

# Design Patents Continue to Show Survival Strength at the PTAB: Institution Rates Remain Lowest Among All Technology Categories and Well Below 50%



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While petitioners are successful over 60% of the time in getting the PTAB to institute trial on patents in the biotech, chemical, electrical/computer, mechanical, and business method arts, that is not the case for design patents. Since September 2016, the PTAB's institution rate for petitions filed against design patents has stayed well below 50%. As of December 2017 it was 41%. That number is based on a total of 41 decisions (17 institutions and 24 denials).

Why are design patents escaping post-grant challenges by a significantly wider margin than their utility counterparts? The 41% institution rate reflects the fact that petitioners are only successful about 40% of the time when they challenge design patents on the basis of anticipation and obviousness. Petitioners are also proving unsuccessful in challenging priority entitlement.

An analysis of the PTAB's institution decision-making for design patents reveals that petitioners are being denied institution on asserted anticipation grounds 62% of the time and are being denied institution on asserted obviousness grounds 66% of the time. In the context of challenging priority entitlement—which involves assessing whether the claim finds written description support in an earlier parent application—petitioners are failing 67% of time.

These numbers are no longer anecdotal—they reveal a meaningful and sustained trend. Namely, that design patents are difficult to invalidate. The trend is even more significant when one takes into account that the standard for institution is much easier to satisfy than the ultimate burden of proof at trial. To get institution, the petitioner need only demonstrate “a reasonable likelihood” of prevailing. 35 U.S.C. § 314(a). Thus, the PTAB is finding that the clear majority of petitioners are not demonstrating even a reasonable likelihood of proving unpatentability.

Each type of validity challenge described above is associated with a standard unique to design patent law. The standard for anticipation of a design patent is referred to as the “ordinary observer” test, which provides that a design claim is unpatentable if “in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such observer, inducing him to purchase one supposing it to be the other.” *Int'l Seaway Trading Corp. v. Walgreens Corp.*, 589 F.3d 1233, 1240 (Fed. Cir. 2009). Petitioners have struggled to meet this standard because the PTAB often finds that differences between the prior art and the claim are noticeable, rather than trivial. See, e.g., *Graco Children's Products Inc. v. Kolcraft Enterprises, Inc.*, IPR2016-00810, Paper 8 at 16 (Sept. 28, 2016); *Aristocrat Technologies, Inc. v. IGT*, IPR2016-00767, Paper 8 at 7, 12 (Sept. 14, 2016); *Medtronic, Inc. v. Nuvasive, Inc.*, IPR2014-00071, Paper 7 at 9-12 (Mar. 21, 2014); *ATAS International, Inc. v. Centria*, IPR2013-00259, Paper 11 at 14-15 (Sept. 24, 2013).

The standard for obviousness of a design patent is “whether the claimed design would have been obvious to a designer of ordinary skill who designs articles of the type involved.” *Apple, Inc. v. Samsung Elec. Co.*, 678 F.3d 1314, 1329 (Fed. Cir. 2012). There is a two-step inquiry requiring that: (1) “one must find a single reference . . . the design characteristics of which are basically the same as the claimed design;” and (2) “once this primary reference is found, other references may be used to modify it to create a design that has the same overall visual appearance as the claimed design.” *High Point Design, LLC v. Buyers Direct, Inc.*, 730 F.3d 1301, 1311 (Fed. Cir. 2013). It is very common for petitioners to fail at the first step. See, e.g., *Sketchers*, IPR2016-01043, -01044, -01045, Paper 8 or 7 (Nov. 16, 2016); *Aristocrat*, IPR2016-00767, Paper 8 at 7; *Premier Gem and Jay Gems Inc. v. Wing Yee Gems*, IPR2016-00434, Paper 9 (July 5, 2016); *Vitro Packaging, LLC v. Saverglass, Inc.*, IPR2015-00947, Paper 13 (Sept. 29, 2015); *Dorman Products, Inc. v. Paccar, Inc.*, IPR2014-00542, -00555, Paper 10 (Sept. 5, 2014); *Medtronic*, IPR2014-00071, Paper 7; *ATAS*, IPR2013-00259, Paper 11.

Entitlement to priority is based on whether there is written description support for the design claim in an earlier filed application. The standard is “whether the disclosure of the application relied upon reasonably conveys to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing

date.” In re Owens, 710 F.3d 1362, 1366 (Fed. Cir. 2013). In design patent law, the possession standard looks to the drawings to provide written description. Petitioners have been largely unsuccessful in challenging priority, which they often do to assert intervening prior art or to argue that the patent is eligible for post-grant review (PGR). See, e.g., Sketchers, IPR2016-00870, -00871, -00872, -00874, -00875, Paper 8 or 11 at 21-23 (Sept. 29, 2016) (denying priority challenge asserted to introduce intervening art); David’s Bridal, Inc. v. Jenny Yoo Collection, Inc., PGR2016-00041, Paper 9 at 13-18 (Feb. 22, 2017) (denying a priority challenge and determining, as a result, patent not eligible for PGR).

While understanding the nuances of these unique standards is one component of the difficulty petitioners seem to be encountering, that is not the whole story. The ability of design patents to withstand post-grant scrutiny is perhaps more accurately a reflection on the quality of original examination. The PTAB seems inclined to institute proceedings based on the strength of the merits, rather than on how skillfully petitioners plead their legal arguments. If that is true for the most part, then the better explanation for the exceptional durability of design patents appears to be that the design claim is patentable and that the Patent Office has done its job thoroughly.

From an enforcement perspective, this is good news. A failed attempt to institute post-grant proceedings against a patent asserted in litigation not only lifts the specter of a stay pending review by the PTAB, but often chills confidence in any invalidity contentions before the district court. Furthermore, securing denial of institution directly supports that there is not a substantial question of validity, which may help some patentees secure a preliminary injunction. Moreover, it goes without saying that an early victory at the PTAB can also help promote settlement.

In sum, a significant and sustained trend has emerged that design patents are more likely to survive challenges at the PTAB at the institution stage. Not only does this have strategic implications for patentees, but reflects positively on the quality of original examination.

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