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NOTE

THE DESIGN INNOVATION AND TECHNOLOGY ACT OF 1991: EFFECTIVE PROTECTION FOR THE AESTHETIC ASPECTS OF USEFUL ARTICLES

Design cannot be adequately defined in the abstract; it is best described as a creative decision-making process.¹ Through the process, a designer conceptualizes and adapts an idea into some tangible form capable of reproduction.² Commercially successful products must be useful to consumers. However, designers consider more than just product utility when designing a product for commercial sale. Industrial designers attempt to design products that are attractive to consumers, easy to use, safe to have and to operate, easy and cheap to manufacture, and simple to repair.³

Industrial designers now consider the merger of aesthetic and utilitarian factors into a marketable product to be their most important design parameter.⁴ It is the merger of what a product must do with how the product looks that distinguishes true industrial design from mere artistic endeavor.⁵ The nexus between utility and appearance in industrial designs significantly impacts a product's success in the marketplace, because most consumer needs can be filled by any number of similar items, and appearance enhances consumer acceptance of a particular product within a larger field.⁶ This consumer acceptance is evidenced by the fact that aesthetically pleasing products outsell less attractive products with similar functions.⁷ As a result, work on the functional aspects of products yields simpler, more efficient designs, while unique looking designs are developed to make products more marketable.⁸

The threat of design piracy becomes more significant as attractive designs become more successful in the marketplace. "Design pirates" copy the design of an already existing product and market a product which is similar in appearance, but less costly, since the development costs have already been incurred by the design's original creator.⁹ Design piracy poses a number of problems for industrial designers. Obviously, a less expensive product can destroy the market for its

1. Christopher P. Bussert, *Copyright Law: A Review of the "Separability Test" and a Proposal For New Design Protection*, 10 RUTGERS COMPUTER & TECH. L.J. 59, 63 (1984).

2. *Id.*

3. Jay Dratler, Jr., *Trademark Protection For Industrial Designs*, 1988 U. ILL. L. REV. 887, 890 (1988).

4. Robert C. Denicola, *Applied Art and Industrial Design: A Suggested Approach to Copyright in Useful Articles*, 67 MINN. L. REV. 706, 739 (1983).

5. *Id.*

6. Bussert, *supra* note 1, at 63-64.

7. Brett S. Sylvester, Comment, *The Future of Design Protection in the United States: An Analysis of the Proposed Domestic System in View of Recent Developments in the United Kingdom, New Zealand, and Australia*, 20 J. MARSHALL L. REV. 261 (1986).

8. Bussert, *supra* note 1, at 64.

9. See ERICH KAUFER, *THE ECONOMICS OF THE PATENT SYSTEM* 19 (1989).

more expensive predecessor.¹⁰ However, designers are not the only ones who suffer due to design pirates; consumers are harmed in a number of ways. The development of innovative technology is slowed because designers lose the economic incentive to take the risk of developing new designs.¹¹ This harms consumers, since they will not have the finest technology with the most attractive appearance at their disposal. Even if designers elect to keep producing at their present rate, indistinguishable copied products can confuse consumers as to the product's origin, thereby preventing them from buying the products they desire.¹²

While these factors may not prevent all designers from producing new and innovative products,¹³ they demonstrate that *some* level of protection for the aesthetic aspects of useful objects is necessary to provide industrial designers with the incentive to produce innovative technology.¹⁴ However, American intellectual property law has never determined what protection, if any, should be afforded to newly created industrial designs.¹⁵ Intellectual property protection provides inventors of useful objects with a short-term monopoly if they elect not to license¹⁶ their designs, and a short term oligopoly if they elect to license. While this serves the designers' needs, the countries that have extended monopoly protection to the appearance of industrial designs have found that competition declined as a result.¹⁷ Since this is inconsistent with the American economic structure, but accepted if the ideas being protected are sufficiently innovative, design protection for aesthetic appearance must be awarded only to those industrial designs that require such protection for their survival.

Attempts to protect the appearance of useful products have been stymied for a variety of reasons. It is impractical to award protection on the basis of the creative process that goes into conceiving the design,¹⁸ so protection must be based upon the product's form. However, protection of a product's basic form often does too much to protect the product's basic function. Such protection would afford a monopoly that the designer does not deserve because the design's function presents a minimal display of creativity or originality.¹⁹ The American intellectual property system contains three prongs, each of which could be used to protect the appearance of industrial designs.²⁰ However, these prongs protect form and function under separate laws, and do not effectively protect form or function where they are integrally and inseparably combined.²¹ Legislation has

10. Bussert, *supra* note 1, at 65.

11. *Id.* at 66.

12. *Id.*

13. See *infra* notes 142-146 and accompanying text.

14. See Sylvester, *supra* note 7.

15. See *infra* notes 25-85 and accompanying text.

16. Licensing is the transferral of the right to use, manufacture, or sell an intellectual property right to someone who does not hold the right to do so under the patent or copyright statutes.

17. Sylvester, *supra* note 7, at 263-64.

18. Ralph S. Brown, *Design Protection: An Overview*, 34 U.C.L.A. L. REV. 1341, 1350 (1987).

19. *Id.* at 1348.

20. The three prongs of the American intellectual property system are patents, which provide incentives for the development of novel product ideas; copyrights, which reward distinctive artistic impressions; and trademarks, which protect distinctive characteristics of the product or its producer to simplify its identification by the consumer. Lee B. Burgunder, *Product Design Protection After Bonito Boats: Where It Belongs and How It Should Get There*, 28 AM. BUS. L. J. 1 (1990).

21. Dratler, *supra* note 3, at 891.

been proposed to remedy this problem,²² but none has ever been passed. Congress has not passed these bills because it believes they stifle competition.²³ As a result, American law provides no effective method of protecting the aesthetic features of industrial designs.

