Design Patent Law: 2017 Year in Review

Design Patents: Adding Value to Intellectual Property Portfolios

Between securing design patent intellectual property rights, and enforcing those rights in court, there was a continued trend in 2017 showing that design patents are growing more important to businesses as valuable intellectual property assets. That being the case, it was no surprise that design patent issuances at the U.S. Patent and Trademark Office (USPTO) continued to be on the rise in 2017 (see Table 1 below).

Table 1: U.S. Design Patent Issuances based on USPTO data.
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Highlights from Design Patent Law 2017

Much of 2017 in the world of design patent law focused on the aftermath of the U.S. Supreme Court’s decision in *Samsung Electronics Co., Ltd v. Apple Inc.* from late 2016. This decision made it very likely that lower courts would begin to consider apportionment of damages in design patent infringement cases for situations where the infringed design was applied to one component, or “article of manufacture,” in a multicomponent product. Juries have been empowered by the *Samsung* decision to decide when a protected design has been applied to an “article of manufacture” and whether that “article of manufacture” constitutes the whole product sold, or just a portion thereof. In turn, damages must be calculated based on the total profits made from the sale of the infringing “article of manufacture.”

Both the Northern and Southern Districts of California took a shot at developing a test for juries to use when determining the “article of manufacture” in question in post-*Samsung* design patent cases in 2017. Judge Lucy Koh selected a four-factor test for “article of manufacture” determinations in *Apple Inc. v. Samsung Electronics Co., Ltd.* in the Northern District, while a Southern District jury was put to task applying a similar test in *Columbia Sportswear v. Seirus Innovative Accessories.*

At the Federal Circuit, the Court of Appeals was asked to review summary judgment for two design patent cases: *Milo & Gabby LLC v. Amazon.com, Inc.* and *3form Inc. v. Lumicor, Inc.* In *Milo & Gabby*, the Court of Appeals highlighted the importance of preserving issues for appeal when it held that Milo & Gabby had abandoned its “offer to sell” theory of design patent infringement liability, by failing to present any arguments in its appeal brief concerning Amazon’s offering to sell infringing products through third party vendors. In *3form v. Lumicor*, the Court of Appeals affirmed the District of Delaware’s finding that 3form’s design patent was invalid for obviousness, based on Lumicor’s own prior art disclosures.

*Lululemon Athletica v. Under Armour, Inc.* was a highly-anticipated fashion design patent case that ultimately settled before being heard by the court. Lululemon sought to sue Under Armour for infringing on its patented sports bra strap design.

Turning to the United State Patent and Trademark Office, the Patent Trial and Appeal Board (PTAB) was busy handling a number of design patent validity challenges in 2017. Eight *inter partes review* proceedings were instituted by the PTAB, and the PTAB issued four written final decisions. Of interest was the IPR decision in *Graco Children’s Products Inc. v. Kolcraft Enterprises, Inc.* The PTAB rejected Kolcraft’s attempts to prove that its designers were the first to invent the design patents in question. Further, since Kolcraft did not argue against Graco’s obviousness assertion, the PTAB performed an obviousness analysis in view of Graco’s cited prior art, and found Kolcraft’s design patents invalid.

Lastly, the PTAB instituted two IPR proceedings brought by Skechers, challenging design patents held by Nike in *Skechers U.S.A., Inc. v. Nike, Inc.*
Design Patent Damages Calculations

In 2017, the hottest topic in design patent law by far was determining design patent damages in infringement cases after the U.S. Supreme Court’s decision in Samsung Electronics Co., Ltd. v. Apple Inc.\(^1\) in late 2016. The *Samsung* decision requires renewed thinking by the courts when it comes to determining what is the “article of manufacture” that the protected design has been applied to.\(^2\) In turn, the “article of manufacture” determination then plays a role in calculating design patent infringement damages.\(^3\)

The *Samsung* decision is challenging for litigants because the Supreme Court only addressed the threshold issue of what the term “article of manufacture” means in the context of design patent damages in 35 U.S.C. § 289. The Court made clear that when a multicomponent product is infringed, the relevant “article of manufacture,” *i.e.*, the specific component or feature having the protected design elements, must be used for arriving at a § 289 damages award, rather than calculating the infringement damages based on the whole product as it is sold to the consumer.\(^4\) However, the Supreme Court did not provide any further guidance on how to make a determination as to what is an “article of manufacture,” nor how to perform design patent infringement calculations based on an article of manufacture determination.\(^5\)

The case captured the attention of the design industry because the Supreme Court also threw out a $399 million-dollar jury verdict against Samsung for its infringement of Apple’s design patents because the verdict was based on the presumption that the “article of manufacture” that the protected Apple designs were applied to were Samsung phones as a whole unit, rather than taking into consideration that the protected Apple designs could have been limited to certain components or features, or “articles of manufacture,” of the Samsung smartphones.

