



**DESIGN PATENT NEWS**

**THE FEDERAL CIRCUIT CHANGED THE LEGAL STANDARDS FOR DETERMINING DESIGN PATENT OBVIOUSNESS, BUT HAS IT HAD A SUBSTANTIAL EFFECT?**

In a landmark *en banc* decision, the U.S. Court of Appeal for the Federal Circuit in *LKQ Corporation v. GM Global Technology Operations LLC* recently overruled 50 years of legal precedent and changed the legal standards for determining whether the design claim that is included in a U.S. design patent or pending U.S. design patent application is invalid or unpatentable for obviousness in view of the prior art. Although at the time of the Federal Circuit’s decision there was concern within the design patent community that this change in the law would result in it being more difficult to obtain a design patent, or defend its validity in U.S. federal court, the available data suggests that this has not happened.

In making its decision in *LKQ*, the Federal Circuit overruled the two-part test that was announced in its precedential decisions in *In re Rosen* and *Durling v. Spectrum Furniture Co., Inc.*, which had up until that point been consistently used by the U.S. federal courts, the U.S. International Trade Commission, and the U.S. Patent and Trademark Office in order to determine the validity or patentability of design patents. Under the *Rosen/Durling* test, a challenger to the validity of a design patent was required to find a single primary prior art reference that must be “something in existence, the design characteristics of which are basically the same as the claimed design.” This requirement meant that the primary reference must have a visual appearance that was very similar to the claimed design, with only a few visual differences. A prior art reference that had too many visual differences with the claimed design was disqualified from being a primary reference. If no primary reference was found, then the obviousness inquiry ended.

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If a proper primary reference was found, then that reference could be used on its own to establish obviousness, or the challenger was permitted to combine the visual characteristics of one or more secondary prior art references with the primary reference, in order to fill in a few minor features of the claimed design that were not disclosed in the primary reference. Those secondary references could only be used if they were “so related” to the primary reference “that the features in one would suggest application of those features to the other.” This was considered to be a relatively difficult legal standard to meet, as it is often difficult to locate a single primary references whose visual design characteristics were “basically the same” as the claimed design, with only minor visual differences separating the two designs. As a result, the validity and value of U.S. design patents was strengthened.

The Federal Circuit in *LKQ* instead replaced the *Rosen/Durling* test with a more flexible, and less well designed approach, which the Court believed was more consistent with the U.S. Congress’s requirement that the validity of utility and design patents be judged according to the same legal standards, and the U.S. Supreme Court’s requirement, in its controlling legal precedents, that the legal standards for determining utility patent obviousness have more “flexibility” than the more “rigid” *Rosen/Durling* test.

In *LKQ*, GM Global Technology LLC (“GM”) owned U.S. Design Patent No. D797,625 (“the ‘625 Patent”), which claims a design for a vehicle’s front fender. LKQ Corporation and its associates filed a Petition with the U.S. Patent and Trademark Office’s Patent Trial and Appeal Board (“the Board”) to institute *inter partes* review of the ‘625 Patent based on the argument that its sole design claim was invalid for anticipation under 35 U.S.C. 102 and/or obviousness under 35 U.S.C. 103, based on several cited prior art design references.

The Board determined that the ‘625 Patent was not invalid for anticipation, because there were too many visual differences between the claimed design and the design disclosed in the single prior art reference relied on by LKQ to establish anticipation. The Board then applied the two-part *Rosen/Durling* test to determine whether the design claim of the ‘625 Patent was invalid for obviousness. The Board found that LKQ failed to identify proper primary references, because there were too many visual differences between the closest prior art references and the claimed design, so that no reference created “basically the same visual impression” as the claimed design. As a result, the Board ended its obviousness analysis without further consideration.