This note reviews both the basis for protection afforded by the American intellectual property system, and the most recent legislative attempt to protect the aesthetic features of industrial designs.²⁴ Part I reviews the protection which can be obtained through the American intellectual property system, focusing on the problems arising out of design patent and copyright protection for the appearance of useful articles. Part II examines the Design Innovation and Technology Act, and Part III evaluates the Design Act in light of the deficiencies in protection for the appearance of industrial designs, and in light of the protection that should be afforded to such designs. Part IV concludes that, while the Act as proposed is an improvement on the present system, it would be more in line with accepted intellectual property protection principles if it incorporated a clearer definition as to which designs fall into the Design Act's purview, and forced those designs that merit the Act's protection to pay for it with annual renewal fees.

I. PROTECTION FOR THE APPEARANCE OF USEFUL ARTICLES THROUGH THE PATENT AND COPYRIGHT SYSTEMS

The United States Constitution empowers Congress to enact legislation "[t]o promote the Progress of Science and useful Arts."²⁵ Congress has utilized this power to enact both patent legislation, which grants exclusive rights to items of invention, and copyright legislation, which secures exclusive rights in literary and artistic property.²⁶ While Federal patent law has expressly provided for the protection of ornamental designs since 1842,²⁷ and copyright protection for ornamental design is also available,²⁸ neither of these systems afford adequate protection to industrial designers.

A. DESIGN PATENTS

Federal patent legislation permits the issuing of design patents to protect "new, original, and ornamental" designs.²⁹ Design patent protection attempts to "encourage ornamentation and beautification in manufactured articles so as to increase their sales appeal and satisfy the aesthetic sense of the purchaser."³⁰

To qualify for design patent protection, a design must be new, original, ornamental, incorporated into an article of manufacture, and in compliance with

22. See *supra* note 78.

23. Dratler, *supra* note 3, at 907.

24. *Design Innovation and Technology Act of 1991*, H.R. 1790, 102d Cong., 1st Sess. (1991) [hereinafter "Design Act"].

25. U.S. CONST., art. I, § 8, cl. 8

26. Steve W. Ackerman, Note, *Protection of the Design of Useful Articles: Current Inadequacies and Proposed Solutions*, 11 HOFSTRA L. REV. 1043 (1983).

27. Denicola, *supra* note 4, at 712-13 n.30.

28. *Id.*

29. 35 U.S.C. § 171 (1988).

30. *Rains v. Cascade Indus.*, 269 F. Supp. 688, 693 (D.N.J. 1967) (citation omitted) *rev'd on other grounds*, 402 F.2d 241 (3rd Cir. 1968).

the general provisions of the Federal patent statute.³¹ Designs that are both “new” and “original” are commonly referred to as “novel”, and only novel designs qualify for design patent protection.³² A design is novel if it has not been previously anticipated by another or the inventor.³³ A design is not novel if it was known about, used, or patented in the United States prior to the present application, patented in a foreign country more than one year prior to the present application, abandoned by the inventor, described in a patent granted on a separate application, or invented by another person.³⁴ Designs are ornamental if they satisfy an “ordinary observer” standard, which requires the article to exhibit rudimentary aesthetic skill and artistic conception when viewed through the eyes of an ordinary observer.³⁵

The most significant of the other terms and conditions the design must comply with is the non-obvious standard.³⁶ A design may only be patented if it is non-obvious. In the context of the appearance of useful products, non-obvious means that one with “ordinary skill in the art” of designing such articles would not have previously recognized the new design as a whole within the existing art.³⁷ In *Graham v. John Deere*,³⁸ the Supreme Court established a three-pronged approach for determining whether a design was non-obvious. The factfinder must determine the “scope and content of the prior art,” identify the differences between the claimed subject matter and the prior art, and resolve the level of ordinary skill of designers in the pertinent art.³⁹ These factors are then balanced to determine whether the design is non-obvious.⁴⁰ If the balance shows that the design is non-obvious, and the other statutory provisions are met, a design patent is issued for a term of fourteen years.⁴¹

While design patents can protect the appearance of useful articles, designers who seek this protection encounter a number of problems associated with the patent system in general, and with this standard in particular. Designers applying for design patents must endure a long application process which imposes high transaction costs;⁴² there is no guarantee of sufficient protection to offset the transaction costs. Protection against infringement does not begin until the patent is issued, and some designs may become obsolete after the application is filed but before a patent is issued.⁴³ Once the patent is issued, protection begins; but validity and infringement are difficult to prove,⁴⁴ largely because the non-obviousness standard is difficult to meet. The primary indicia of non-obviousness involve such concepts as improved usefulness, unexpected results of operation,

31. 35 U.S.C. § 171 (1988).

32. See 35 U.S.C. § 102 (1988).

33. Ackerman, *supra* note 26, at 1048.

34. 35 U.S.C. § 102(a)-(g) (1988).

35. Ackerman, *supra* note 26, at 1048.

36. See 35 U.S.C. § 103 (1988).

37. *Id.*; Ackerman, *supra* note 26, at 1048.

38. 383 U.S. 1 (1966).

39. *Id.* at 17.

40. *Id.*

41. 35 U.S.C. § 173 (1988).

42. Brown, *supra* note 18, at 1356; Bussert, *supra* note 1, at 68; Dratler, *supra* note 3, at 894.

43. Sylvester, *supra* note 7, at 268.

44. Brown, *supra* note 18, at 1356-57; Dratler, *supra* note 3, at 893-94.

and a mechanically different product form.⁴⁵ While these considerations are helpful in evaluating a product's utility,⁴⁶ they do not assist in determining the uniqueness of a product's appearance, since appearance is a combination of known forms with no significant advance in utility.⁴⁷ The commercial success of a product does not assist in evaluating the obviousness of its appearance, as it is difficult to quantify how much good design contributes to the commercial success of a product.⁴⁸ Therefore, the holder of a design patent has a difficult time withstanding a challenge that his design was obvious, and many infringement suits are defeated on this basis.

