



Design Patents and E-Commerce

#designlaw2016

DESIGN LAW 2016

Moderator:

Judy Yee, *Microsoft*

Panelists:

Christopher V. Carani, *McAndrews, Held & Malloy*

Howard S. Hogan, *Gibson, Dunn & Crutcher*

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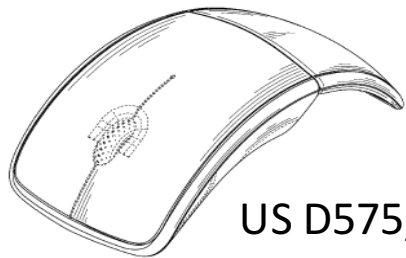
October 14, 2016

Washington, D.C.

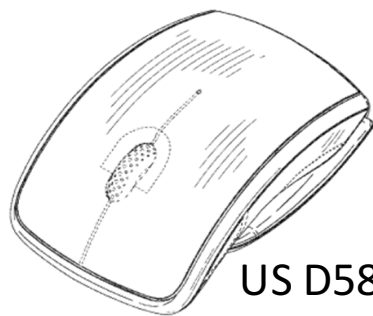
Microsoft Arc Mouse



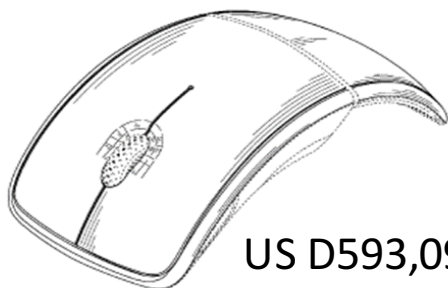
Design Patents & Examples



US D575,784



US D581,929



US D593,095



Example 1



Example 2



Example 4



Example 3

E-Commerce Examples



See Color Options

Microsoft Arc Mouse - Black

by Microsoft

\$42.95 ~~\$49.99~~ Prime

In stock on October 15, 2016

More Buying Choices

\$34.99 new (10 offers)

\$17.99 used (2 offers)

FREE Shipping on eligible orders

★★★★☆ ▾ 746



2.4ghz Wireless Foldable Folding Arc Optical Mouse for Microsoft Laptop Notebook - Black

by Mouse

\$12.99

Only 2 left in stock - order soon.

More Buying Choices

\$2.00 new (13 offers)

FREE Shipping on eligible orders

★★★★☆ ▾ 355



Foxnovo 2.4GHz Wireless Folding Foldable Arc Optical Mouse with USB Receiver for PC Laptop MacBook (Black)

by Foxnovo

\$8.99 ~~\$15.99~~ Prime

Get it by **Tomorrow, Oct 14**

More Buying Choices

\$8.99 new (2 offers)

FREE Shipping on eligible orders

★★★★☆ ▾ 8

Sold “by Microsoft”



See Color Options

Microsoft Arc Mouse - Black

by Microsoft

\$42.95 ~~\$49.99~~ 

In stock on October 15, 2016

More Buying Choices

\$34.99 [new](#) (10 offers)

\$17.99 [used](#) (2 offers)

FREE Shipping on eligible orders

★★★★★ ▾ 746

★★★★★ Best mouse I ever purchased

By [G. Wales](#) on August 21, 2016

Color: Red | **Verified Purchase**

Love this mouse. Had one for another laptop and bought another one!

★★★★★ Perfect for the basic user

By [Amazon Customer](#) on September 18, 2016

Color: Black | **Verified Purchase**

Old school mouse I've had for over 10 years and still worked till few months ago. Bought a new one. Perfect for the basic user. Simplistic, light and easy to use.

★★★★★ Best Wireless Mouse!

By [T. Cady](#) on July 14, 2016

Color: Black | **Verified Purchase**

Microsoft's Arc Mouse is one of the most portable, usable, comfortable wireless mice. Great battery life. Very easy to use. I first had one for work and have used it for over 5 years now. I purchased this one so I can view Amazon Prime shows, and pause/volume/play from the comfort of my recliner. Highly recommended. I hope they keep making them. If I hear they are discontinued, I'll most likely purchase a backup.

Sold “by Mouse”



2.4ghz Wireless Foldable Folding Arc Optical Mouse for Microsoft Laptop Notebook - Black

by Mouse

\$12.99

Only 2 left in stock - order soon.

