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FEATURE

Toy Meets World: IP Strategies for the Toy Industry

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When it comes to patents, toys typically are not top of mind like a mobile device or pharmaceutical product might be. Although a toy may appear simple, the product itself can be iconic and lucrative. But, as in most industries, innovation in the toy arena is generally tied to marginal improvements. Fresh takes on a classic toy may adapt it to modern times and drive consumer demand. Take, for example, the evolution of spinning top toys, as illustrated in figures 1–4.

Figures referenced in this article are attached to the end of this PDF.

Although these improvements may initially appear minimal, such developments can be valuable in this large and profitable industry. Given that the toy industry's U.S. market is valued at approximately $27 billion,[1] securing an intellectual property (IP) asset for even a relatively marginal improvement can prove to be a lucrative move for a toy designer.

There are several industry-specific factors for toymakers to consider when developing a new toy, such as timing and manufacturing issues. These factors present nuances for IP protection in this industry. Keeping these considerations in mind can help toy designers and their counsel tailor

their IP strategy to each new toy and leverage their IP budget. As in other technological areas, a good IP strategy is developed early, before a new toy enters the world.

Timing Considerations

Toy sales are highly seasonal. In many instances, the timeline for launching a new product revolves around the holiday season. Accordingly, a toy designer may want to secure IP protection for a new product to protect against knockoffs or consumer confusion during an upcoming holiday season. There are several tools at a toy designer's disposal to secure an IP asset it can enforce in a short time frame.

Recognizing and leveraging all possible forms of IP protection may help meet a toy designer's goals for edging out the competition during the holiday season. A toymaker may opt for a specific form of IP protection, such as a design filing, in an attempt to shorten the pendency of the application process and prompt issuance of an enforceable IP asset as quickly as possible. Considering these options will help a toy designer obtain appropriate protection, ideally, in time to enforce before a holiday season.

Design patents and trademarks are forms of IP protection with a relatively short pendency. On average, the total pendency for a design patent application is about 21 months.[2] By contrast, the average total pendency for utility applications is about 24 months.[3] Trademark protection is another IP tool for a toy designer. In fact, in 2019, several toy companies, including Mattel Inc. and Hasbro Inc., were among the top 50 trademark registrants by volume.[4] Trademarks present an even faster timeline, with an average pendency of about nine months.[5] Keeping these timelines in mind can help a designer secure an option that it can expect to enforce by the holiday season.

In addition to selecting a type of protection aligned with the timing of a product launch, other tools are at a toy designer's disposal to help expedite the process of securing an IP asset. When procuring utility patent protection, the U.S. Patent and Trademark Office (USPTO) offers several programs for speeding up patent prosecution.

One such program for speeding up prosecution is Track One prioritized examination. Track One provides expedited examination for a nonprovisional utility application. When an application is granted Track One status, the USPTO will issue a final disposition for the application within 12 months. However, on average, the final disposition occurs more quickly. In 2020, the average pendency from the time a Track One petition was granted in an application to allowance was

approximately five months.[6] Although Track One status does speed up examination, substantial USPTO fees are associated with this approach.

Other USPTO programs that may help an application proceed more quickly to issuance include the Patent Prosecution Highway, First Action Interview Pilot Program, Pre-Appeal Brief Request for Review, After Final Consideration Pilot 2.0 program, and Quick Path Information Disclosure Statement program.[7] Many of these programs help streamline examination or provide opportunities to work more efficiently with the examiner. Conducting interviews is another common procedural tool that can help toy designers work effectively with an examiner to achieve an earlier allowance with fewer office actions. Leveraging one or more of these programs may help a toy designer achieve its timing objectives.

A portfolio-level strategy can also be developed to obtain some protection for a product in the near term, depending on prosecution history. This strategy for speeding up patent prosecution involves taking allowable subject matter and pursuing claims with alternative scope or subject matter in continuation or divisional applications. This option results in a faster issuance for allowable claims, which may be narrowly directed to a product or feature to ensure quick allowance, and preserves the option to pursue broader subject matter in later continuations. Additionally, prosecution for continuation or divisional applications may proceed more quickly in light of an examiner's comfort and familiarity with the subject matter.