LKQ appealed the Board’s ruling, and a three-judge panel of the Federal Circuit applied the *Rosen/Durling* standard and agreed with the Board that the closest prior art failed to create “basically the same” visual impression as the claimed design. The Federal Circuit also refused to overrule the *Rosen/Durling* standard, based on LKQ’s argument that the legal standard for design patent obviousness was too rigid and formulaic, which conflicted with the U.S. Supreme Court’s ruling in *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398 (2007) that the legal standard for utility patent obviousness be “flexible.” Not satisfied with the Federal Circuit’s ruling, LKQ requested that the decision of the Federal Circuit’s panel be reviewed by all of the judges of the Federal Circuit sitting *en banc*. The Court granted LKQ’s request and reheard the case *en banc*. The *en banc* Federal Circuit vacated the panel’s decision, overruled the *Rosen/Durling* standard, and replaced it with a more flexible set of standards that it believed was more consistent with the Supreme Court’s requirements for the patent obviousness analysis set forth in *KSR*. In doing so, it determined that the Supreme Court’s requirement for a more flexible standard for determining patent obviousness applied equally to utility patents and design patents.

In its *en banc* decision, the Federal Circuit emphasized that determinations of whether a design claim is obvious should be made based on the language of the 35 U.S.C. 103 itself:

A patent for a claimed invention may not be obtained, notwithstanding that the claimed invention is not identically disclosed as set forth in section 102 [anticipation/lack of novelty], if the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill to which the claimed invention pertains.

The Federal Circuit noted that the U.S. Supreme Court addressed the meaning of the statute in *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1 (1966), where it explained that the ultimate question of obviousness is one of law based on “several basic factual inquiries.” The Court elaborated that under § 103, these factual inquiries include “the scope and content of the prior art”; “differences between the prior art and the claims at issue”; and “the level of ordinary skill in the pertinent art.” *Id.* In addition to these factors, “[s]uch secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented” and may be relevant as “indicia of obviousness or nonobviousness.” The Federal Circuit thus ruled that obviousness under Section 103 in the design patent context must be determined by the factors set forth in *Graham*, even though they had been originally applied to utility patents. According to the Court, the ultimate question is whether differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious to a person of ordinary skill in the art at the time of the invention.

According to the Federal Circuit in *LKQ*, when applying *Graham* factor one, the fact finder should consider the “scope and content of the prior art” within the knowledge of an ordinary designer in the field of the design. In determining the scope of the prior art, the Court determined that an analogous art requirement applies to each reference, which limits the prior art that can be applied, and guards against the hindsight application of the references. Analogous art for a design patent includes art from the same field of endeavor as the article of manufacture of the claimed design. According to the Federal Circuit in *LKQ*, “[t]he scope of the prior art is not the universe of abstract design and artistic creativity, but designs of the same article of manufacture or of articles sufficiently similar that a person of ordinary skill would look to such articles for their designs.”

In applying *Graham* factor one, the scope and content of the prior art, a primary reference must be identified. Identifying a primary reference protects against hindsight because “almost every new design is made up of elements which, individually, are old somewhere in the prior art.” According to the Federal Circuit in *LKQ*, the primary reference need only be “something in existence—not . . . something that might be brought into existence by selecting individual features from prior art and combining them, particularly where combining them would require modification of every individual feature.” The primary reference will likely be the closest prior art, i.e., the prior art design that is most visually similar to the claimed design.

After considering the scope and content of the prior art, *Graham* factor two must be considered, i.e., determining the differences between the prior art designs and the design claim at issue. The Supreme Court has explained that design patents protect the appearance of the design on an article of manufacture, and thus, in the context of design patent infringement, it is necessary to compare the visual appearance of the claimed design with that of allegedly infringing design. Likewise, in addressing the differences between the claimed

design and prior art designs for validity purposes, it is necessary to compare the visual appearance of the claimed design with prior art designs, from the perspective of an ordinary designer in the field of the article of manufacture.