More Buying Choices

\$2.00 new (13 offers)

FREE Shipping on eligible orders

★★★★☆ ▾ 355

★★★★☆ This mouse pretty much sucks

By [Moja](#) on February 18, 2016

Verified Purchase

This mouse pretty much sucks. Yes, it's cheap, compared to the Microsoft version (which is what I had before I bought this one... it lasted FOREVER, and finally took a poo because I dropped it a couple times), but you definitely get what you pay for.

It's lightweight, which I suppose could be seen as a perk, but you can tell it's cheaply made. The cursor is constantly moving around, even when I don't have my hand on it (I should note that I like to keep my mouse settings on a higher sensitivity, but this thing literally has a mind of it's own). I use it at work, and it'll drop emails into the wrong folders before I've moved them, and highlight entire sentences when I'm just trying to click.

Suck it up and spend the extra \$20 to get the Microsoft version. You'll be glad you did.

★★★★☆ Junk

By [Jonathan Wall](#) on September 6, 2016

Verified Purchase

I bought a clam mouse like this back in 2008 and loved it more than any other mouse I've ever had. I was excited to find this (almost exact) same mouse again, ordered it and it doesn't work. It's a piece of junk. It's the only item I've purchased from the vendor and it is also the last.

Counterfeiting

- The International Chamber of Commerce predicted that by 2015, the global value of counterfeit and pirated goods could reach \$1.77 trillion and put 2.5 million legitimate jobs at risk.
- Over 2/3 of counterfeit and pirated goods arrive through international trade; 1/3 are produced and consumed domestically.
- The ICC predicts that the effects on tax revenues, welfare spending, and other economy-wide effects total over \$125 billion annually.



Copyright Infringement

17 U.S.C. § 106

Subject to sections 107 through 122, the owner of a copyright under this title has the *exclusive rights* to do and to authorize any of the following:

- (1) to **reproduce** the copyrighted work in copies or phonorecords;
- (2) to **prepare derivative works** based upon the copyrighted work;
- (3) to **distribute copies** or phonorecords of the copyrighted work to the public ... ;
- (4) in the case of literary, musical, ... motion pictures and other audiovisual works, **to perform the copyrighted work publicly**;
- (5) in the case of literary, musical, ... and pictorial, graphic, or sculptural works, including the individual images of a[n] ... audiovisual work, **to display the copyrighted work publicly**; and
- (6) in the case of sound recordings, **to perform the copyrighted work publicly by means of a digital audio transmission**.

Secondary Liability – Copyright Infringement

- **Contributory Liability:** “[O]ne who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another, may be held liable as a ‘contributory’ infringer.” *Gershwin Pub. Corp. v. Columbia Artists Mgm’t, Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971).
 - **Elements:**
 - (1) knowledge
 - (2) inducement/material contribution
- **Vicarious Liability:** “[A] defendant becomes vicariously liable for a direct infringement of a copyright by profiting from the infringement while declining to exercise a right to stop or limit it.” *Broadcast Music, Inc. v. Meadowlake, Ltd.*, 754 F.3d 353, 354 (6th Cir. 2014).
 - **Elements:**
 - (1) right to supervise
 - (2) financial interest

-

GIBSON DUNN

Secondary Copyright Infringement – Analysis

- **Scenario:** Publisher of magazine and subscription website discovers that websites in several countries have taken its images, altered them, and offered them for sale. Rather than suing the infringers, the publisher sues credit card companies and affiliated banks that process the sales.
- **Contributory Liability?**
 - Knowledge?
 - Material Contribution?
- **Vicarious Liability?**
 - Right to Supervise?
 - Financial Interest?

Perfect 10, Inc. v. Visa Int'l Serv. Ass'n, 494 F.3d 788 (9th Cir. 2007)



Trademark Infringement

15 U.S.C. § 1114

(1) Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, *counterfeit, copy*, or *colorable imitation* of a registered mark in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is *likely to cause confusion, or to cause mistake, or to deceive ...*

shall be liable in a civil action by the registrant for the remedies hereinafter provided.