With such a hefty design patent infringement verdict wiped out by the Court, attention focused on what test the lower courts would devise to determine the “article of manufacture” that the protected design is applied to for infringement damages purposes.

**Background for Samsung Electronics Co., Ltd. v. Apple Inc.**

By 2016, Apple Inc. and Samsung Electronics Co., Ltd. had long been locked head-to-head in design patent litigation over design aspects of various smartphone models sold by Samsung that allegedly infringed Apple-owned design patents. The litigation saga began back in 2011 when Apple initiated an infringement lawsuit after Samsung brought to market several smartphone products that Apple claimed infringed a number of its design patents related to the iPhone and the iPad.

Apple’s design – a minimalist rectangle-shaped phone having rounded corners and a unique user interface design – is protected by at least U.S. Design Patent Nos. D593,087; D618,677 and D604,305\(^6\) (see Figs. 1-3 below for examples from each of these design patents).

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\(^2\) Id. at 434.
\(^3\) Id.
\(^4\) Id.
\(^5\) Id. at 436.
\(^6\) Id. at 433.
A jury found that the Samsung phones infringed Apple’s design patents, and awarded $399 million dollars in damages to Apple, which represented the entire profit that Samsung made for selling phones that included the infringed Apple designs. To be clear, the jury made its damages calculation based on Samsung’s sales of the phone that included the infringed designs as a whole unit, inseparable from its various parts.

Over the years, the case has gone up and down the various levels of the court system. Spanning more than half a decade, the Apple and Samsung legal battle over the design of smartphones took a significant turn when the Supreme Court decided to hear the case in 2016. For the first time in 145 years, the Supreme Court sought to clarify the realm of design patent law – something it had not done since its decision in Gorham Company v. White back in 1871.

One thing that was clear in the Samsung-Apple dispute by the time the case made it to the U.S. Supreme Court in 2016 was that no one disputed whether Samsung infringed Apple’s design patents. The underlying question, rather, was how much should Samsung pay Apple for infringing its design patents? Samsung asked the Court to consider whether Apple’s protected designs were applied to merely a component of Samsung’s products, and if so, then Apple’s damages award should be limited only to profits attributable to the identified component with the protected design applied to it.

Under § 289 of the Patent Act, design patent infringement damages are to be made whenever someone:

1. applies the patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or
2. sells or exposes for sale any article of manufacture to which such design or colorable imitation has been applied.

In the event that infringement is deemed to have occurred, the infringer “shall be liable to the owner to the extent of his total profit, but not less than $250, recoverable in any United States district court having jurisdiction of the parties.”

In Samsung, the Supreme Court focused on the single issue of what “article of manufacture” means in the context of § 289 of the Patent Act. To Apple’s chagrin and Samsung’s delight, the

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7 Id. at 433.
9 81 U.S. (14 Wall.) 511 (1871).
12 Id.
Supreme Court in a unanimous 8-0 decision, found the $399 million-dollar jury verdict levied against Samsung for infringing Apple’s design patents to have been based on the erroneous assumption that the whole smartphone was the infringed “article of manufacture.” Instead, the Court held that the article of manufacture infringed by Samsung could be limited to one or more components of the product, rather than the whole product. Accordingly, the Court threw out the $399 million-dollar verdict.

The Supreme Court provided an interesting analogy to illustrate its position: when the design is for a single-component product, such as a dinner plate, the “article of manufacture” to which the protected design applies is the dinner plate itself. But when the product has multiple components, like a kitchen oven, the identification of the “article of manufacture” to which the protected design has been applied becomes a more difficult task.

The Court took the position that determining damage awards under § 289 is a two-step analysis. First, a determination must be made as to what is the “article of manufacture” to which the patented design has been applied. The product could be a single component “article of manufacture,” or the product could be a multicomponent product. Next, the infringer’s total profits must be calculated based on the sale of the “article of manufacture” that the protected design has been applied to.