A toy designer can also use picture claiming to speed up prosecution. Picture claiming in a utility application draws a picture of the invention with words. When used, a picture claim typically involves presenting detailed claims that are somewhat specifically tailored to the designer's product or to a competitor's commercial product and are thereby not particularly broadly cast. Although picture claiming may be relatively detailed and arguably narrow, it can help the claim proceed to issuance more quickly and be more difficult to attack as invalid. Similar to the portfolio-level strategy discussed above, this approach leaves open the possibility to file a continuation or divisional application directed to broader and/or alternative subject matter. Thus, picture claiming in this manner may place the toy designer in a strong position for enforcement against knockoffs within a relatively short time frame.

Evaluating the claim set for the toy for the possibility of restriction can also help to speed up prosecution. Incorporating a common feature of the new toy in each independent claim may help focus the examiner on a specific feature. Limiting the number of independent claims and focusing the claim set on a few features, rather than incorporating different features in each independent

claim, may also reduce the chances of receiving a restriction. Limiting the types of claims presented in a utility application (i.e., method and/or apparatus) from the start also may help avoid restriction requirements. Although avoiding a restriction requirement will reduce the time spent addressing a restriction requirement by the examiner, there may be times when the restriction requirement is useful, such as to avoid subsequent double patenting rejections. Because of this, it's important that the toy designer and patent counsel discuss this strategy (along with others presented in this article) before implementing it.

In addition to timing considerations involving the holiday season, a toy's short product life cycle also may impact the toy designer's IP strategy. In many instances, toys are trendy. Every year has its must-have fad toy that rises and falls with the times. So many iconic products proved to be short-lived—take, for example, the fidget spinner. The Google Trends analysis of the interest in fidget spinners over time—depicting the term's peak popularity from April to June 2017—reflects the fleeting popularity of certain toys.[8]

Toys can also serve as promotional products for a brand, such as a breakfast cereal, fast-food chain, television show, or movie franchise. Depending on the duration of the promotional campaign, the life cycle for a toy used for that purpose may be short-lived. The transitory nature of a toy can also guide the IP strategy for a toy designer and its counsel.

If a toy is a promotional product, speedier options for protection such as design patents, trademarks, or fast-track utility patents may be a good fit. An aggressive, drawn-out, and expensive prosecution process may not be aligned with such short-lived products. Understanding the nature and life cycle of a product from the outset can help direct that strategy toward the most meaningful form of protection.

When seeking protection for a toy with a short life cycle, the costs associated with more-robust forms of protection, such as a utility patent, may be a factor. The cost to maintain a utility patent over its 20-year term is higher than it is, for example, for a design patent and its 15-year term.[9] Utility patents also require the payment of maintenance fees to keep the patent in force beyond 4, 8, and 12 years after the date of grant. Design patents, however, are not subject to such maintenance fees. Thus, the overall cost of design protection might make this a more desirable method for a fad toy or promotional product.

In general, it's important for a toy designer and its counsel to consider the timeline for launching a toy and the potential for a short product life cycle early in the process. These timing

considerations will inform the type of prosecution and tools used to align prosecution with the toy designer's timeline.

Manufacturing Considerations

In addition to timing considerations, manufacturing considerations for a toy can also inform the IP strategy. Frequently, toys are injection molded or at least include some injection-molded parts or components. Molds capable of forming plastic components may need to be custom-made and can be a significant expense for the toy designer. While the cost of small molds may be in the range of thousands of dollars, very large or complex molds may cost upwards of $80,000.[10] An investment in molds may justify the additional time and money spent on intellectual property to secure that investment with an IP asset that, in some scenarios, can offer more robust protection.

There are arguably more opportunities to change claim scope in a utility application than in a design application, depending in part on the extent of the application's specification. That said, claims in a utility application are often more costly and take longer to pursue, especially if they are particularly broad. First, the initial cost of preparation and filing is higher for utility applications than for design applications. On average, the initial cost of preparation and filing is about twice as much for basic utility applications as it is for design applications.[11] In addition, utility applications have a higher initial rejection rate, which contributes to the greater expense of securing a utility patent. Once a utility patent issues, the cost to maintain the utility patent will also be higher than the cost to maintain a design patent. As discussed above, the maintenance fees associated with utility patents contribute to the overall cost. Such expenses may inform a toy designer's decision regarding which form of patent protection to pursue, given a limited IP budget. For a toy designer with an extensive portfolio, it may make sense to allocate more of its limited IP budget to products that involve a high initial investment in manufacturing equipment.