Trademark Infringement

15 U.S.C. § 1125

(a) Civil action

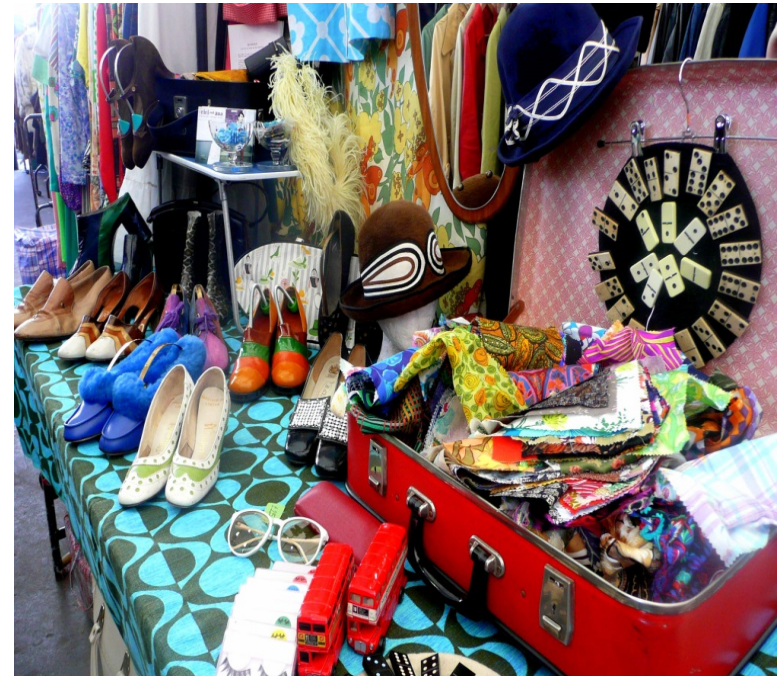
(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce ***any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin***, false or misleading description of fact, or false or misleading representation of fact, which--

(A) is ***likely to cause confusion***, or to cause mistake, or to deceive as to the ***affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods***, services, or commercial activities by another person ...

shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such act.

Secondary Liability – Trademark Infringement

- Liability for trademark infringement can extend beyond direct infringers to those who either (1) intentionally induce another to infringe a trademark, or (2) continue to supply its product to someone known or with “reason to know” to be engaging in trademark infringement. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 (1982).
- U.S. courts have extended the principle to service providers like flea market operators who knowingly provides a marketplace for sellers of counterfeit goods. *E.g.*, *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259 (9th Cir. 1996).

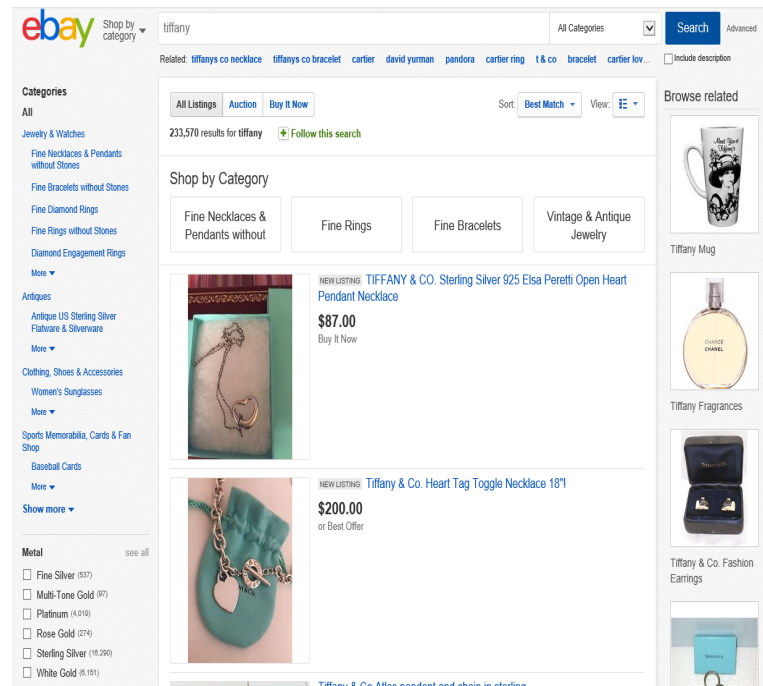


Secondary Trademark Infringement – Analysis

- **Scenario:** Online marketplace allows sellers to post items for sale and generates revenues from the sales. Manufacturer discovers counterfeits of its products for sale. When the manufacturer informs the marketplace of specific listings for counterfeits, they are taken down. The brand owner seeks to hold the marketplace responsible for other counterfeits on the site.

