



PROTECTING DESIGNS

Design Patents, PGR, and Functionality – the USPTO's Sattler Decision

BY ANDREW M. OLLIS | JULY 9, 2020

Design patents cover the ornamental design for articles of manufacture. Almost by definition, an article of manufacture is designed to perform a useful function. But if the design of an article of manufacture is *dictated* by its function, especially if there are no alternative designs available that perform the same function, the design patent may be invalid as lacking ornamentality under 35 USC § 171. As an aside, opinions and discussions use the terms “functionality” and “lacking ornamentality” interchangeably when discussing the 35 USC § 171 requirement for design patents. The U.S. Patent and Trademark Office (Patent Office) recently designated as Informative a decision instituting a post-grant review (PGR) proceeding on the issue of design patent functionality in *Sattler Tech. Corp. v. Humancentric Ventures, LLC*, PGR2019-00030, paper no. 9 (“Decision”).

A little post-grant background is helpful to set the stage. When a competitor's U.S. patent issues, a company has nine months to decide whether or not to challenge the patentability of the patent by requesting a PGR if the effective filing date of the patent is on or after March 16, 2013. Alternatively, a company may challenge the issued patent by waiting until nine months after issuance and then filing a petition for *inter partes* review (IPR). In both IPR and PGR, the requester can participate in the proceeding before the Patent Office and respond to positions taken by the patent owner. A third option for challenging the competitor's patent is to request reexamination at any time after the patent issues. However, the requesting party cannot participate in a reexamination after it is instituted, and a reexamination may only be requested based on printed publications. Because a requester cannot participate in a reexamination after institution, companies often prefer to attack an adversary's patents by filing an IPR or PGR petition.

IPR and PGR proceedings differ from each other in scope as well as timing. A patent *may* be challenged on any patentability basis in a PGR while a patent can only be challenged on the basis of printed publications in an IPR. If a final decision issues in favor of the patent owner in either an IPR or a PGR, the challenger is estopped from raising any validity issue in litigation that could have been raised in the Patent Office proceeding. This means that a loss in a final decision in a PGR has more far-reaching consequences than a corresponding loss in an IPR. A loss in a PGR entirely prevents a company from raising any invalidity defense in litigation while a loss in an IPR (in principal) only prevents the company from raising an invalidity defense based on printed publications.

If a company sees a competitor's patent about to issue and wants to file a PGR or IPR based only on printed publications, it faces a strategic choice: (a) attack the competitor's patent immediately after issuance but risk giving up all invalidity defenses in litigation (PGR) or (b) wait nine months until an IPR can be filed to limit any litigation estoppel to printed publications but risk the nine-month delay giving the patent owner a strategic advantage in the market, in litigation, or in even in the IPR itself (if a parallel litigation moves forward quickly). In the post-AIA world this choice arises with increasing frequency as most patents now issuing have an effective filing date of March 16, 2013 or later. On the other hand, if a company seeks to challenge the patentability of a patent at the Patent Office on a basis other than printed publications, the company must file a PGR within the short nine-month window after patent issuance.

In *Sattler*, U.S. Design Patent No. D823,093 (“the ‘093 patent”), entitled “VESA Mount Adapter Bracket,” issued on July 17, 2018. The ‘093 patent issued from an application filed February 17, 2017, and was eligible to be challenged in a PGR upon issuance. Fig. 1 of the ‘093 patent is shown below:

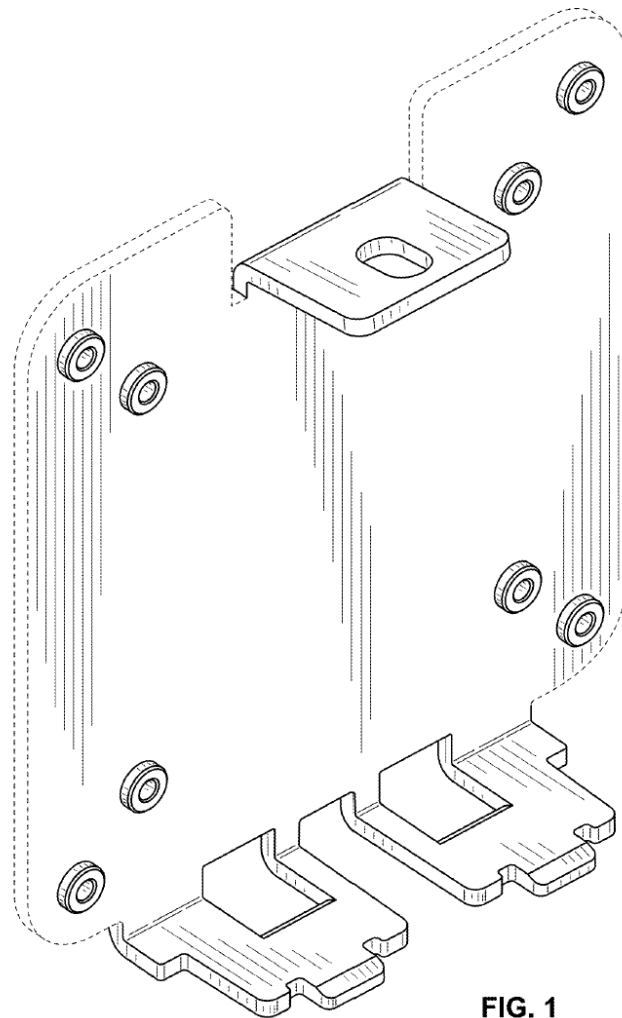


FIG. 1

As can be seen, the perimeter of the body of the bracket appears in phantom lines and is thus not part of the claimed design. Instead, the claimed design includes three tabs and the eight spaced-apart grommet heads.

Sattler filed a PGR on January 15, 2019 (less than nine months after issuance of the ‘093 patent) challenging the validity of the ‘093 patent solely on the basis of a lack of ornamentality, i.e., arguing that the design was dictated by function. *Sattler* thus made the strategic decision to promptly file a PGR and risk losing all invalidity defenses in any subsequent litigation involving the ‘093 patent in the event of an adverse final decision in the PGR.

The Decision first quoted the standard that “[A] design patent can be declared invalid if the claimed design is primarily functional rather than primarily ornamental, i.e., if the claimed design is dictated by the utilitarian purpose of the article” citing *High Point Design LLC v. Buyers Direct, Inc.*, 730 F.3d 1301, 1315 (Fed. Cir. 2013). Decision, p. 7. The Decision also focused in on the Federal Circuit’s guidance that “an inquiry into whether a claimed design is primarily functional should begin with an inquiry into the existence of alternative designs.” Decision, pp. 8-9, citing *Ethicon Endo-Surgery, Inc. v. Covidien, Inc.*, 796 F.3d 1312, 1330 (Fed. Cir. 2015).

In its Decision, the Board keyed in on the fact that Video Electronics Standards Association (VESA) mount adapter

brackets are used because of the VESA Flat Display Mounting Interface Standard, Copyright 2006 (“the VESA FDMI Standard”). *Sattler* argued that most, if not all, of the components of the ‘093 patent are dictated by their use and purpose. Decision, p. 9. The Board cited to evidence that the VESA mount adapter brackets fit into preexisting slots in the back of a video monitor, that the grommet spacing followed the screw mounting interface dimensions in the VESA FDMI Standards, that the size of the grommets is set by VESA standards, and that height of the grommet edges was selected to improve strength. *Id.*, pp. 10-13.

In considering the alternative designs, the Board cited evidence of commercial products that also had the same tab shape and grommet spacing as the ‘093 patent. *Id.*, pp. 14-16. The Board also determined that the overall appearance of the design appeared to be primarily functional. *Id.*, pp. 17-18. For these reasons, the Board concluded that *Sattler* satisfied the PGR institution standard that it was more likely than not that the ‘093 patent claim was unpatentable as lacking ornamentality and instituted the PGR. *Id.*, p. 19. Notably, the Board’s Decision did not reach a final determination as to patentability. *Id.*

Soon after the Decision issued, the patent owner disclaimed the ‘093 patent and requested an adverse judgement, likely as a result of a settlement between the parties. The Patent Office entered adverse judgment on October 18, 2019, which is analogous to a dismissal of a complaint with prejudice in Federal Court, resulting in a victory for *Sattler*.

Finding a design patent unpatentable as functional or lacking ornamentality can be difficult, particularly because alternative designs are often available. But where a persuasive argument can be made that the patented design is dictated by its function, and a challenger is willing to risk sacrificing all future invalidity defenses in litigation, a PGR can be a very effective tool to take out a competitor’s design patent soon after it issues. For *Sattler*, the PGR risk paid off.

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