Where design patents are issued, they advance the policy considerations underlying the protection of industrial designs, and they afford a monopoly of limited duration so as to deter competitive imitation without precluding it.⁴⁹ However, design patents reward a significant level of creativity, and as a result they are difficult to obtain in any context.⁵⁰ With the problems associated with proving the non-obviousness of the appearance of an industrial design, design patents are virtually impossible to obtain in this context.⁵¹ The practical unavailability of design patent protection for the appearance of industrial designs suggests that the legislature has determined that most industrial designs do not deserve that level of protection.⁵²

B. COPYRIGHTS

While copyright protection extends to some works of art incorporated into useful articles, Congress has indicated that the general province of industrial design does not merit copyright protection.⁵³ In general, copyrights are much easier and less expensive to obtain than patents.⁵⁴ Unlike patents, copyrights have no requirement of novelty or merit, but they preclude designers from tying up the usefulness of an object by preventing the copying of its overall shape.⁵⁵ This is a lower standard of protection, as it protects the expression of ideas but not the ideas themselves.⁵⁶ One who independently arrives at the same form of expression as that protected by a copyright does not infringe on the copyright and may use the expression for his own benefit.⁵⁷ Furthermore, a second designer can utilize the ideas used by a previous designer, so long as he expresses those ideas in a unique fashion.⁵⁸ The Copyright Office refuses to register designs after they receive design patent protection.⁵⁹

45. Sylvester, *supra* note 7, at 266 n.29.

46. *Id.*

47. See Dratler, *supra* note 3, at 892.

48. Sylvester, *supra* note 7, at 266 n.30.

49. Brown, *supra* note 18, at 1355.

50. *Id.* at 1401.

51. See *supra* notes 42-48 and accompanying text.

52. Dratler, *supra* note 3, at 909-10.

53. Sylvester, *supra* note 7, at 269. See also H.R. 1476, 94th Cong., 2d Sess. § 55 (1976).

54. Burgunder, *supra* note 20, at 5.

55. Brown, *supra* note 18, at 1342.

56. Burgunder, *supra* note 20, at 6.

57. *Id.*

58. Bussert, *supra* note 1, at 69.

59. Denicola, *supra* note 4, at 712-13.

Copyright protection extends to original works of authorship fixed in any tangible medium of expression from which they can be perceived, reproduced, or otherwise communicated.⁶⁰ An original design must display only a minimum of creative effort, and it is not subject to administrative or judicial examination of artistic merit or aesthetic value.⁶¹ "Works of authorship" expressly excludes ideas, procedures, processes, systems, methods of operation, concepts, principles, and discoveries.⁶² However, it includes "pictorial, graphic, and sculptural works",⁶³ which includes works of artistic craftsmanship insofar as form, but not design or utilitarian aspects are concerned.⁶⁴ Designs of useful articles are only considered pictorial, graphic, or sculptural works if, and only to the extent that, they incorporate artistic features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.⁶⁵

The Copyright Office has not extended copyright protection to industrial designs, since this area involves a delicate balance between the need for protection on the part of those who originate and invest in a design and the possible effect of protection, if overextended, on restraining competition.⁶⁶ However, the Supreme Court validated copyright protection for industrial design by holding in *Mazer v. Stein*⁶⁷ that artistic articles included in larger, utilitarian articles could be copyrighted.⁶⁸ Although *Mazer* provided no standard to differentiate between uncopyrightable industrial designs and copyrightable works of art as embodied in utilitarian objects,⁶⁹ a separability standard evolved and was incorporated into the 1976 amendment to the Copyright Act. The legislative history of this amendment shows that the House Committee intended to extend copyright protection to industrial designs where the product contained some element that is separable from its utilitarian function.⁷⁰ As the Act points out, this occurs only when the design can be identified separately and independently from the useful article.⁷¹ This separability may be either physical or conceptual,⁷² and copyright protection only extends to the extent that the appearance is separable from the article's functional aspects.⁷³

The separability test has drawn the boundary line for the ability to copyright at the point where function predominates over the aesthetics of an article.⁷⁴ However, in interpreting the separability test, different courts have come to

60. 17 U.S.C. § 102(a) (1988 & Supp. III 1991).

61. Ackerman, *supra* note 26, at 1046.

62. 17 U.S.C. § 102(b) (1988 & Supp. III 1991).

63. *Id.* at § 102(a)(5) (1988 & Supp. III 1991).

64. *Id.* at § 101 (1988 & Supp. III 1991).

65. *Id.*

66. Brown, *supra* note 18, at 1352 (citation omitted).

67. 347 U.S. 201 (1954).

68. *Id.* at 219.

69. Sylvester, *supra* note 7, at 270.

70. Gayle Coleman, *The Protection of Useful Articles and the Elusive Concept of Conceptual Separability: Brandir International Inc. v. Cascade Pacific Lumber Co.*, 13 NOVA L. REV. 1417 (1989) (quoting H.R. 1476, 94th Cong., 2d Sess. § 55 (1976)).

71. See *supra* notes 62-65 and accompanying text.

72. Bussert, *supra* note 1, at 79.

73. Dratler, *supra* note 3, at 895.

74. Ackerman, *supra* note 26, at 1062.

opposite conclusions as to the copyrightability of certain industrial designs.⁷⁵ A gap in protection between copyright and patent coverage has evolved as a result of these inconsistent interpretations. Because there is no subjective means to determine what is "separable," courts have been reluctant to extend copyright protection to the designs of articles that require difficult separability determinations.⁷⁶ This factor combines with the difficulty in obtaining design patents and the low likelihood of maintaining their validity⁷⁷ to ensure that many designs which merit some level of coverage fail to receive protection.

II. LEGISLATIVE ATTEMPTS TO PROTECT ORNAMENTAL DESIGN AND THE DESIGN INNOVATION AND TECHNOLOGY ACT OF 1991

As a result of inadequate protection for innovative industrial designs, there have been numerous attempts to enact federal legislation to protect ornamental designs.⁷⁸ The first of these proposals was made in 1914,⁷⁹ and the proposals have varied greatly over the years.⁸⁰ Some of these proposals passed one house of Congress prior to 1937,⁸¹ but none were ever enacted. Congress ultimately rejected each of these bills because of marketplace and administrative considerations.⁸² One concern has been that design protection will grant a monopoly that far exceeds that intended by the Constitution,⁸³ stripping the industrial design market of competition.⁸⁴ There has also been concern that allowing such protection would place an unmanageable burden on the Copyright Office.⁸⁵

The most recent legislative attempt to protect ornamental designs is the Design Innovation and Technology Act of 1991.⁸⁶ This Act protects designers or

75. Bussert, *supra* note 1, at 86; See *Esquire, Inc. v. Ringer*, 414 F. Supp. 939 (D.D.C. 1976), *rev'd* 591 F.2d 786 (D.C. Cir. 1978) (the overall shape of a light fixture was barred from copyright registration); *Kieselstein-Cord v. Accessories by Pearl, Inc.*, 489 F. Supp. 732 (S.D.N.Y. 1980), *rev'd* 632 F.2d 989 (2d Cir. 1980) (belt buckles with sculpted surfaces were held to be copyrightable because they had conceptually separable surfaces); *Pivot Point International, Inc. v. Charlene Products, Inc.*, No. 90c6933, 1992 U.S. Dist. LEXIS 13752 (E.D. Ill. Sept. 11, 1992) (the appearance of mannequin heads neither is physically nor conceptually separable from their display purposes).