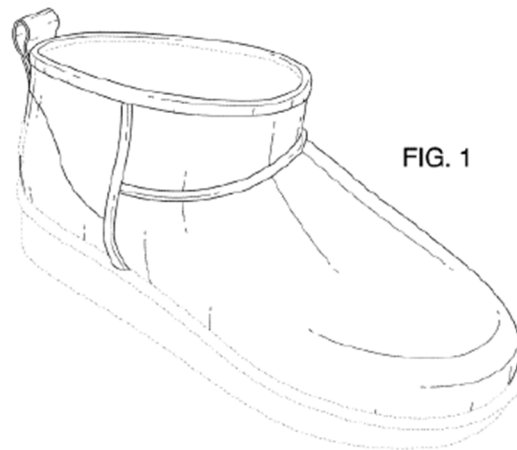
Under *Graham* factor three, “the level of ordinary skill in the pertinent art [must be] resolved.” This requirement comes directly from 35 U.S.C. 103, which provides that a claimed invention is unpatentable if it “would have been obvious before the effective filing date of the claimed invention to a person of ordinary skill in the art to which the claimed invention pertains.” In the design patent context, the Federal Circuit in *LKQ* interpreted “a person of ordinary skill in the art to which the invention pertains” in Section 103 as meaning that obviousness of a design patent claim is assessed from the viewpoint of an ordinary designer in the field to which the claimed design pertains. *In re Nalbandian*, the predecessor court to the Federal Circuit explained that, consistent with *Graham*, “[i]n design cases we will consider the fictitious person identified in § 103 as ‘one of ordinary skill in the art’ to be the designer of ordinary capability who designs articles of the type presented in the application.”

Once the three *Graham* factors are considered, the obviousness inquiry must then be based on whether an ordinary designer in the field to which the claimed design pertains would have been motivated to modify the prior art design “to create the same overall visual appearance as the claimed design.” In *LKQ*, the Federal Circuit reaffirmed that the “inquiry focuses on the visual impression of the claimed design as a whole and not on selected individual features.” Where a primary reference alone does not render the claimed design obvious, secondary references may be considered. Although the primary and secondary references need not be “so related” such that features in one would suggest application of those features in the other, they must both be analogous art to the patented design, and there must be some record-supported reason (without hindsight) that an ordinary designer in the field of the article of manufacture would have modified the primary reference with the feature(s) from the secondary reference(s) to create the same overall appearance as the claimed design. The Court in *LKQ* also emphasized that “the more different the overall appearances of the primary reference versus the secondary reference(s), the more work a patent challenger will likely need to do to establish a motivation to alter the primary prior art design in light of the secondary one and demonstrate obviousness without the aid of hindsight.”

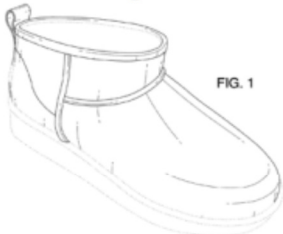





### **THE *LKQ* DECISION HAS NOT RESULTED IN A WEAKENING OF DESIGN PATENTS**

When the *LKQ* decision was announced in May 2024, there was concern among the U.S. design patent community that this would result in a lowering of the high legal standards for determining design patent infringement that had been applied under the prior *Rosen/Durling* framework that had made invalidating a design patent claim for obviousness relatively difficult. This was particularly true, because the USPTO almost immediately issued examination guidelines which required the new flexible standards announced in *LKQ* to be applied when determining whether a design claim was obvious, and emphasized how each *Graham* factor should be applied in the design patent context. Consequently, there was a resulting concern that the new legal standards for obviousness would make it much easier to find a design claim either invalid or unpatentable for obviousness, thus calling into question the value of design patents as an intellectual property asset. However, recent decisions of the Patent Trial and Appeal Board (PTAB) of the USPTO and two U.S. district courts suggest that this is not the case, and that the *LKQ* decision may not have resulted in such a major change in how the issue of design patent obviousness will be analyzed after all.

The Patent Trial and Appeal Board recently applied the new *LKQ* framework for assessing design patent obviousness in *Next Step Group, Inc. v Deckers Outdoor Corp., IPR2024-00525* (Slip op.)(PTAB August 6, 2024). In *Next Step*, the PTAB denied institution of an *Inter Partes* Review proceeding because the Petitioner did not demonstrate, *inter alia*, that there was a reasonable likelihood that the design claim in question was obvious in view of any of the several prior art references that the Petitioner relied on for that purpose. The *Next Step* case involved U.S. Patent No. D927,161 that was directed to the ornamental design for a “Footwear Upper.” As the title to the invention suggested, the design claim of the ‘161 Patent was directed to the ornamental visual appearance of the upper portion of the footwear article, which was depicted using solid lines. The midsole and outsole features of the footwear article were depicted using dashed broken lines and were therefore not part of the design claim.