The Supreme Court reversed and remanded the case and instructed the lower court to come up with a test for determining the “article of manufacture” to which the protected design has been applied in design infringement cases.

Northern District of California Creates a Test for Article of Manufacture Determinations

The Samsung case has been remanded to the Northern District of California, where currently a retrial is underway to tackle the issue of providing a method for determining what is an “article of manufacture” for the purposes of design infringement damage calculations under § 289 of the Patent Act.

In the new jury trial, Judge Lucy Koh selected a four-factor analysis for making “article of manufacture” determinations by assessing:

1. The scope of the design at issue;
2. The relative prominence with which the design exists within the product as a whole;
3. Whether there is a conceptual distinction between the protected design and the product; and
4. The physical relationship between the design and the product on which it is used.

While the analysis for prongs 1-3 is straightforward, assessment of the fourth prong further involves consideration of whether

- The design is embodied on a component that can be sold separately from the rest of the product,
- The design is embodied on a component that is physically separable from the product as a whole, or
- The design is embodied on a component that is manufactured separate from the other parts of the product.


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14 Id.
15 Id.
16 Id.
17 Id.

18 Id. at 436.
21 Id.
First Jury Decision Post-Samsung

During 2017, lower courts have had to grapple with the Samsung decision and its impact on design patent infringement damages determinations. The first post-Samsung jury verdict involving a design patent infringement damages determination came from the Southern District of California in Columbia Sportswear v. Seirus Innovative Accessories.22 The infringement decision was made on summary judgement by the District of Oregon, but before damages could be determined, the case was transferred to the Southern District of California,23 where a jury awarded just over $3 million dollars in damages to Columbia Sportswear.24

District of Oregon’s Infringement Decision

Columbia Sportswear secured U.S. Design Patent No. D657,093, among other patents, on its “Omni-Heat” heat reflective material used for lining cold-weather, outdoor clothing and gear (see Fig. 4 below).

Seirus Innovative Accessories sells competing cold-weather outdoor clothing and gear that includes its HeatWave technology, which is a heat reflective material with a similar design pattern to Columbia’s protected “Omni-Heat” design (see Fig. 5 below).

![Fig. 5: Seirus’s Competing HeatWave Design](image)

A visual inspection of the two patterns side-by-side reveals a striking similarity between the two wavy-line patterns. The two wave patterns share a similar wave line repeating pattern where the wave lines have similar length and amplitude.25 Additionally, the two patterns are formed with contrasting colors.26

While the orientation of the wave lines of the Seirus pattern are rotated 90 degrees relative to the Columbia pattern, i.e., Seirus’s wave line pattern has a vertical orientation whereas Columbia’s wave line pattern has a horizontal orientation, and the Seirus pattern includes the Seirus logo,27 the Court determined that the differences between Columbia’s and Seirus’s wave line patterns “do not change the conclusion that the effect of the whole Seirus design is substantially the same as Columbia’s patented design.”28

First, the Court noted that the application of Seirus’s logo to the pattern is well-established as a non-viable means for avoiding infringement

26 Id.
27 Id.
28 Id. (citing to Payless Shoesource, Inc. v. Reebok Int’l Ltd., 998 F.2d 985, 990–91 (Fed. Cir. 1993)).
liability in design patent cases. At best, a logo’s placement in a patented design can be taken into consideration as part of the ordinary observer test when the logo and its placement are part of the style claimed in the design patent, which is not the case with Columbia’s infringed design.

Next, the Court considered Seirus’s orientation of the wave line distinction and noted that the scope of Columbia’s D657,093 was not limited in terms of the orientation of the wave line pattern. Furthermore, simply turning a Seirus product that contains the infringed pattern 90 degrees recreates the protected Columbia pattern.

Finally, the Court found Seirus’s arguments that its wave line pattern contained wave lines of varying width and spacing to have little weight since Columbia’s D657,093 also was not limited in terms of wave line width and spacing. Factors that are not limited in the design patent itself should not be taken into consideration when performing an infringement analysis.

The Court found that as a matter of law “an ordinary observer familiar with the prior art would be likely to confuse Seirus’s design with Columbia’s patented design.”