76. Ackerman, *supra* note 26, at 1051.

77. See *supra* notes 42-48 and accompanying text.

78. For a complete listing of past legislative proposals through 1975, see *Hearings on H.R. 2223 Copyright Law Revision Before the Subcomm. on Courts, Civil Liberties, and the Administration of Justice of the House Comm. on the Judiciary*, 94th Cong., 1st Sess. 1007 (1975). To complete this list, add H.R. 1790, 102d Cong., 1st Sess. (1991); H.R. 902, 101st Cong., 1st Sess. (1989); S. 791, 100th Cong., 1st Sess. (1987); H.R. 1179, 100th Cong., 1st Sess. (1989); H.R. 379, 100th Cong., 1st Sess. (1987); H.R. 1900, 99th Cong., 1st Sess. (1985); H.R. 2985, 98th Cong., 1st Sess. (1983); H.R. 20, 97th Cong., 1st Sess. (1981); H.R. 4530, 96th Cong., 2d Sess. (1979); H.R. 206, 96th Cong., 1st Sess. (1979).

79. H.R. 11321, 63d Cong., 2d Sess. (1914).

80. See Bussert, *supra* note 1, at 74 n.67.

81. H.R. 11852, 71st Cong., 2d Sess. (1930) (passed the House on July 2, 1930). See also S. 3047, 74th Cong., 1st Sess. (1935) and, Bussert, *supra* note 1, at 74 n.68.

82. Bussert, *supra* note 1, at 92.

83. *Id.*

84. *Id.* at 93; Dratler, *supra* note 4 at 907. In 1976, The Department of Justice supported this position and was instrumental in ensuring that the 1976 proposals were never enacted. See Sylvester, *supra* note 8, at 272. However, by 1985 the Department's position appeared to have reversed to support increased protection for ornamental design. See ROGER B. ANDEWELT, ADDRESS TO THE PATENT, TRADEMARK AND COPYRIGHT SECTION OF THE AMERICAN BAR ASSOCIATION (July 16, 1985) reprinted in 30 PAT. TRADEMARK & COPYRIGHT J. (BNA) No. 739, at 319 (July 25, 1985).

85. Bussert, *supra* note 1, at 94.

86. H.R. 1790, 102d Cong., 1st Sess. (1991). The Act was initially sponsored by Representative Richard A. Gephardt D-Mo and has 72 co-sponsors through August 3, 1992.

other owners of designs that make useful articles⁸⁷ attractive or distinctive in appearance to the purchasing or using public.⁸⁸ A number of designs are specifically excluded from protection under the Act.⁸⁹

An application for registration must be made within one year after the date on which the design is first made public, or protection under the Act will be lost.⁹⁰ Registration gives the owner of the design the exclusive right to make, have made, or import, for sale or for use in trade, any useful article embodying the design,⁹¹ and to sell or distribute for sale or for use in trade any article embodying that design.⁹² These rights are transferable property rights⁹³ which last for ten years⁹⁴ and are not renewable.⁹⁵ Infringement occurs when anyone makes, has made, imports, sells, or distributes an infringing article without the owner's consent.⁹⁶

87. A "useful article" is one which in normal use has an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information. This definition includes articles which are normally part of useful articles. Design Act, *supra* note 24, at § 1001(b)(2).

88. *Id.* at § 1001(a).

89. Section 1002 of the Design Act provides that

Protection under this chapter shall not be available for a design that is-

- (1) not original;
- (2) staple or commonplace, such as a standard geometric figure, familiar symbol, emblem, or motif, or other shape, pattern, or configuration which has become standard, common, prevalent, or ordinary;
- (3) different from a design excluded by paragraph (2) only in insignificant details or in elements which are variants commonly used in the relevant trades;
- (4) dictated solely by a utilitarian function of the article;
- (5) embodied in a useful article that was made public by the designer or owner in the United States or a foreign country more than 1 year before the date of the application for registration under this chapter;
- (6) composed of three-dimensional features of shape and surface with respect to men's women's, and children's apparel, including undergarments and outerwear;
- (7) a semiconductor chip product which is protected under chapter 9 of this title;
- (8) an idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated or embodied in such design; or
- (9) for motor vehicle glass, including windshields and side and rear vision glass.

With respect to articles which are normally part of a larger useful article as defined in §1001(b)(2), that portion of the article shape dictated by the mechanical interface, perimeter, or envelope restrictions necessary to permit the physical and functional substitution of an article shall be considered to be a design for which protection under this chapter is not available under paragraph (4). *Id.* at § 1002. For purposes of § 1002 (1), a design is original if it is the result of the designer's creative efforts that provides a distinguishable variation over prior work pertaining to similar articles which is more than merely trivial and has not been copied from another source. *Id.* at § 1001(b)(1).

90. *Id.* at § 1010(a). "Made public" is defined as the time when a useful article embodying the design is anywhere publicly exhibited, publicly distributed, or offered for sale or sold to the public by the owner of the design or with the owner's consent. *Id.* at § 1010(b).

91. *Id.* at § 1008(1).

92. *Id.* at § 1008(2).

93. *Id.* at § 1020.

94. *Id.* at § 1005(a).

95. *Id.* at § 1005(c).