- **Contributory Liability?**
 - **Direct Infringement?**
 - **Inducement?**
 - **Knowledge Or Reason To Know?**

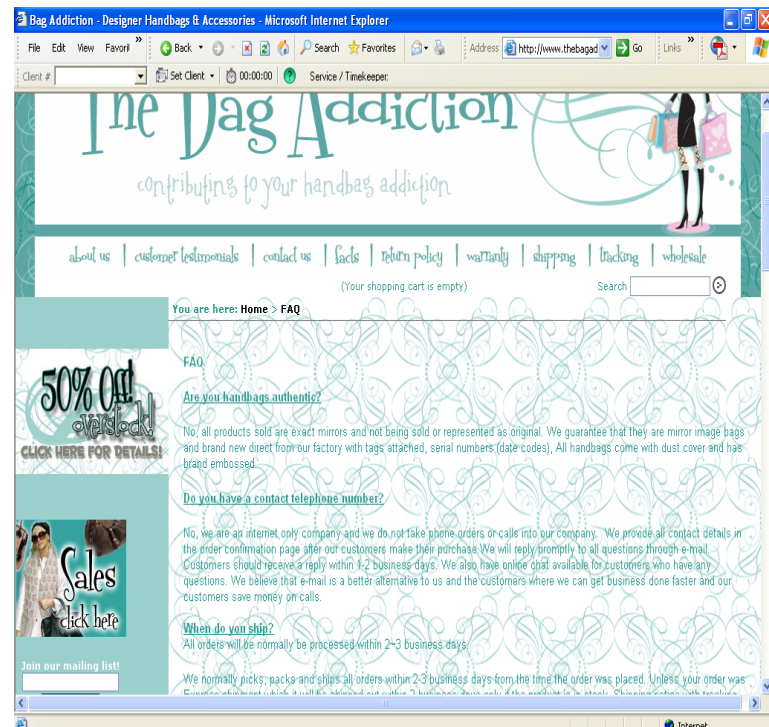
Tiffany (NJ) Inc. v. eBay Inc.,
600 F.3d 93 (2d Cir. 2010)



Secondary Trademark Infringement – Analysis

- **Scenario:** Manufacturer successfully holds counterfeiter liable for infringing products. Manufacturer seeks to hold credit card processors who serviced the counterfeiter's website contributorily liable, including a processor that openly advertised its services to “high risk” clients.
- **Contributory Liability?**
 - Direct Infringement?
 - Inducement?
 - Knowledge Or Reason To Know?

Gucci Am., Inc. v. Frontline Processing Corp., 721 F. Supp. 2d 228 (S.D.N.Y. 2010)



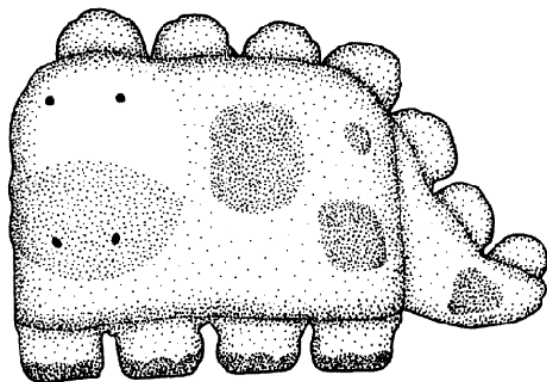
Design Patents & E-Commerce

Milo & Gabby v. Amazon,

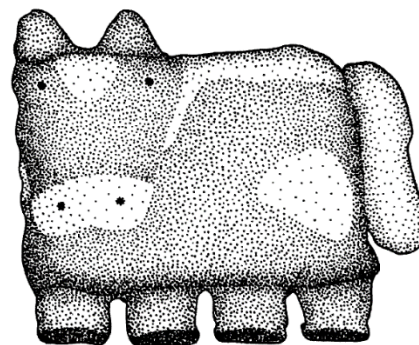
144 F. Supp. 3d 1251 (W.D. Wash. 2015)



