

What Went WRONG?

Dippin' Dots: Why the USPTO Invalidated Its Patent and It Now Has Two New Competitors

www.dippindots.com

Dippin' Dots is an ice cream snack, sold by Dippin' Dots franchises in the food courts of malls and similar locations. The company was founded in 1987 by Curt Jones, a microbiologist. Jones pioneered the process of cryogenic encapsulation, which is a fancy way of saying he flash froze ice cream mix in a way that produced small beads of ice cream. The small beads of ice cream, which Dippin' Dots calls "Ice Cream of the Future," are flavorful, light, and fun. Simply buying a Dippin' Dots cup of ice cream is part of the experience. The ice cream beads are literally "poured" into a cup and are often described as "tingly and almost crunchy" when consumed.

Although Dippin' Dots is still going strong, the company experienced a major setback in 2007 when its patent was invalidated by the USPTO. Specifically, on February 9, 2007, the Federal Circuit Court ruled that Dippin' Dots' method of making frozen ice cream pellets was invalid because it was obvious. The ruling resulted from a lawsuit that Dippin' Dots filed against Mini Melts, a competitor that started selling a beaded ice cream treat, alleging trade dress infringement on the shape of its multicolored ice cream bits. The suit, *Dippin' Dots, Inc. v. Frosty Bites Distribution, LLL aka Mini Melts*, was unsuccessful. One of the arguments that Mini Melts used in undermining Dippin' Dots was that the company committed patent fraud by not disclosing that it had sold its ice cream product one year prior to applying for its patent. Technically, an inventor of a new product (or process) is required to apply for a patent within one year of inventing the product or the product is considered to be "public art" and the right to file for a patent is forfeited. An exception is made for sales made for testing or experimental purposes (such as in a feasibility test). But the sales must be made for one of these two purposes, and not for commercial purposes.

It turns out that Dippin' Dots and its founder Curt Jones sold novelty ice cream products to over 800 customers using a process very similar to the process that was eventually patented, and the sales took place more than one year before the filing of the patent. Mini Melts argued that the sales invalidated Dippin' Dots' patent, so Dippin' Dots had no right to sue it for trade dress infringement (for making a similar ice cream product).

The jury agreed with Mini Melts, and the District Court for the Northern District of Texas entered a judgment in favor of Mini Melts, finding that Dippin' Dots' patent was invalid. Dippin' Dots appealed to the Federal Circuit Court, which affirmed the lower court's decision. The result was—with a patent no longer protecting the exclusivity of its product—Dippin' Dots has two new competitors, Mini Melts and MolliCoolz, which are producing ice cream treats very similar to what Dippin' Dots offers.

This case is a stark reminder that not only the spirit, but the absolute letter of the law must be followed regarding intellectual property issues. More narrowly, it is a reminder for inventors and entrepreneurs to be particularly aware of the one-year rule for filing a patent application following the invention of a product or process.

Questions for Critical Thinking

1. In what ways could Dippin' Dots be hurt by its patent being invalidated? To what degree was Dippin' Dots' patent an important part of its competitive advantage?
2. How can an entrepreneur be sure that the "letter of the law" is followed when filing a patent application?
3. Look at the Web sites of Mini Melts and MolliCoolz. How similar are their products to what Dippin' Dots introduced to the marketplace? If Dippin' Dots' patent was solid, do you think the company would have solid grounds to sue Mini Melts and MolliCoolz for infringing on its patent?
4. How can Dippin' Dots differentiate itself from its competitors now that it can't stop its competitors from selling a product that is similar to what it sells?

Source: T. F. Zuber, S. J. Lazaris, "Protecting Your Process Patent: How Dippin' Dots May Make It More Difficult to Secure Process Patents After Prior Sales," www.zuberlaw.com (accessed September 16, 2008). Thomas F. Zuber, Esq. is the Managing Partner of Zuber & Taillieu LLP, practicing intellectual property protection and exploitation from its Los Angeles office. Spyros J. Lazaris, Esq. is a Counsel in the Los Angeles office of Zuber & Taillieu LLP, and the head of its patent and trademark prosecution department. The biographies of both attorneys may be viewed at www.zuberlaw.com.