. Goods are substantially the same, if the resemblance between the accused good's design and the patented good is such as to deceive an ordinary observer, inducing him to purchase one supposing it to be the other. *Id.* at 680. Accordingly, the infringement analysis must be made based upon the overall visual impression of the claimed designs and avoids a detailed written claim construction. See *180s, Inc. v. Gordini U.S.A., Inc.*, 699 F.Supp.2d 714, 728-29 (D. Md. 2010) (declining to issue a detailed verbal description construing design patent claims because the "illustrative figures speak for themselves.")

## Damages

Design patent owners, just like utility patent owners, may recover either a reasonable royalty or lost profits in an infringement action against an infringer. Design patent owners however have an additional, and quite significant, avenue for recovery in that they may recover an infringer's total profits for infringement of a design patent pursuant to 35 U.S.C. § 289. If infringement is found, the design patent owner can choose to recover the infringer's profits under § 289 or seek traditional patent remedies under 35 U.S.C. § 284. This option can be quite powerful for a design patent owner. Consider a typical case where a patent owner invests significant effort and money to commercialize a patented good. This development cost ultimately comes out of the patent owner's profits and results in smaller profit margins. An infringer who copies key features of the patented good is not burdened with the same development costs. Consequently, an infringer may enter the market with a lower-priced product and still make a higher profit than the patent owner. Under the traditional measure of patent damages, the patent owner can recover at least a reasonable royalty, and perhaps lost profits. These traditional remedies will not capture all of the infringer's profits however. A brief overview of the traditional patent infringement remedies shows why this is so.

A reasonable royalty analysis usually involves a "hypothetical negotiation" between the patent owner and the alleged infringer. The resulting royalty rate typically allows the infringer to make a reasonable profit. In other words, a reasonable royalty analysis allows an infringer to keep a portion of the ill-gotten profit. A lost-profits analysis may be similarly unsatisfying. Under a lost-profits analysis, it is the patent owner's lost profits that can be claimed and not

the infringer's potentially higher profit. While the patentee's award under a traditional lost-profits analysis may be bolstered, for example, by showing price erosion due to the patentee entering the market, the reality is that many factors affect the market price and it may not be easy to prove that a drop in the market price is entirely attributable to the accused infringer. § 289 thus offers a comparatively straightforward and potentially more gratifying third option for the owner of a design patent by forcing the infringer to disgorge all of his profits without consideration of the different factors that contributed to that profit.

## Conclusion

After *Egyptian Goddess*, design patents have assumed a more powerful place in the hierarchy of intellectual property protection. Patent applicants should consider seeking one or more design patents on the commercial embodiment of the good to overlap and bolster the intellectual property protections offered by utility patents. Patent applicants however should not believe that design patents can be used to replace utility patents as design patents only protect the embodiment of the good shown in the patent drawings.

**Jeremy A. Smith** is an associate in the Litigation Practice Group of Bradley Arant Boult Cummings LLP. He may be reached at [jasmith@babc.com](mailto:jasmith@babc.com) or (256) 517.5141. His full bio may be found at <http://www.babc.com/jeremy-a-smith/>.

## Eye of Newt: Avoiding the Boiling Cauldron of Campaign Song Selection

By Stacey Davis

The 2012 election cycle is in full swing. With the endless rallies and stump speeches comes the inevitable use of song to liven up the candidate's tiresome public appearances, but the selection of a campaign song can be a fiery proposition for a campaign. Just ask Newt Gingrich.

In January 2012, Rude Music, Inc. owned by Frank Sullivan, a co-author of the Survivor song "Eye of the Tiger", filed a lawsuit against Newt Gingrich, Newt 2012, Inc., and American Conservative Union in the United States District Court for the Northern District of Illinois. The lawsuit alleged copyright infringement in violation of 17 U.S.C. § 501. Just days before, the Gingrich campaign received a cease and desist letter