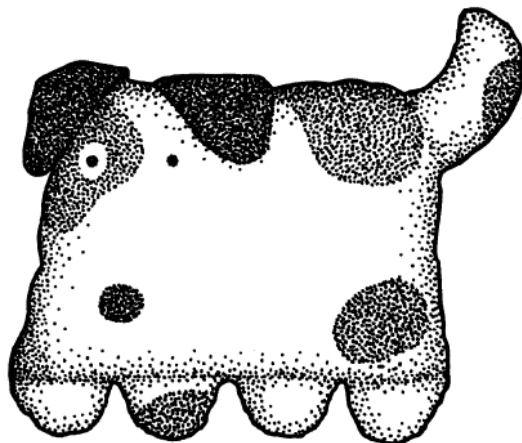
Milo & Gabby's Design Patents



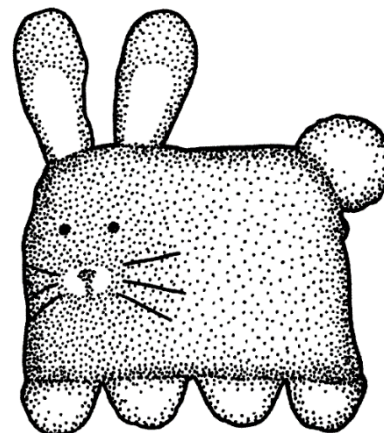
D523,672



D551889



D520798



D521,299

Milo & Gabby v. Amazon,

144 F. Supp. 3d 1251 (W.D. Wash 2015)

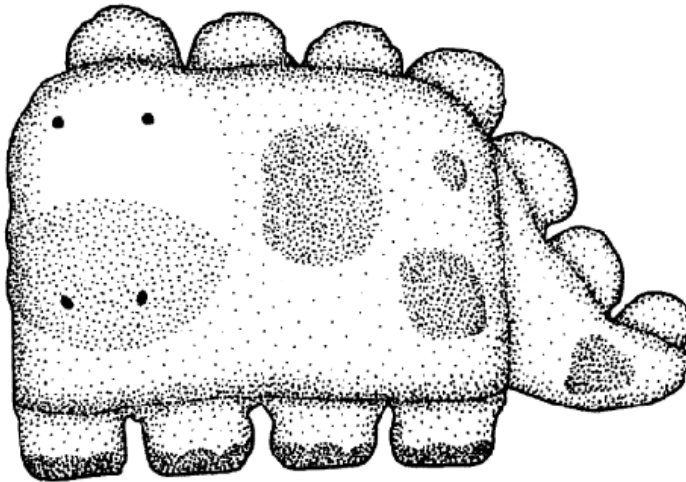


Third Party Listing on Amazon.com



No Dispute on Ordinary Observer Test

**Milo & Gabby
Design Patent**



Accused Product



Milo & Gabby v. Amazon,

144 F. Supp. 3d 1251 (W.D. Wash 2015)

- Amazon, through its website, did not communicate a description of the allegedly infringing products;
- Amazon, through its website, did not communicate the price at which the allegedly infringing product could be purchased;
- Amazon did not provide the descriptions of the allegedly infringing products;
- Amazon did not set the price at which the allegedly infringing products could be purchased;
- Amazon did not set the quantity(ies) of the allegedly infringing product(s) for sale on its website;
- Amazon, through its website, did not communicate that it was willing to enter into a bargain to sell the allegedly infringing products



Milo & Gabby v. Amazon,

144 F. Supp. 3d 1251 (W.D. Wash 2015)

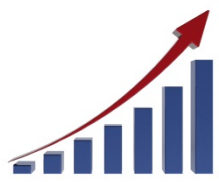
Judge Ricardo Martinez

“However, **the Court is troubled by its conclusion** and the impact it may have on the many small retailers in circumstances similar to the Plaintiffs....Indeed, under the current case law, Amazon has been able to disavow itself from any responsibility for ‘offering to sell’ the products at all.”



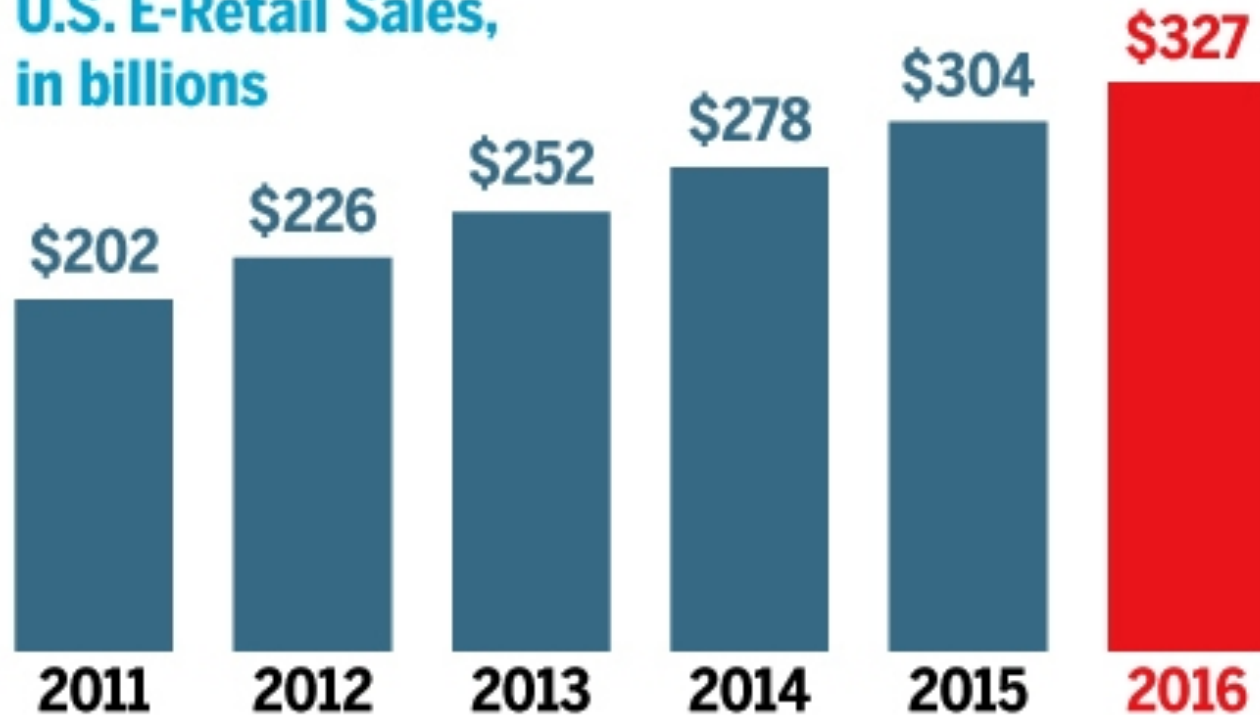
Top 10 U.S. Online Retailers (Unique Monthly Visitors)