Although there can be higher costs associated with utility applications, a utility application may offer more flexibility in some scenarios. When a toy involves a large investment in manufacturing, such as molds, utility patent protection may be more desirable than design patent protection, as utility patents can provide more robust protection for the investment. For instance, utility patents can provide the opportunity for certain product changes to be accounted for by significantly amending the claims during prosecution. A large manufacturing investment may suggest a longer product development timeline. In some circumstances, this longer timeline can result in more iterations of a product, which may result in the toy straying from its initial appearance. By virtue of the ornamental nature of design protection, the figures are necessarily pictures or snapshots of

the product. Because a design application claims an article as depicted in the drawings, it may provide less flexibility for incorporating changes to the product's appearance. When a long product development timeline is anticipated or it's uncertain what the final product will look like, utility protection may provide a value-add worth the additional spend.

For products targeted to consumers, even when there is a large manufacturing investment, design protection arguably covers a toy's most valuable aspect. As with other consumer products, a toy's aesthetics are often crucial. Because toy designers often focus their efforts on product aesthetics, they may want to ensure ornamental aspects are protected. For such consumer products, design applications may be the best fit.

Further, because design patents protect the ornamental appearance of a product, they protect against knockoff products similar in appearance. However, a design patent may be easy for a competitor to design around, for example, by making a product that looks different but still functions in a similar way. Utility patents can be tougher to design around, depending on the type and scope of the invention. When a utility patent issues, a competitor could introduce a toy that looks different from the inventive toy and still infringe. When making a large up-front investment in manufacturing equipment, such as custom molds, the investment in utility protection may be justified. For particularly valuable products or large investments, a combination of both utility and design protection can be a worthwhile strategy.

If a product requires a minimal up-front investment, other less costly options may be a better fit. Less costly options for protection can include design patent, copyright, or trademark protection. These options may suitably protect the toy without draining a limited IP budget.

New Product or Product Line Extension

Another potential factor in the calculus is whether a toy is a new product or part of a product line extension. A product line extension may include a new character or accessory for an existing toy product line. For a product line extension, a toy designer may be primarily interested in capturing the incremental new scope. In such configurations, the toymaker may already be pursuing IP protection on the base or existing product line, or it may be prior art to any later-pursued product line extensions. Thus, for a product line extension, a toy designer may lean toward a design application rather than a utility, given the scope of available protection and the sufficiency of design protection under the circumstances. On the other hand, when the toy designer launches

an entirely new product line, utility protection in addition to design protection may be the best path forward, depending on the results of any patentability search results.

Conclusion

Developing a strategy early in the process and considering all flavors of IP protection will help toy designers and their counsel leverage an IP budget and meet business objectives. In addition, regular evaluation of corporate goals, market developments, and consumer response, along with the initial IP strategy, will help ensure that the initial strategy developed is updated to remain aligned with current business objectives. For example, if a toy designer initially files a utility application but the toy aesthetics change while functional aspects remain the same, patent counsel may advise the toy designer to consider the possibility of filing a further design application to pursue additional IP protection. Although the toy business can be fast-moving and lucrative, it is worth taking the time to carefully consider the different variables and options when it comes to IP protection. After all, successfully protecting new toys as they enter the world is not child's play.

Endnotes

1. *U.S. Sales Data*, Toy Ass'n, https://www.toyassociation.org/ta/research/data/u-s-sales-data/toys/research-and-data/data/us-sales-data.aspx (last visited Dec. 11, 2020).

2. *Design Data October 2020*, U.S. Pat. & Trademark Off., https://www.uspto.gov/dashboard/patents/design.html (last modified Nov. 19, 2020).

3. U.S. Patent & Trademark Office, FY 2019 Performance and Accountability Report 29, 168 (2019), https://www.uspto.gov/sites/default/files/documents/USPTOFY19PAR.pdf.

4. *Id.* at 195.

5. *Id.* at 17, 29.

6. *Patent Special Program Data September 2020*, U.S. Pat. & Trademark Off., https://www.uspto.gov/dashboard/patents/special.html (last modified Oct. 16, 2020).

