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### DESIGN PATENTS

While waiting to see how the Federal Circuit affects the PTAB's application of a broad standard for design patents, it will be important to look out for overlaps in the legal standards for anticipation and obviousness.

## Design Patent Post-Grant: Is Anticipation Easier to Prove Than Obviousness?



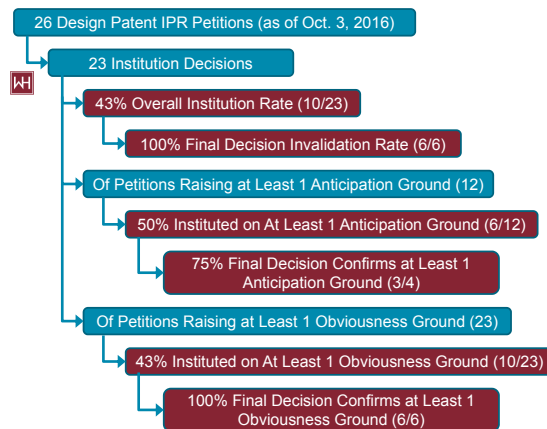
BY BEN FERNANDEZ AND MARK SELWYN

Since the advent of AIA post grant practice four years ago, only 26 inter partes review petitions have been filed for design patents.<sup>1</sup> The Patent Trial and Appeal Board issued 23 institution decisions, instituted 10 of those petitions, and rendered final deci-

<sup>1</sup> To date, only two design patent Post Grant Review petitions have been filed, and neither has received an institution decision. See *Galaxia Electronics Co. v. Revolution Display, Inc.*, PGR2016-00021, Paper 1 (PTAB May 18, 2016); *David's Bridal, Inc. v. Jenny Yoo Collection, Inc.*, PGR2016-00041, Paper 1 (PTAB Sep. 8, 2016).

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sions in six. The Federal Circuit and the PTAB have articulated and applied different standards for design patent anticipation, the former seemingly narrower than the latter. Notably, each of the 23 petitions receiving institution decisions raised some type of obviousness ground under 35 U.S.C. § 103, whereas only 12 of the 23 raised some type of anticipation ground under 35 U.S.C. § 102. This article introduces and compares the standards for design patent anticipation and obviousness, explores the interplay between anticipation and obviousness at the PTAB, and summarizes practical takeaways from the current design patent IPR landscape.



### What is the Anticipation Standard for Design Patents?

Fifteen years ago, the Federal Circuit reiterated a standard for design patent anticipation based upon its

better-known cousin, utility patent anticipation. “As with a utility patent, design patent anticipation requires a showing that a single prior art reference is ‘identical in all material respects’ to the claimed invention.” *Door-Master Corp. v. Yorktowne, Inc.*, 256 F.3d 1308, 1312 (Fed. Cir. 2001) (quoting *Hupp v. Siroflex of Am., Inc.*, 122 F.3d 1456, 1461 (Fed. Cir. 1997)). *Door-Master* confirmed that the parallelism applied between anticipation and infringement in the utility patent context also applied to the design patent context. “Because ‘[t]hat which infringes, if later, would anticipate, if earlier,’ *Peters v. Active Mfg. Co.*, 129 U.S. 530, 537 . . . (1889), the design patent infringement test also applies to design patent anticipation.” *Id.* “For . . . anticipation to be found the two designs must be substantially the same.” *Id.* at 1313 (citing *Gorham Mfg. Co. v. White*, 81 U.S. 511, 528 (1871)).

Because *Door-Master* linked anticipation to infringement, anticipation in the design patent world requires an understanding of infringement. Courts have applied the same design patent infringement standard since 1871: “[I]f, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other.” *Gorham Co.*, 81 U.S. at 528.