The Petitioner in *Next Step* asserted that the design claim of the ‘161 Patent was invalid for obviousness under Section 103 based on several prior art references. For example, the Petitioner asserted that the design claim was obvious based on the design for the Emu Australia Stinger Micro boot:

View	'161 patent	Emu Australia Stinger Micro
1		
2		
3		

The PTAB disagreed with the Petitioner’s arguments that the Emu Stinger boot had the same overall design that was claimed in the ‘161 Patent so that it would qualify as a primary reference, and that any differences between the two designs would have been obvious or functional. The Petitioner’s arguments were not found to be persuasive because, although there were general similarities in the styles of the respective boot designs, the Petitioner failed to address the many differences between the overall appearance of the claimed design and the Emu Stinger boot, including the wavy line on the back heel of the boot, the ratio of the length of the foot opening to the length of the boot, the pull tab, and the sloping top line feature. As such, the arguments set forth in the Petition failed to sufficiently compare the visual appearance of the claimed design with the prior art designs from the perspective of an ordinary designer in the field of footwear uppers, so that the Emu Stinger boot could not be a primary reference that could be used to invalidate the design claim for obviousness.

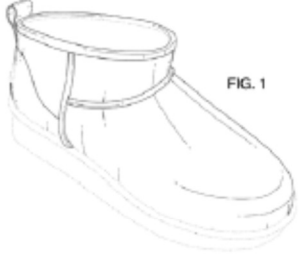

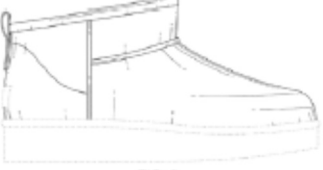



The Petitioner in *Next Step* also asserted that the footwear upper design claimed in the ‘162 Patent was obvious in view of the design disclosed in the CN’897 reference.

View	'161 patent	CN'897
1		
2		
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Here too, the Petitioner argued that the CN’897 reference disclosed the overall visual appearance of the claimed design, and that any differences between the two designs would have been obvious or functional. The PTAB disagreed, finding instead that the Petitioner’s arguments were not persuasive, even though there were general similarities in the shapes and styles of the two boot designs, because those arguments failed

address the differences between the overall appearance of the claimed design and CN'897 identified above – including the profile of the back of the boot, the ratio of the length of the foot opening to the length of the boot, the single wavy line on the back heel of the boot, and the pull tab feature. As such, Petitioner's arguments failed to sufficiently compare the visual appearance of the claimed design with the prior art designs from the perspective of an ordinary designer in the field of footwear uppers, so that the CN'897 reference could not be a primary reference that would invalidate the design claim for obviousness.

The Petitioner further asserted that the design claimed in the '161 Patent was invalid for obviousness based on the UGG Classic Mini design.

View	'161 patent	UGG Classic Mini
1	 <p>FIG. 1</p>	
2	 <p>FIG. 2</p>	
3	 <p>FIG. 3</p>	

As was the case with the other references that the Petitioner relied upon, the Petitioner argued that the UGG Classic Mini design disclosed all of the elements of the claimed design, and that any differences between the two designs were either obvious or functional. However, the PTAB found the Petitioner's arguments to be unpersuasive, in spite of general similarities between the two design, because those arguments failed to adequately address differences between the overall appearance of the claimed design and the UGG Classic Mini, including the ratio of the length of the foot opening to the length of the boot, the pull tab, and the sloping top line feature. As such, the arguments asserted by the Petitioner failed to sufficiently compare the visual appearance of the claimed design with the prior art designs from the perspective of an ordinary designer in the field of footwear uppers, so that the UGG Classic Mini could not be a primary reference that could be used to invalidate the design claim for obviousness.

In making these findings that the cited references did not qualify as primary references, the PTAB based its assessments on the substantial visual differences between the claimed and prior art designs which

demonstrated that a designer of ordinary skill in the art would not have selected them from the available prior art to use as primary or secondary references to invalidate the design claimed in the '161 Patent. The PTAB therefore appears to require that a prior art reference must still be very close in visual appearance to the claimed design before it will be considered a primary reference, and that the visual differences between the claimed and prior art designs will be carefully compared to determine whether they are substantial enough to disqualify the prior art from being a primary reference. This appears to be very similar to the analysis that the PTAB applied using the prior *Rosen/Durling* standard. As a result, the PTAB is no more willing to select a reference with substantial visual differences with the claimed design than it was prior to the *LKQ* decision.