7. *See USPTO Patent Application Initiatives Timeline*, U.S. Pat. & Trademark Off., https://www.uspto.gov/patent/initiatives/uspto-patent-application-initiatives-timeline (last

modified Jan. 26, 2017).

8. *Fidget Spinner*, Google Trends, https://trends.google.com/trends/explore?date=today%205-y&geo=US&q=fidget%20spinner (last visited Dec. 11, 2020).

9. Design patents issued from design applications filed on or after May 13, 2015, have a term of 15 years from the date of grant. Design patents issued from design applications filed before May 13, 2015, have a term of 14 years from the date of grant. *See* 35 U.S.C. § 173.

10. *How Much Does Plastic Injection Molding Cost?*, Rex Plastics (July 15, 2013), https://rexplastics.com/plastic-injection-molds/how-much-do-plastic-injection-molds-cost.

11. James Yang, *How Much Does It Cost to Get a Utility Patent?*, OC Pat. Law., https://ocpatentlawyer.com/patent-application-cost-short-and-long-term (last updated July 10, 2019).

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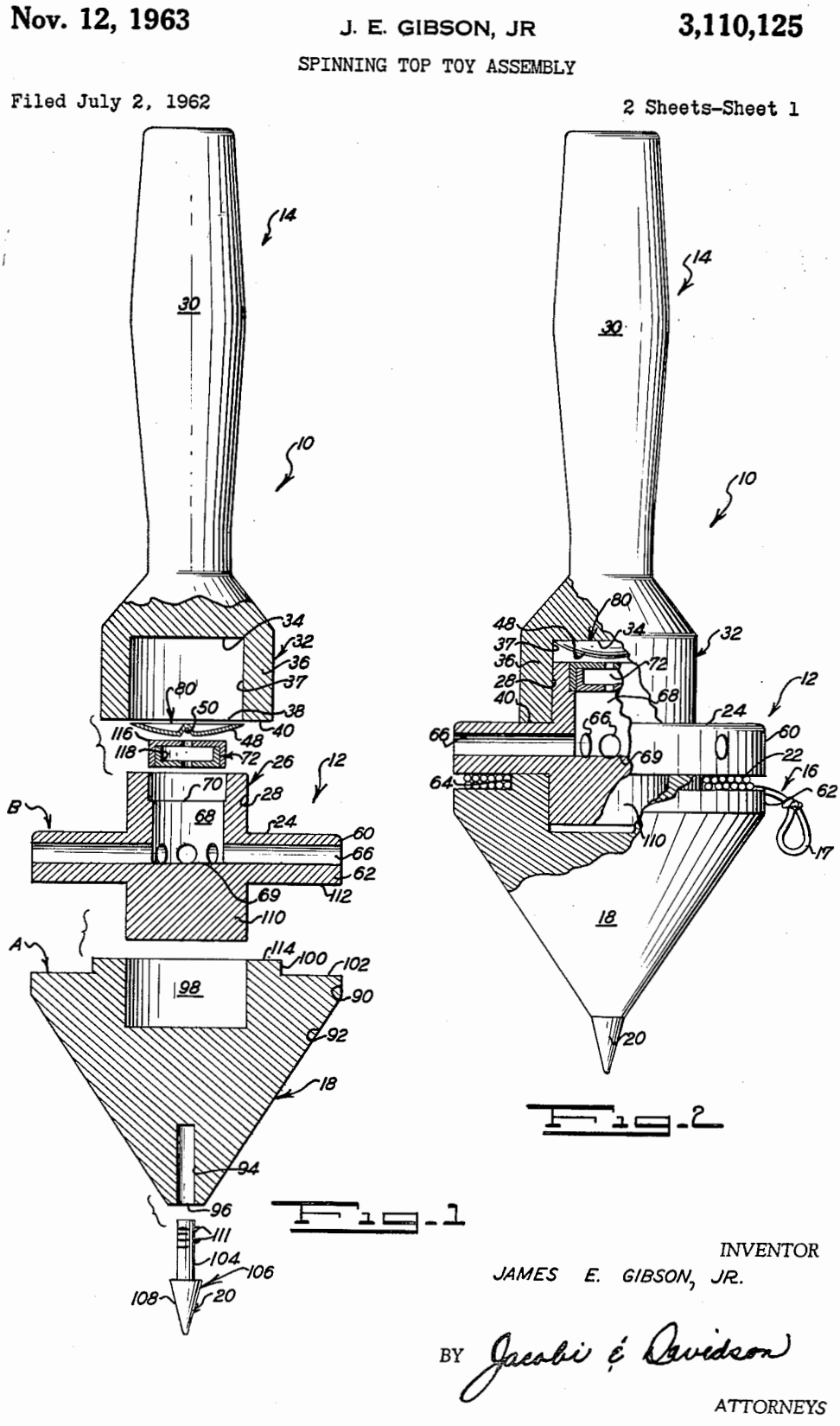