96. *Id.* at § 1009(a). An infringing article is any article the design of which has been copied from a protected design, excluding illustrations and pictures of protected designs as well as articles which embody only elements of the protected design which are not subject to protection. *Id.* at § 1009(e). Special rules apply to sellers and distributors, acts of infringement performed without knowledge that the design was protected, and acts incorporating an infringing article acquired in the ordinary course of business into a separate product design. *Id.* at § 1009(b)-(d).

The Act protects industrial designers against infringement in a variety of ways. Injunctive relief is available as a remedy for infringement.⁹⁷ Compensatory damages are available up to a limit of \$50,000 or \$1 per copy, whichever is greater, or to the level of the infringer's profit from sales reasonably related to the use of the claimant's design.⁹⁸ Punitive damages for infringement are not available.⁹⁹ The proposed legislation goes further toward protecting industrial designs than does intellectual property protection, because it expressly protects ornamental designs and provides extensive remedies in the event that the designer's rights in the ornamental features are violated.

III. A COMPARISON OF THE DESIGN INNOVATION AND TECHNOLOGY ACT OF 1991 WITH THE INTELLECTUAL PROPERTY SYSTEM: HOW THE ACT IMPROVES PROTECTION FOR DESIGNERS AND HOW IT MISSES ITS MARK

The Design Innovation and Technology Act makes it procedurally easier for industrial designers to obtain protection for the appearance of their designs than it is for them to obtain design patents. The Design Act also goes a long way to bridge the substantive gap created between patent and copyright protection,¹⁰⁰ making it an improvement over our present day systems of protection. The Design Act, however, still has some deficiencies which must be dealt with before it is consistent with the policies that drive design protection law.

Most designers would prefer design patent protection to either copyright protection or protection under the new Design Act, because design patent protection is more comprehensive.¹⁰¹ Nevertheless, the procedural difficulty in obtaining design patent protection deters inventors from attempting to obtain it. An inventor must go through a lengthy administrative procedure to convince an examiner that his design is novel and nonobvious.¹⁰² The patent office must conduct an extensive search of the prior art in order to make this determination.¹⁰³ The statutory minimum fees to go through this process are: \$900 before the patent is issued, plus \$2,700 to retain the full term of protection.¹⁰⁴ When relevant prior art is found, as it usually is, there are additional charges associated with filing the application and overcoming the examiner's objections.¹⁰⁵ Assuming the applicant overcomes these objections, a design patent is issued, but not until considerable time¹⁰⁶ and money¹⁰⁷ have been expended. Once a patent is issued, the holder will have difficulty enforcing it. Most infringement litigation results

97. *Id.* at § 1022.

98. *Id.* at § 1023(a)-(b).

99. *Id.* at § 1023(a).

100. See *supra* notes 74-77 and accompanying text.

101. See *infra* notes 116-127 and accompanying text.

102. Burgunder, *supra* note 20, at 5.

103. Bussert, *supra* note 1, at 68.

104. 17 U.S.C. § 41 (1988 & Supp. II 1990).

105. Dratler, *supra* note 3, at 894.

106. "The average time needed to receive a patent is nineteen months . . ." Burgunder, *supra* note 20, at 5.

107. The average cost of obtaining a patent, including the necessary attorney's fees, can reach the tens of thousands of dollars. *Id.*; Susan A. Dunn, *Defining the Scope of Copyright Protection for Computer Software*, 38 STAN. L. REV. 497, 504 (1986).

in either invalidation of the patent that is the subject of the litigation,¹⁰⁸ or in a finding that the defendant did not infringe upon the patent.¹⁰⁹

Comparatively, copyright protection is much easier and less expensive to obtain.¹¹⁰ The work need only be minimally creative and original to the creator to receive protection.¹¹¹ Furthermore, there are no registration or notice requirements like those for patents, although there are advantages to both.¹¹² Once copyright protection is secured, it lasts for the life of the author plus an additional fifty years.¹¹³ However, the level of protection that copyright affords to the appearance of useful articles is questionable.¹¹⁴ The registration procedures under the Design Act are similar to those of copyright,¹¹⁵ which makes Design Act protection preferable to copyright protection so long as it is broader in scope.

The Design Act provides substantive protection which falls somewhere between that afforded by design patents and that afforded by the Copyright Act. The owner of a design patent can prevent others from making, using, or selling the design,¹¹⁶ which effectively gives the holder a monopoly over the manufacture, use, and sale of the design for the length of the patent's term.¹¹⁷ Therefore, while protection is limited to the appearance of the design,¹¹⁸ the independent creation of a design similar in appearance to a patented design can infringe upon the

108. If validity is raised as an issue, seven out of ten design patents are declared invalid. Brown, *supra* note 18, at 1356.

109. Of those patents which are held valid, only half are found to have been infringed. *Id.*

110. Burgunder, *supra* note 20, at 5.

111. *Id.*

112. *Id.* While registration is not required for copyright protection, 17 U.S.C. § 411 (1988 & Supp. III 1992), registration provides benefits including evidentiary advantages, the right to statutory damages, and the right to attorney's fees. *Id.* at §§ 408, 410, 412. Notice also provides certain evidentiary advantages. *Id.* at § 401(d).

113. 17 U.S.C. § 302 (1988 & Supp. II 1990). Copyright protection in works made for hire (defined in 17 U.S.C. § 101) lasts for seventy-five years from the year of their first publication, or one hundred years from the year of their creation, whichever expires first. *Id.* at § 302(c).

114. See *supra* notes 74-77 and accompanying text.

115. The Design Act provides for the form and location of notice, and does not remove protection for removal of notice. Design Act, *supra* note 24, at § 1006. Failure to provide this notice will prevent any recovery against a person who began an undertaking leading to infringement before receiving written notice of the protection. *Id.* at § 1007(b). No injunction shall be issued with respect to such an undertaking unless the owner of the protected design reimburses the other party for reasonable expenses incurred before receiving written notice of the protection. *Id.* at § 1009(d). The Design Act requires that the application contain:

- (1) the name and address of the author or authors of the design;
- (2) the name and address of the proprietor if different from the author;
- (3) the specific name of the article;
- (4) the date, if any, that the design was first made public, if such date was earlier than the date of application;
- (5) affirmation that the design has been fixed in a useful article; and
- (6) such other information as may be required by the Administrator.