	164 MILLION		27 MILLION
	92 MILLION		21 MILLION
	57 MILLION		20 MILLION
 Apple	55 MILLION		20 MILLION
	40 MILLION		19 MILLION



U.S. E-Commerce on the Rise

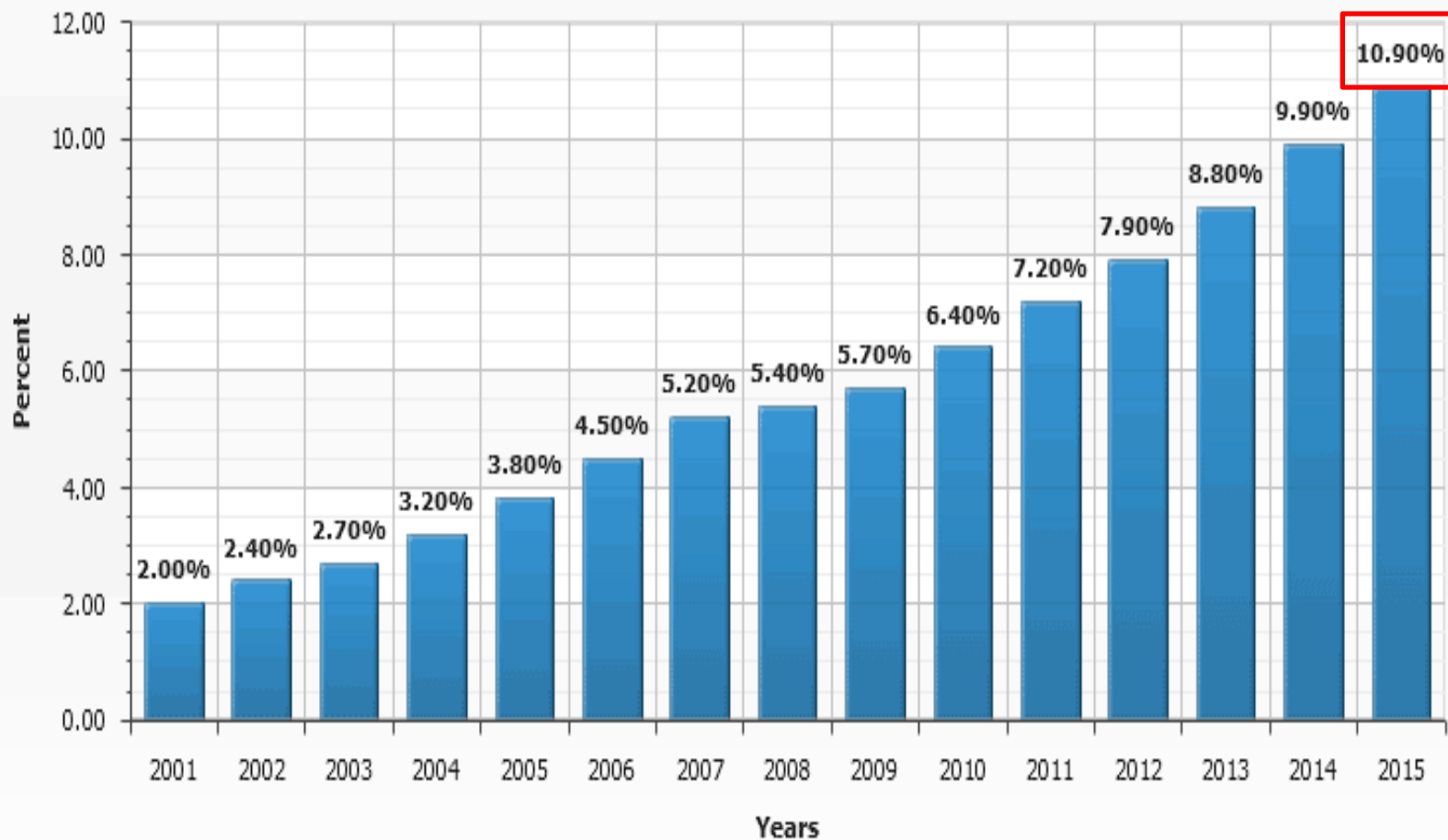
U.S. E-Retail Sales,
in billions





U.S. E-Commerce Sales

Percentage of Total Retail Sales





35 U.S.C. § 271(a)

Direct Infringement of Patent

(a) Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

(b) Whoever actively induces infringement of a patent shall be liable as an infringer.



35 U.S.C. § 271(b)

Inducement of Infringement of Patent