Figure 1. Spinning Top Toy Assembly, U.S. Patent No. 3,110,125 (filed July 2, 1962) (issued Nov. 12, 1963).

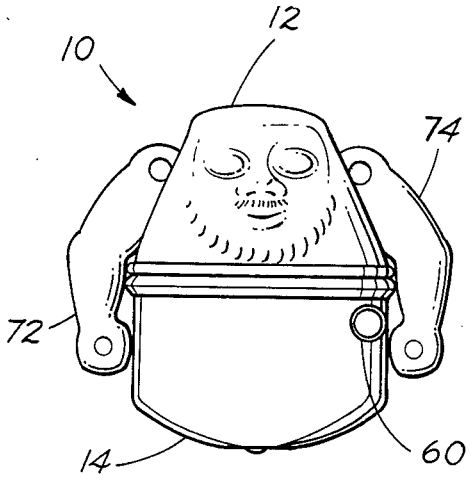

FIG. 1.

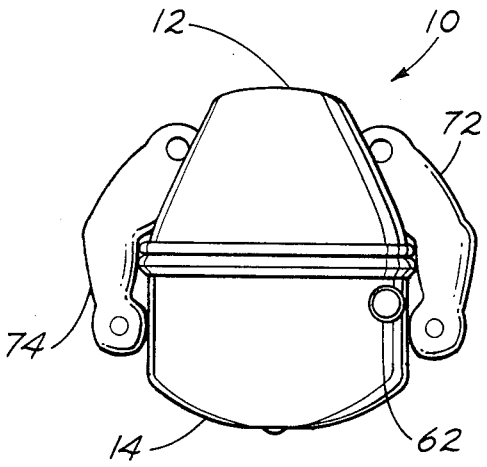

FIG. 2.

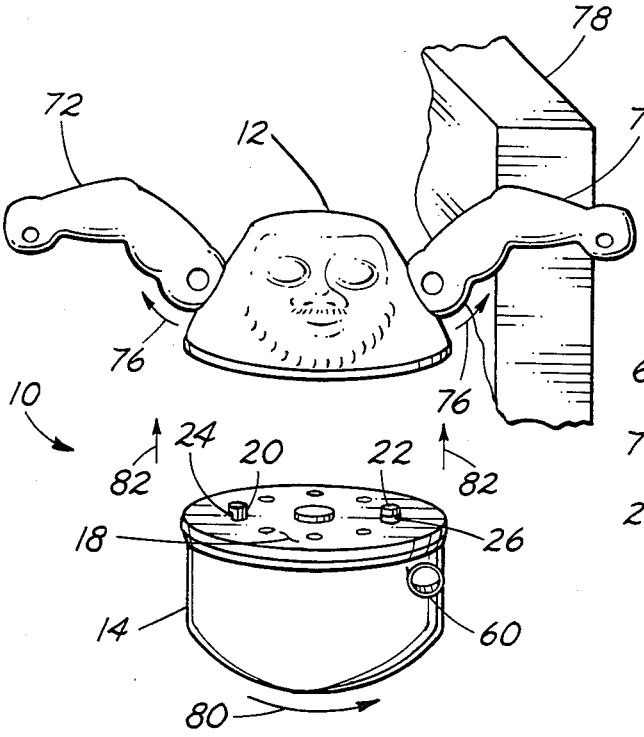

FIG. 3.

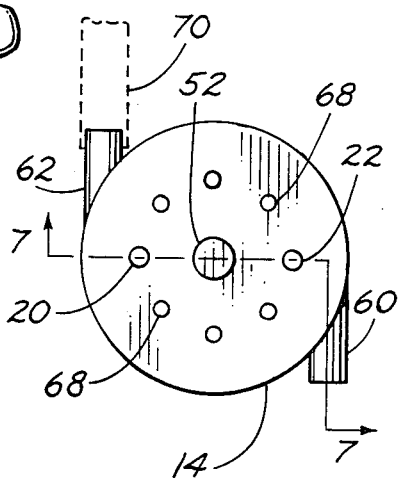

FIG. 4.

