

Dell Trying to Take a Bite Out of Domain Name Tasting

In a recently-unsealed lawsuit relating to domain name tasting, Dell, Inc. has sued three registrars, along with other defendants, in Federal Court in Florida, alleging that the registrars, through various shell companies and individuals, have registered and profited from nearly 1,100 domain names that were “confusingly similar” to Dell’s trademarks. The named registrars are Belguimdomains, Capitoldomains, and Domaindoorman. Dell has alleged that the registrars created numerous shell registrants who acted as fronts for the registrars, and registered various domain names that are similar to Dell’s trademarks, along with domain names related to well-known trademarks of other corporations.

When “tasting” a domain name, a registrant is able to take advantage of the ICANN policy that allows the registrant to hold a domain name for up to five days before committing to purchase it. Many registrants who monetize the Internet by posting keyword-generated shopping-mall-type websites will test a domain name for its “click-through” value and return any domains that are not profitable within the five-day trial period. By registering thousands or millions of domains at a time, “tasting” has turned into big business for some registrants and registrars, and at the expense of many corporations who own valuable trademarks. Dell has alleged that the Defendants have perpetuated the “tasting” by cycling the infringing names from one registrar to the next, while holding onto the domains indefinitely and not having to pay for them.

Although lawsuits relating to cybersquatting or typosquatting of domain names are not new, what is unique about this suit is Dell’s attempt to characterize the activity as “counterfeiting” of the trademarks. If successful on the counterfeiting count,

Dell could recover damages up to one million dollars per violation, as opposed to a maximum of \$100,000 per domain under federal cybersquatting laws.

Coalition of French Auction Houses Take Action Against eBay

The regulatory authority for auction houses in France, the Council of Sales, has taken action against eBay.fr, arguing that it should be held to the same standards as traditional auction houses, to ensure that it does not enable the sale of counterfeit goods. This is one of the more recent examples of actions against eBay regarding counterfeits, the most high-profile of which may be the pending lawsuit by Tiffany & Company, accusing eBay of allowing the sale of counterfeit merchandise. Traditional French auction houses require a special permit to do business, and the Council of Sales is arguing that eBay should be held to the same requirements to protect consumers. eBay’s position is that it is not a traditional auctioneer, but merely provides the platform to connect buyers and sellers, acting as an “auction broker.”

Design Infringement Is a Matter of Appearance

To determine whether an accused product infringes a design patent, a two-part test is applied. The two parts are the “ordinary observer” test and the “point of novelty” test. The tests have been treated as being complementary, so that if an ordinary observer would consider the two designs as essentially the same, the second test would be applied to determine whether the accused device appropriates the point of novelty that distinguishes the patented item from the prior art. This second test is somewhat in conflict with the general proposition that a claimed invention should be viewed taking into account all of the claim limitations together and focusing on the overall design, rather than on any particular element that may

be considered “the invention.”

This two-part test was applied in a recent case (*Egyptian Goddess, Inc vs. Swisa, Inc.*) by the U.S. Court of Appeals for the Federal Circuit (CAFC), sitting in as three-judge panel in Washington, D.C. (The CAFC has jurisdiction over all patent-related issues in cases that are brought in any U.S. District Court.) The CAFC affirmed the U.S. District Court for the Northern District of Texas ruling that granted summary judgment against the patent owner because of failure to meet the “point of novelty” test. The CAFC found that the combination of elements that was asserted as comprising the “point of novelty” did not rise to a non-trivial advance over the prior art, and that no reasonable jury could conclude that it did; and held the accused design did not infringe as a matter of law. In a strongly-worded dissenting opinion, Judge Dyk disagrees with the holding for several reasons, the most cogent being that the point of novelty, as applied, is directed to raising a “non-obviousness” issue in the “point of novelty” test in contravention of the statutory presumption of validity of a patent. There is also the inherent difficulty in making a determination in a design case of what constitutes a non-trivial advance over the prior art at the point of novelty.

In a *per curiam* order, the CAFC has granted a petition for rehearing by an *en banc* panel of all thirteen members of the CAFC. This procedural step by an appellate court is usually resorted to when the court intends to clarify a point of law in a decisive way. The case will be re-argued before the full court, and the CAFC has requested the parties, and any interested *amicus curiae*, to brief specific questions as follows:

- 1) Should “point of novelty” be a test for infringement of design patent?

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2) If so,

(a) should the court adopt the non-trivial advance test adopted by the panel majority in this case;

(b) should the point of novelty test be part of the patentee's burden on infringement or should it be an available defense;

(c) should a design patentee, in defining a point of novelty, be permitted to divide closely-related or ornamentally-integrated features of the patented design to match features contained in an accused design;

(d) should it be permissible to find more than one "point of novelty" in a patented design; and

(e) should the overall appearance of a design be permitted to be a point of

novelty?

3) Should claim construction apply to design patents, and, if so, what role should that construction play in the infringement analysis?...

The decision of the *en banc* panel is expected sometime in the new year. Whatever the outcome, the CAFC will advance the understanding of design patents and their enforcement.