Between the 1980s and 2008, a “point of novelty” test had emerged in design patent jurisprudence as an additional layer on top of the traditional *Gorham* test, under which the patentee had to identify visual features within its claimed design that were both (a) found in the accused design, and (b) not found in the prior art. See *Liton Systems, Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1444 (Fed. Cir. 1984). Courts had likewise begun to apply a “point of novelty” analysis in deciding design anticipation. See *International Seaway Trading Corp. v. Walgreens Corp.*, 589 F.3d 1233, 1238 (Fed. Cir. 2009). In 2008, the Federal Circuit abolished the “point of novelty” test for infringement, but refined the infringement test to require substantial similarity between the patented design and the accused design in the eyes of an ordinary observer who is familiar with the prior art. See *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665 (Fed. Cir. 2008) (*en banc*). In 2009, the Federal Circuit confirmed that the new *Egyptian Goddess* infringement standard had become the anticipation standard. See *International Seaway Trading Corp.* 589 F.3d at 1240 (“the ordinary observer test must logically be the sole test for anticipation as well”). Because the Federal Circuit has mirrored the standard for anticipation for design patents off that for infringement, Federal Circuit decisions addressing the standard for design patent infringement have had a consequence for the standard for anticipation. Compare *International Seaway Trading Corp.*, 598 F.3d 1294 (Fed. Cir. 2010), with *High Point Design LLC v. Buyer’s Direct, Inc.*, 621 Fed. App’x 632 (Fed. Cir. 2015).

## What is the Obviousness Standard for Design Patents?

With design patents, courts use a two-step analysis in deciding obviousness. The starting point in an obviousness inquiry requires “a reference, a something in existence, the design characteristics of which are basically the same as the claimed design.” *In re Rosen*, 673 F.2d 388, 391 (C.C.P.A. 1982). Such a reference is commonly

referred to as a *Rosen* reference, and is required whether the obviousness assertion relies upon that single reference or upon a modified version of that reference suggested by secondary references. See *id.* “Once this primary reference is found, other references may be used to modify it to create a design that has the same overall visual appearance as the claimed design.” *Durling v. Spectrum Furniture Co.*, 101 F.3d 100, 103 (Fed. Cir. 1996). “These secondary references may only be used to modify the primary reference if they are ‘so related [to the primary reference] that the appearance of certain ornamental features in one would suggest the application of those features to the other.’” *Id.* (quoting *In re Borden*, 90 F.3d 1570, 1575 (Fed. Cir. 1996)) (brackets in original).

## Anticipation at the PTAB Versus at the Federal Circuit

In all 12 IPR institution decisions and all four IPR final written decisions in which the PTAB analyzed design patent anticipation, it has cited and applied the standard as set forth by the Federal Circuit in *International Seaway*: the *Gorham* ordinary observer test, which asks whether the patented design is substantially the same as the alleged anticipatory reference in the eyes of the ordinary observer. See, e.g., *Sensio, Inc. v. Select Brands, Inc.*, IPR2013-00500, Paper 8 at 8 (PTAB Feb. 11, 2014). Since *International Seaway*, the Federal Circuit has taken a step back toward the narrower recitation of the *Gorham* standard. In 2015, the Federal Circuit applied the “identical in all material respects” anticipation standard from the 2001 *Door-Master* case in reversing a district court’s grant of summary judgment of design patent invalidity based on anticipation, and stated that “[i]n other words, the two designs must be substantially the same.” *High Point Design LLC v. Buyer’s Direct, Inc.*, 621 Fed. Appx. 632, 638 (Fed. Cir. 2015) (stating parenthetically that *Door-Master* was “applying the design patent infringement test from *Gorham* . . . as the test for anticipation.”). However, even after the 2015 *High Point* decision, the PTAB has continued to recite the *International Seaway* “substantially the same in the eyes of an ordinary observer” standard, without any mention of the “identical in all material respects” formulation. See, e.g., *Johns Manville Corp. v. Knauf Insulation, Inc.*, IPR2015-01453, Paper 12 at 12 (PTAB Jan. 12, 2016).