Figure 2. Toy Top with Impeller-Driven Flywheel, U.S. Patent No. 4,772,241 (filed July 22, 1987) (issued Sept. 20, 1988).

FIG. 2

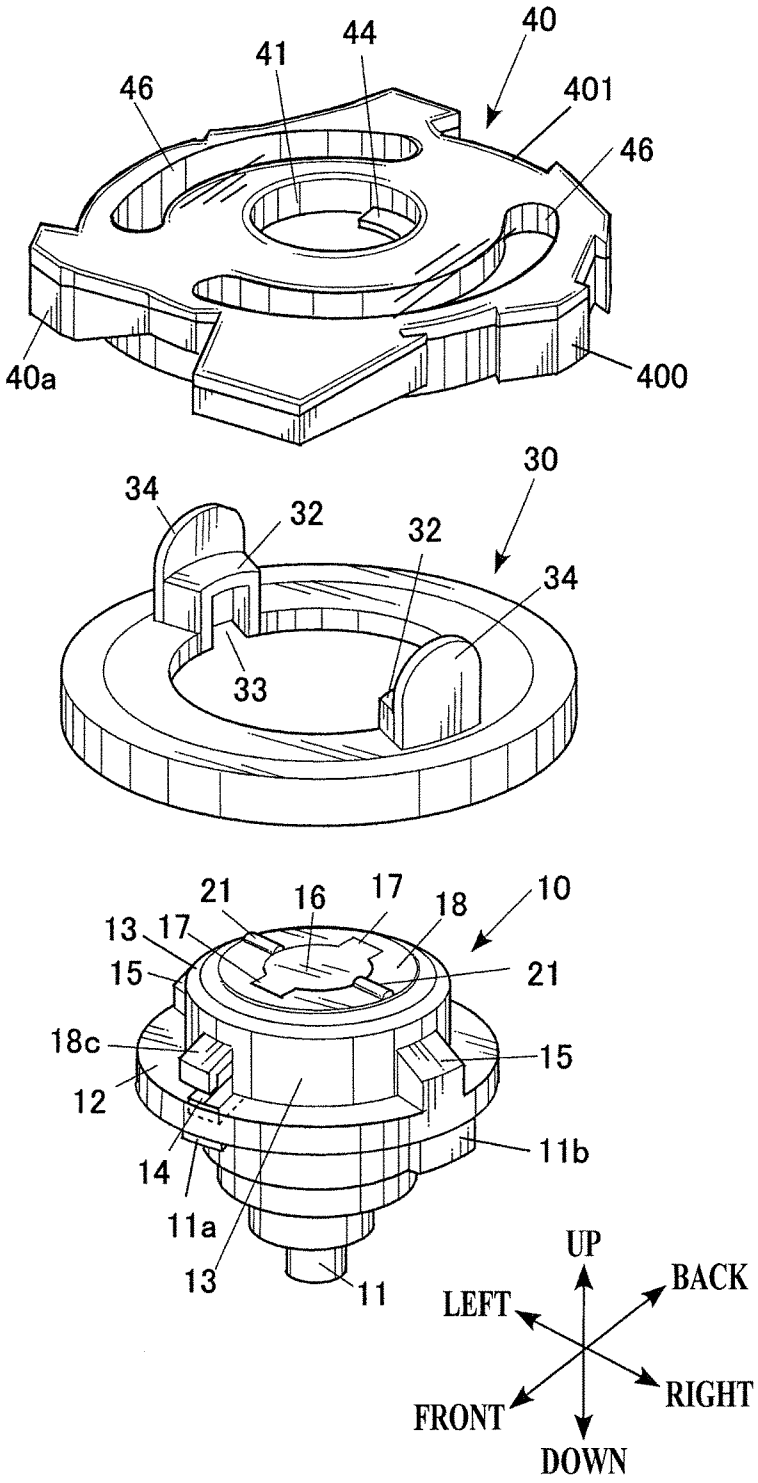

Figure 3. Toy Top, U.S. Patent No. 9,566,529 (filed Aug. 30, 2016) (issued Feb. 14, 2017).