This information must be accompanied by a statement under oath by the applicant or his agent that the design is original, was created by the designer named in the application, had not been previously registered by the designer or his predecessor in title, and that the applicant is entitled to protection under the act. *Id.* at § 1009(e). The application must also be accompanied by a pictorial representation of the useful articles having sufficient views to show the design. *Id.* at § 1009(h). A determination as to the validity of the application is made upon the filing of the application and the payment of a reasonable fee to be determined by the Act's Administrator. *Id.* at §§ 1012(a), 1015.

116. 35 U.S.C. § 154 (1988).

117. Bell Intercontinental Corp. v. United States, 381 F.2d 1004, 1010 (Ct. Cl. 1967).

118. Gorman Co. v. White, 81 U.S. (14 Wall.) 511, 525 (1871).

patented design. In contrast, copyright protection gives the holder the exclusive right to reproduce and distribute copies of the work,¹¹⁹ to use the work as the basis for a derivative work,¹²⁰ and to display pictorial, graphic and sculptural works publicly.¹²¹ The right to manufacture the article is not protected,¹²² nor are the utilitarian aspects of the product.¹²³ All that is protected is the method of expressing the creative idea; an expression of the same idea that is independently arrived at is not protected by copyright.¹²⁴

Under the Design Act, infringement occurs when any person makes, has made, imports, sells, or distributes for sale or for use in trade an infringing article without the consent of the design's owner.¹²⁵ As this provision covers manufacture as well as use and reproduction of protected designs, it appears to be closer to design patent protection than it is to copyright protection. However, the Design Act expressly precludes the protection of ideas, procedures, processes, systems, methods of operation, concepts, principles, or discoveries, regardless of how they are embodied in a design.¹²⁶ This demonstrates that what is protected is the expression of a design, not the thoughts or ideas behind it, and makes the Design Act more comparable to copyright. The fact that the Design Act does not impose strict liability on those who copy from a design without the knowledge that the design was protected,¹²⁷ also makes the protection afforded by the Design Act closer to copyright protection than it is to patent protection.

While the protection of the appearance of useful articles under the Design Act is similar to copyright protection, it is preferable to copyright protection because it covers more items. A simple example is helpful to demonstrate this concept. Designer A creates a special, artistic form of toaster, more pleasing to the eye than the ordinary toaster because of its exterior design. The exterior design is entirely a result of A's creativity, and its appearance is vastly different from the prior design of toasters. A wants to apply for a design patent, but concludes that a person with reasonable experience in the toaster design field could have foreseen the possibility of this design. She then wants to pursue copyright protection, but is denied this protection because the Copyright Office finds that the overall shape of the toaster cannot be separated from its utility.¹²⁸ Under the present system of design protection, A would be out of luck. However, were the Design Act in effect, A would be able to protect her toaster design under its provisions.¹²⁹ Assuming that the design is not staple or commonplace,¹³⁰

119. 17 U.S.C. § 106(1),(3) (1988 & Supp. III 1991).

120. *Id.* at § 106(2).

121. *Id.* at § 106(5).

122. Ackerman, *supra* note 26, at 1049.

123. 17 U.S.C. § 101 (1988 & Supp. III 1991).

124. Bussert, *supra* note 1, at 69.

125. Design Act, *supra* note 24, at §1008(a).

126. *Id.* at § 1002(7).

127. *See supra* note 96.

128. While this conclusion may be questionable, and it is possible that the opposite conclusion could be reached, other courts have concluded that this is the case in an analogous situations. *See Pivot Point International*, 1992 LEXIS 13752 at *5-*6 and *Esquire, Inc. v. Ringer*, 414 F. Supp. 939 (D.D.C. 1976).

129. *See* Design Act, *supra* note 24, at § 1001(a).

130. For more information on this standard, *see infra* notes 155-158.

the exterior design of the toaster qualifies as original under the Act.¹³¹ A toaster is clearly considered a useful article,¹³² and the appearance of the toaster makes it distinctive in appearance. Therefore, it complies with the requirements necessary for protection under the Design Act.

Given the fact that the Design Act will protect more designs, it is important to consider whether the means by which it protects those designs is appropriate. In making this determination, two considerations must be kept in mind. First, copiers must be curtailed, as they compete "unfairly", and easy copying discourages originality.¹³³ Allowing copying without restrictions is theoretically optimal from a socio-economic perspective, but it assumes that inventors, artists and manufacturers will develop and sell new products knowing that they can be costlessly imitated.¹³⁴ This is a questionable premise.¹³⁵ Without the expectation of monetary rewards flowing from their creative contributions, designers have little incentive to design.¹³⁶ Besides this economic incentive, there is a moral appeal to this type of protection. The rights to the fruits of one's labors and the aversion to permitting the enrichment of another at the producer's expense are powerful bases for preventing copying.¹³⁷

Second, people thrive on competition, and so does the economy.¹³⁸ However, the Design Act affords a short term monopoly to those who exercise their creative talents, and monopolies are directly anti-competitive. Therefore, protection should be afforded to the minimum extent necessary to sustain the economic incentive to create without eliminating competition. Rephrased in economic terms, protection should be set at the level at which for each designer leaving the market because he cannot receive protection for his efforts, another is induced to enter the market by the prospect of having a protected design earning royalties. There are moral considerations to this argument; it seems strange to suggest that we should protect some but not all designers where we are not concerned about the merits of the design. However, three factors minimize the effect of these considerations. First, industrial designs are attributes of products, intended to assist in their marketing, sale, and use.¹³⁹ Therefore, the focus of the protection should be on the product itself, and not its design.¹⁴⁰ Otherwise, the incentive is for the designer to create attractive products rather than effective products, and this is obviously not desirable. Second, the threat of appropriation and unjust enrichment is reduced because industrial designers generally work for large corporations, and the emotional appeal for protection from unjust enrichment is not as applicable.¹⁴¹ Third, while we are not concerned with the merit of the design, we are concerned with its originality. Since designs are protected on the basis of originality, originality becomes the functional equivalent of merit in this context. Where

131. See *supra* note 89.

132. See *supra* note 87 and accompanying text.

133. Brown, *supra* note 18, at 1386.

134. Burgunder, *supra* note 20, at 3.

135. *Id.*

136. KAUFER, *supra* note 9, at 19.

137. Denicola, *supra* note 4, at 722.

138. Brown, *supra* note 18, at 1386.

139. Dratler, *supra* note 3, at 913.

140. *Id.*

141. Denicola, *supra* note 4, at 726.

patents are issued to protect those who created novel scientific application, this protection is issued to those who create novel artistic applications. Whether the artistic application is novel enough for protection is a necessary determination.