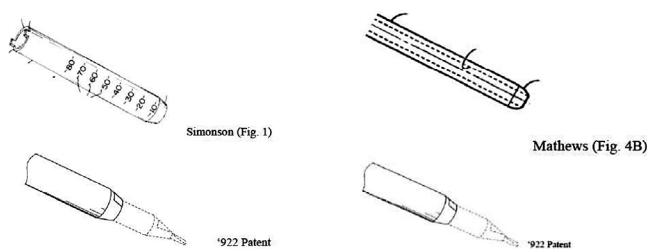
## Anticipation vs. Obviousness at the PTAB

Because the PTAB continues to apply a broad recitation of the standard for anticipation (“substantially the same in the eyes of an ordinary observer”) and a relatively narrow standard for identifying a *Rosen* reference in satisfying the first prong of the obviousness standard (“a reference, a something in existence, the design characteristics of which are basically the same as the claimed design”), one must wonder whether anticipation is currently easier to prove than obviousness in a design patent IPR proceeding for a single-reference invalidity ground. Given the semantic similarity alone, it is interesting that 12 of the 23 decided IPR petitions that raised obviousness grounds did not raise any anticipation grounds based on the same references or based on the asserted *Rosen* references.

Of the 12 design patent IPR institution decisions considering anticipation grounds, the PTAB either instituted on *both* anticipation and obviousness, or declined

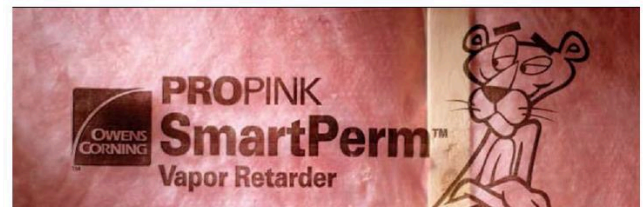
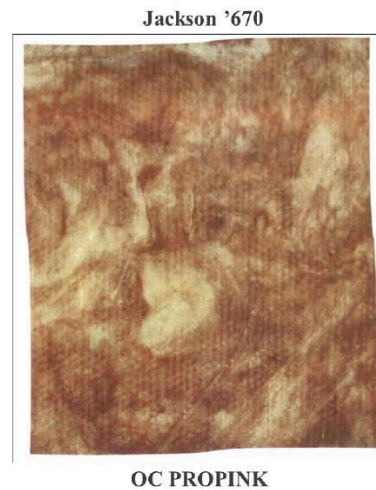
to institute on *both* anticipation and obviousness, for 10 of the 12. Of the four final written decisions involving anticipation grounds, only one upheld an instituted obviousness ground but not an instituted anticipation ground for the same reference. In that final written decision, *Lowe's Home Centers, LLC v. Reddy*, IPR2015-00306, Paper 21 at 2 (PTAB Mar. 30, 2016), the petitioner had asserted both anticipation and obviousness based on Figure 6 of a single utility patent prior art reference. The PTAB found that the lack of visual similarity precluded a finding of anticipation, *id.* at 16, but found that the reference “itself suggests straightforward design alternatives applicable to Figure 6” so as to render the patented design obvious, *id.* at 26. While this recent decision presents the lone example of the PTAB reaching a different anticipation/obviousness outcome for the same prior art reference in a design IPR proceeding, a closer reading reveals that the different outcome resulted from the fact that the prior art reference was a utility patent rather than a design patent or other picture-only reference. In other words, the PTAB did not find that Figure 6 of the prior art reference, by itself, satisfied the obviousness standard but not the anticipation standard; instead, the PTAB found that Figure 6 qualified as a *Rosen* reference for the obviousness analysis only when combined with and “read in light of the . . . specification from the perspective of an ordinarily skilled designer.” See *id.* at 21.

A sampling of prior art analysis from design patent IPR petitions reveals that the tendency of anticipation and obviousness grounds to stand or fall together at the PTAB may be related to the inherent subjectivity involved in visually comparing the patented design to a prior art representation and deciding “how close is close enough?” One example in which the PTAB declined to institute an IPR involved an ornamental design for a dilator, a type of medical device. See *Medtronic, Inc. v. Nuvasive, Inc.*, IPR2014-00071, Paper 7 at 21 (PTAB Mar. 21, 2014). Reproduced below are visual comparisons of FIG. 1 from the patent-at-issue with select figures from each of the two alleged anticipatory references. *Id.* at 9, 11.