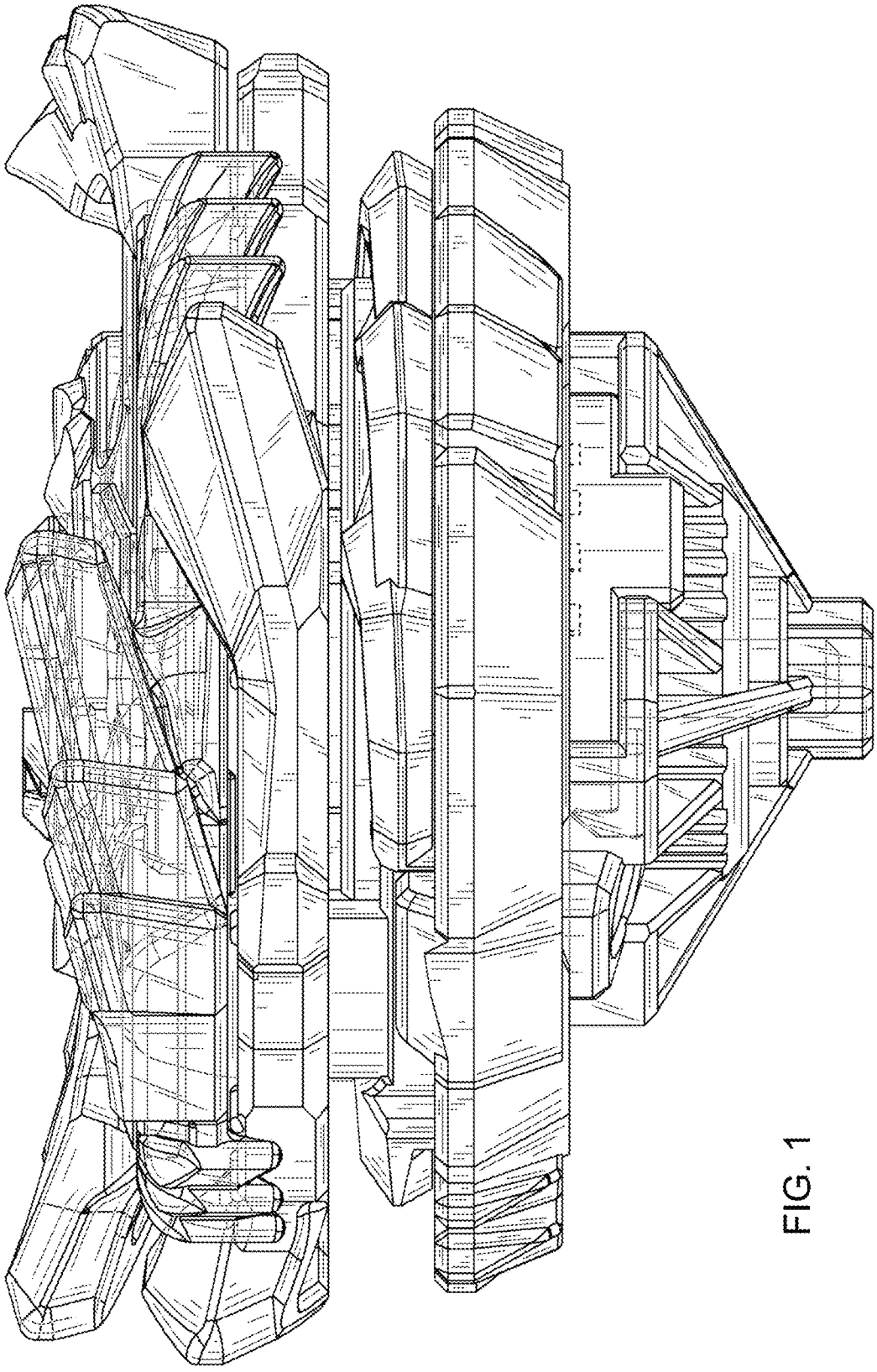

FIG. 1

Figure 4. Spinning Top Toy, U.S. Patent No. D825,670 (filed Jan. 5, 2017) (issued Aug. 14, 2018).