In addition, two U.S. district courts have also assessed whether the *LKQ* decision had a significant impact on the analysis of whether a design patent claim is obvious. Neither Court believed that the change in the law announced in *LKQ* was significant enough to justify changing a previous court ruling that found a design patent not obviousness. In the first case, *Cozy Comfort Co. LLC v. Individuals, Corps. Ltd. Liab. Companies, Partnerships, & Unincorporated Associations Identified on Schedule A to Complaint*, No. 23-CV-16563 (Slip Op.) (N.D. Ill. May 28, 2024), the U.S. District Court for the Northern District of Illinois granted a preliminary injunction preventing a group of accused infringers from advertising and selling oversized sweatshirt products that infringed Cozy Comfort's U.S. design patent. In doing so, the Court declined to reexamine the final judgment of another district court (that was based on a jury's verdict) which found that the same design patent was valid over the defendant's argument that it was obvious, in spite of the fact that the legal standards had been changed by the *LKQ* decision since that judgment was entered. The district court in *Cozy Comfort* declined to speculate on whether the jury's verdict would have been different under the new legal standard for design patent obviousness set forth in *LKQ*. Apparently, the district court in *Cozy Comfort* did not believe that the new legal standards for design patent obviousness were sufficiently different to support reevaluating the validity of Cozy Comfort's design patent for purposes granting the preliminary injunction.

Similarly in *Top Brand LLC et al v. Cozy Comfort Company, LLC et al*, Civ. No. 2:21-cv-00597 (Slip Op.) (D. Ariz. June 28, 2024), the U.S. District Court for the District of Arizona refused to grant a new trial to Top Brand, whom a jury had found to have infringed the same U.S. design patent for an oversized sweatshirt product that was at issue in the *Cozy Comfort* case discussed above. That jury also found that design patent to be valid and not obvious. Top Brand argued that it was a change of the legal standard regarding the issue of design patent validity as a result of the *LKQ* decision which required a new trial. The district court in *Top Brands* reviewed the Federal Circuit's opinion in *LKQ*, but did "not find its holding so disruptive as to consider the jury instructions in this case [which were based on the *Rosen/Durling* standard] a miscarriage of justice." Although the district court acknowledged that *LKQ* "loosened the standard for obviousness by abolishing the 'rigid' threshold similarity or 'basically the same' requirement from *In re Rosen*, it believed that its instructions sufficiently referenced the *Graham* factors discussed in *LKQ* so that a new trial was not necessary.

As a result, the Federal Circuit's statement of a more flexible legal standard for design patent obviousness does not appear to have immediately resulted in substantial increase in cases where U.S. design patents were found obvious that would not have been under the previous *Rosen/Durling* standard. There have also been no reports of a substantial increase in rejections of pending U.S. design patent applications in the six months after the *LKQ* decisions, even though design patent examiners at the USPTO have been directed to apply the



new, more flexible analysis stated in *LKQ* to their examination of design patent applications. That is consistent with our law firm's experience, where we have received only two office actions since the *LKQ* decision was rendered that rejected the design claim for obviousness, among dozens of office actions that our firm received on behalf of clients during that time period. This is a much lower rate of rejections for obviousness than we received prior to the *LKQ* decision. Neither office action referred to the *LKQ* decision and only one attempted to apply the new flexible legal standard to determine obviousness. The analysis of the obviousness issue in both office actions appeared to be similar to the analysis that design patent examiners typically conducted under the *Rosen/Durling* standard.

Although it has only been six months since the Federal Circuit rendered its decision in *LKQ*, it has so far not resulted in the wide-spread invalidation of issued design patents or a higher rate of rejections of pending design patent applications based on obviousness determinations. We will, however, continue to monitor developments in design patent practices as a result of the *LKQ* decision, and we will report any substantial developments.

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