(a) Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or **imports** into the United States any patented invention during the term of the patent therefor, infringes the patent.

(b) Whoever actively induces infringement of a patent shall be liable as an infringer.

Note: Requires knowledge of the patent and the infringement.



35 U.S.C. § 289

Additional Remedy for Infringement of Design Patent

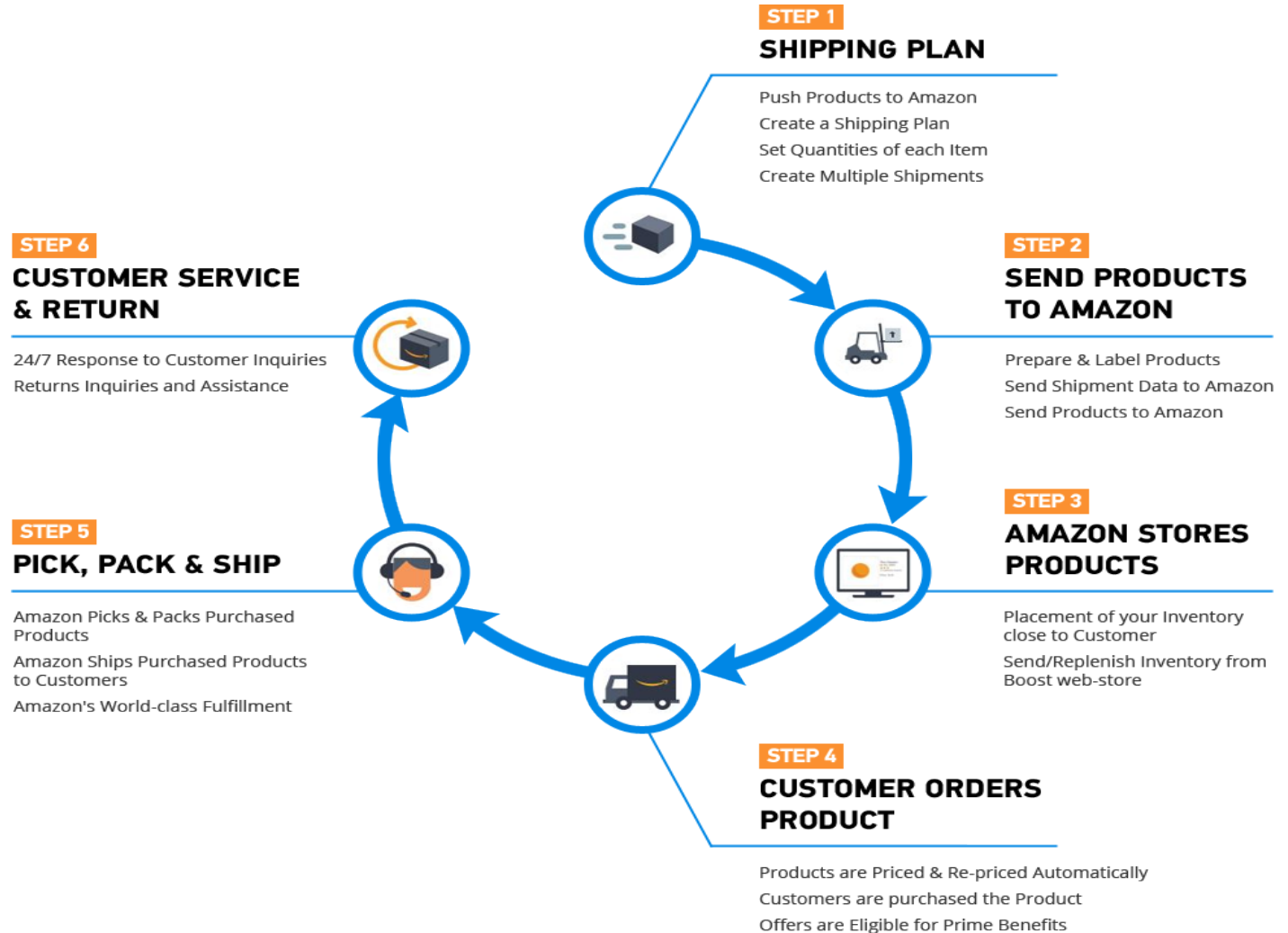
“Whoever during the term of a patent for a design, without license of the owner