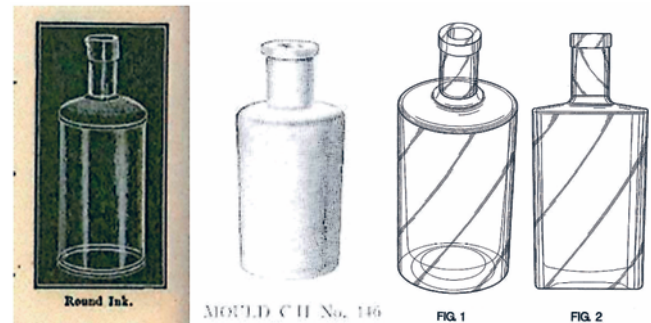


In another example, the PTAB instituted an IPR proceeding on anticipation grounds for an ornamental design for insulation material. *Johns Manville Corp. v. Knauf Insulation, Inc.*, IPR2015-01453, Paper 12 at 32 (PTAB Jan. 12, 2016). Reproduced below are visual comparisons of FIG. 1 from the patent-at-issue with a representation of the prior art insulation material. *Id.* at 15 (originals in color).

Similarly, on the obviousness side of the invalidity analysis, below is an example of two different prior art ink bottle designs next to FIGS. 1 and 2 of the patent-at-issue. The PTAB found that the petitioner in that case failed to show a reasonable likelihood that either of the two depicted prior art references would qualify as a *Rosen* reference for the first step of the obviousness



analysis. See *Vitro Packaging, LLC v. Saverglass, Inc.*, IPR2015-00947, Paper 13 at 13, 17 (PTAB Sep. 29, 2015).



These examples tend to support the notion that design patent invalidity is often in the eye of the beholder. Without bright line precedent clarifying the difference between “substantially the same” (anticipation) and “basically the same” (obviousness), these visual comparison tests are susceptible at best to overlapping, and at worst to blurring together, at the PTAB. When reasonable minds can differ on whether two designs are sufficiently similar (whether those reasonable minds are ordinary observers or designers of ordinary skill in the art—another emerging design patent battleground outside the scope of this article), expert evidence becomes even more crucial in design patent IPR proceedings.

### How Petitioners and Patent Owners Might Operate in This Invalidity Framework

Given the design patent invalidity landscape at the PTAB, IPR petitioners will likely continue to argue for the broadest recitation of the anticipation standard (according to *International Seaway*) so that minor visual differences between the design patent and the prior art

do not preclude a finding of anticipation. Patent owners, on the other hand, will likely try to swing the pendulum back toward the “identical in all material respects” formulation of the anticipation standard, citing rulings like the Federal Circuit’s 2015 *High Point* and 2001 *Door-Master* decisions. And for any prior art reference that a petitioner believes to qualify (based on a simple visual comparison) as a *Rosen* reference for an obviousness ground, one would expect that petitioner to strongly consider an anticipation ground for the same reference, given the semantic correlation in the relevant standards as oft-recited by the PTAB. In any event, the *Lowe’s* final written decision serves to emphasize that, even under a broad formulation of the anticipation standard, different outcomes for anticipation and obviousness can result for the same prior art reference. See *Lowe’s Home Centers, LLC*, IPR2015-00306, at 16, 26. Thus, noting some overlap in the legal stan-

dards, petitioners must still consider each potential invalidity ground separately according to the facts of each case.

### **The Future of Anticipation at the PTAB**

It will remain to be seen how closely the PTAB clings to the same broad *International Seaway* language in its design patent anticipation analysis. Future decisions by the Federal Circuit will confirm a trend toward or away from the “identical in all material respects” modifier to the anticipation standard. In the interim, petitioners and patent owners alike should continue to appreciate both the degree of potential overlap in the legal standards between anticipation and obviousness, as well as the practical or factual distinctions that may result in different anticipation and obviousness outcomes for the same prior art.