Even with these considerations in mind, it remains difficult to determine where the limits of design protection should be placed. If the Design Act were eliminated, designers would still have some benefit for being first in the market. The first person to design an attractive product has a head start on the market, giving that designer a monopoly until someone can duplicate his creation. Under our present system, this is the only protection that a designer is guaranteed to have.¹⁴² This limited protection is often enough,¹⁴³ because oligopolistic industries¹⁴⁴ contain inherent barriers to competition such as high capital costs.¹⁴⁵ However, a head start only gives an advantage to those designers whose product succeeds relatively quickly.¹⁴⁶ If protection were based solely on the head start principle, some designers might not enter the market because they are not guaranteed protection until they reach the market and succeed in it. This reduces the level of competition, and is an undesirable trend.

Just as the head start principle reduces competition by not adequately protecting industrial designers, protection for all designs would stifle competition by providing unnecessary protection. Diverse designs have advantages in satisfying the diverse tastes of various consumers.¹⁴⁷ Duplication of designs is not necessarily bad. Because the probability of any single design leading to success is low, duplication allows a design more opportunities to succeed.¹⁴⁸ This reduces the possibility that innovative design approaches will be overlooked, and allows the achievement of a greater number of high quality inventions.¹⁴⁹ Since neither total protection nor unrestricted competition satisfies the need for design protection while advancing competition, the appropriate solution lies somewhere along the vast continuum between these two points. Since attempting to determine the appropriate level of protection renders an uncertain result, this determination is best made by evaluating the components of design protection: the nature of the design protected, and the length of time for which it is protected.

The Design Act protects designs created by the applicant which significantly vary from the prior art, were not copied from the prior art, and make the useful article either attractive or distinctive to the consumer.¹⁵⁰ These are precisely the sort of designs which must be protected. Problems arise in determining which designs are excluded from this category. First, designs which are dictated solely by a utilitarian function of the article that embodies it are excluded from design

142. Brown, *supra* note 18, at 1388.

143. *Id.*

144. Oligopolistic industries are controlled by a limited number of competitors. Since there is more than one industry producing a product, it is not a monopoly. However, there are not enough competitors for the industry to be perfectly competitive. Industries protected by patents and copyrights are often oligopolistic rather than monopolistic, as the right to produce or use a product or artistic impression may be sold to multiple parties.

145. KAUFER, *supra* note 9, at 20-21.

146. Brown, *supra* note 18, at 1388.

147. KAUFER, *supra* note 9, at 40.

148. *Id.* at 39.

149. *Id.*

150. Design Act, *supra* note 24, at § 1001.

protection.¹⁵¹ While this exclusion is appropriate, it is effectively useless, as few, if any designs are dictated solely by function. For example, assume that a sports car can be designed so that is pleasing to the eye, and has an extraordinarily low coefficient of drag, which reduces wind resistance so that the car can travel five miles per hour faster than any other car on the road. The car's exterior design is predominantly dictated by function; only certain forms of design will produce a lower coefficient of drag than those that are currently being used, and the car's exterior must shield the driver and the mechanical equipment from the elements and provide protection against collisions. In this and other instances where function predominates over aesthetics in product design, the utilitarian exclusion from design protection would be inapplicable.

One commentator has suggested a standard where the article would be excluded from protection if it necessarily required a particular design in order to perform its function.¹⁵² Admittedly, in those cases, design protection would extend to the function itself, which is inappropriate because function can only be protected by the patent system.¹⁵³ However, this proposal is also ineffective, as few objects *necessarily* assume their particular design to perform their particular function.¹⁵⁴ Returning to the sports car example, assume that its exterior design has three purposes: reduce wind resistance to a greater extent than any car on the road, protect the mechanical equipment from the weather, and protect the passengers in the event of a collision. All of these functions can be adequately served by a number of designs. Therefore, this standard would not allow design protection for this car, as no one design is necessary.

Second, the Act denies design protection to staple or commonplace designs.¹⁵⁵ The Act's examples of staple or commonplace designs include standard geometric figures, familiar symbols, emblems, or motifs, or other shapes, patterns or configurations which have become standard, prevalent or ordinary.¹⁵⁶ Denying protection to these articles is appropriate, but the standard for determining which designs are commonplace is too indefinite to be meaningful. Returning to the belt buckles protected in *Kieselstein-Cord*,¹⁵⁷ one could argue that those designs were little more than familiar symbols, patterns, or motifs. However, they are none of these things when viewed in the context of a belt buckle design, and they are the sort of innovations that merit design protection.

The ten-year protection period also causes certain problems. Within a given national market, different designers will pursue varying policies as to how aggressively they seek design protection. The level of protection they seek will be based on the quality and scope of their particular designs.¹⁵⁸ Some designs will go through their useful life in less than ten years. Others need more than ten years to realize their profit making potential. Yet the system as designed has not built in any measures for dealing with the differences among inventions. Only

151. *Id.* at § 1002(4).

152. Ackerman, *supra* note 26, at 1064-65.

153. *Id.*

154. *Id.* at 1069.

155. Design Act, *supra* note 24, at § 1002(2).

156. *Id.*

157. See *supra* note 75.

158. KAUFER, *supra* note 9, at 18.

by incorporating such a system can the balance between providing incentives to creative design and promoting competition be adequately attained.

IV. SOLUTIONS TO THE FLAWS IN THE DESIGN INNOVATION AND TECHNOLOGY ACT OF 1991

While the Design Act does not strike the proper balance between competition and creative incentive, each of its deficiencies can be remedied. The exclusion of designs dictated solely by utilitarian function can be made meaningful by replacing it with an exclusion for articles in which the functional element significantly predominates over the aesthetic element. While this standard is somewhat vague, it should not produce a greater amount of litigation. It will merely shift the focus of litigation from whether the design was dictated solely by the functional element to whether the functional element predominated over the aesthetic element.