(1) **applies the patented design...** to any article of manufacture for the purpose of sale, or

(2) **sells or exposes for sale** any article of manufacture to which such design ... has been applied

shall be liable to the owner to the extent of his total profit, but not less than \$250, recoverable in any United States district court having jurisdiction of the parties.”

Fulfillment by Amazon (“FBA”)

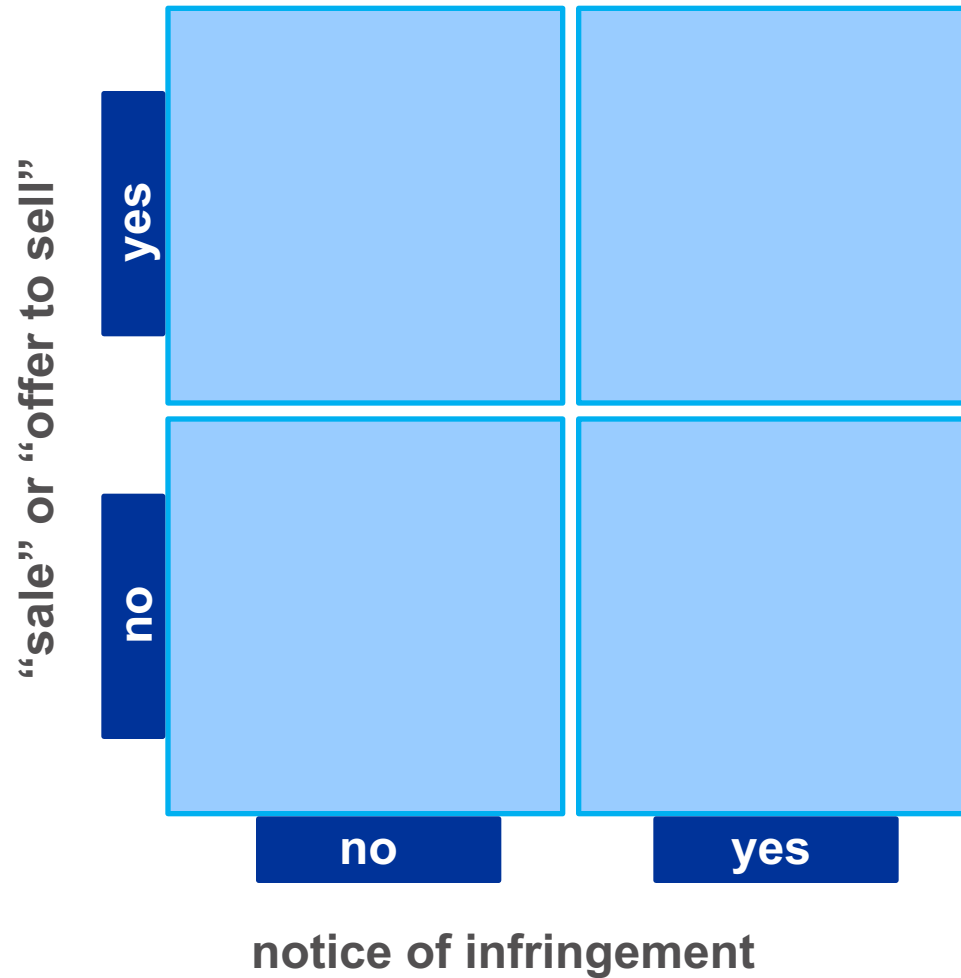




Spectrum of Liability



Pre-Notice vs. Post-Notice





Thank you!

PANEL DISCUSSION

Q&A

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Break

Kelly Lounge, First Floor

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