This shift in focus is appropriate, as it prevents design protection from being used to protect the manufacture of products where the functional element predominates. Returning to our sports car example,¹⁵⁹ the aesthetic element is clearly distinctive to this design. However, where so many functional considerations go into the product's design, the design's aesthetic elements do not predominate over its functional elements. The balance between incentive for designers and promoting competition is best maintained by supporting only those designs that require support to be competitive with other designs, assuming that both designs have equivalent functional elements. In the case of our sports car and in other analogous cases, a significant advance in functional characteristics combined with an attractive appearance prevent the optimum scenario from being realized. Granting protection in these cases would deviate from the most efficient level of protection, and therefore it should not be done. The balancing test between functional and aesthetic elements would prevent this from occurring by granting protection only when needed to protect appearance and not function.

Next, the exclusion for staple and commonplace designs can be improved by incorporating a standard for making this determination. Some designs, such as standard geometric figures, are commonplace to everyone in all contexts. Other symbols and patterns may be standard or commonplace to a limited class of people, or only when they are viewed in certain contexts. It is these designs that are troublesome, as they should not be protected in those contexts where most people would consider them ordinary. However, when placed in a different context, a design may be precisely the type of innovation that the Design Act should protect.

This problem can best be remedied by incorporating a "reasonable consumer" standard of review. The standard would have two parts. The first would require the finder of fact to determine whether a consumer with knowledge of the product type would identify the design seeking protection with the type of product it is associated with prior to the time that protection is sought. The second would require the finder of fact to determine whether a reasonable person would believe that the product's appearance significantly contributes to its commercial appeal.

159. See *supra* notes 151-154 and accompanying text.

Admittedly, this standard is not perfect; perhaps the only universal principle derived from tort law is that reasonable people disagree in their interpretations of many things. However, the standard excludes those forms that all people agree are commonplace, such as geometric figures, as well as does the present statutory language.

While this new standard is as effective as the old one in excluding protection to universal designs, it improves upon the statutory language in two ways. First, the current statutory language provides that staple and commonplace designs are excluded from protection, but does not establish through whose eyes that determination should be made.¹⁶⁰ Incorporating a "consumer with knowledge" standard remedies this problem. Furthermore, while it requires some background knowledge of the prior art in the product area, much of this knowledge can be gained through personal experience. Therefore, the sort of in-depth search for prior art required for patent protection would not be necessary. Second, it defines staple and commonplace in terms of the type of product being considered, while the current statutory language does not. While some designs are commonplace, they are not commonplace in all contexts, and can provide an aesthetic advantage when incorporated into an abnormal context. For example, a basketball may be a commonplace design in many contexts, but a toaster shaped as a basketball would certainly be novel and arguably deserves protection. To the extent that this and other designs may be frivolous attempts to obtain protection, the prong of the test which requires a reasonable person to find that the appearance would contribute to the products' commercial success would exclude them from the Act's purview.

Finally, the time period over which protection is extended also presents problems. While the Design Act affords ten-years' worth of protection, some designs will take more than ten years to realize commercial success. Still others will have realized the full extent of their commercial success and become obsolete in less than ten years. The protection period was set at ten years in an effort to promote competition. Allowing indefinite protection for an object's appearance would harm the competitive balance by affording protection that is inconsistent with the costs of producing a design.¹⁶¹ While the determination of ten years as the cutoff point may be arbitrary, the line has to be drawn somewhere, and ten years should be a sufficient time for most designers to reap the benefits of their creative endeavors. The more significant problem is that of designs which run their course in less than ten years. Ten years of protection provides them with more protection than necessary, and is one of the most expensive forms of protection possible.¹⁶²

160. See Design Act, *supra* note 24, at § 1002(2).

161. See *supra* notes 142-149 and accompanying text.

162. See KAUFER, *supra* note 9, at 43. A simple example helps to demonstrate this. Designer A receives protection for an innovative design. After five years, A has recouped the value of the risk A undertook in creating the design. Therefore, A has an additional five years of protection that were not necessary to provide an incentive to create the design. If this protection is afforded, the product will still be sold at monopolistic prices. Since the monopoly price is greater than the competitive price, there will be some consumers who will not purchase the product. These consumers will be denied the benefit of the use of the product and competitive designs are denied entry to the market. This is not an efficient result.

This problem can be remedied by making the holders of the design protection pay periodic renewal fees to maintain their right to protection. This is a concept that has been utilized in the patent system in many countries, including the United States.¹⁶³ As a result, those patents whose value is less than the marginal cost of the fee are not renewed. It is interesting to note that few patents stay in force through their maximum legally permissible lives.¹⁶⁴ A similar system incorporated into the Design Act would force the designs to pay for themselves, and those designs which are unable to do so would be removed from the system.

Again, there are concerns associated with this sort of protection. The renewal fees must not be so high that they deter designers from entering the market, or force them out of the market before their designs have an opportunity to pay for themselves. Since we are less concerned with merit in the design protection area than we are in the patent field, it seems appropriate to set the fees at some point less than that charged for patents. Also, while it should not be problematic to ask major corporations to pay as they go, it may present problems for the small inventor who doesn't have the resources or the capital to do so. If such a provision would price the small inventor out of the market, an exception may have to be written in for designs owned by private individuals and closely held businesses. However, with these concerns dealt with, a pay-as-you-go system further ensures that the designs that will be protected are only those which can be protected without unduly restricting competition.

Statutory protection for the aesthetic aspects of useful articles is necessary. Without it, the incentive to create is diminished, because one of the features which makes a product more marketable is its appearance. That appearance, if it is truly original and distinctive, cannot be adequately protected under existing legal principles, so it is only appropriate to enact legislation to do so. However, the legislation in its present form is overly vague and does not determine which designs can be protected without disturbing the balance between free market competition and promoting creative design incentives. The changes suggested in this Note clarify the statute without disrupting this delicate balance.

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163. *Id.* at 13.

164. *Id.*

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