Southern District of California’s Jury Verdict

With the infringement decision made by the District of Oregon, all that was left for the jury to resolve once the case was transferred to the Southern District of California was the amount of damages Seirus owed to Columbia.

The jury instructions reflected the guidance provided by the U.S. Supreme Court in

Electronics Co., Ltd. v. Apple Inc., which instructed the jury to first make a determination identifying the relevant “article of manufacture” to which Columbia’s protected design was applied and then to calculate the total profits made by Seirus from that “article of manufacture.” The instructions offered an “article of manufacture” test that was conceptually very similar to the test selected by Judge Koh in the Apple v. Samsung trial running parallel to this case at that time. Specifically, the test offered by the Columbia Court looks at:

1. The scope of the protected design,
2. The relative prominence of the design in the product as a whole,
3. If the design is conceptually distinct from the product it is used upon, and
4. The physical relationship between the rest of the product and the protected design.

However, the jury instructions provided by the Court in Columbia further included helpful illustrative examples for:

- Determining the prominence of the protected design within the product as a whole (e.g., if the protected design is part of a latch for a refrigerator, then the “article of manufacture” is the latch, and is a minor component of the whole refrigerator product), and
- Assessing whether the design is conceptually distinct from the product as a whole (e.g., the binding on a book is conceptually distinct from the literary work that it binds together).

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29 Id. at 9-10 (citing to L.A. Gear, Inc. v. Thom McAn Shoe Co., 988 F.2d 1117, 1126 (Fed. Cir. 1993)).
31 Id. at 10.
32 Id.
33 Id.
34 Id. at 13.
35 Id. (citing to Unique Functional Products, Inc. v. Mastercraft Boat Co., 82 F. App’x 683, 690 (Fed. Cir. 2003)).
36 Id. at 16-17.
40 Id. at 17.
41 Id. at 15-16.
44 Id.
After deliberations, the jury awarded just over $3 million dollars in damages to Columbia Sportswear for the infringement of its design patent, but the verdict was not clear as to how the jury decided the “article of manufacture” issue.

Vendor Hosting: Is it an “Offer to Sell” by the Online Platform?

This past year the Court of Appeals for the Federal Circuit also looked at whether design patent infringement liability attaches to online retail platforms that host third party vendors engaging in infringing sales activity by way of the online retail platform offering to sell the infringed designs through third party sellers, in the appeal of Milo & Gabby LLC v. Amazon.com, Inc.

Milo & Gabby at The District Court Level

The Milo & Gabby case begins with online retail transactions facilitated by Amazon.com. Amazon hosted third party sellers in its online marketplace, Amazon.com, that were accused of selling animal pillowcases that were similar in design to the “Cozy Companion” line of animal pillowcase designs protected by U.S. Design Patent Nos. D520,798; D521,299 (see Fig. 6); D521,792 (see Fig. 7); D523,677 and D551,889, held by Milo & Gabby.

Milo & Gabby sued Amazon.com, along with the ten third party sellers, for copyright, trademark and design patent infringement after discovering that the counterfeit animal-shaped pillowcases were being sold on Amazon.com by the third-party sellers.

The interesting point in this case is the role Amazon plays when acting as an e-commerce platform host for third parties that violate the intellectual property rights of others. Arguing in opposition to the motion for summary judgement, Milo & Gabby argued that Amazon infringed on its design patents because Amazon’s role in facilitating the online sales between third party sellers and customers on the Amazon marketplace qualifies as “offering to sell” under 35 U.S.C. § 271(a).

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Milo & Gabby’s claims related to copyright infringement and trademark infringement were dealt with by the Court on summary judgement in which the Court concluded that Amazon was not the seller of the products in question. But the issue of design patent infringement still presented the question of whether Amazon’s role in these online transactions qualified as “offering to sell” the infringing products under 35 U.S.C. § 271(a), and the factual findings to answer this question were left to an advisory jury.

In answering this single, narrow question, the advisory jury had to look to the contractual relationship between Amazon and the third-party sellers.

Here, Amazon, through its Amazon.com platform, only enabled the third party vendors to sell and distribute the counterfeit products to the public and the third party sellers always retained full title to and ownership of the inventory that they sold through Amazon.com. Furthermore, Amazon and the third party sellers had contractual relationships governing the third party vendors’ use of Amazon’s online platform, which included an Intellectual Property Violations Policy making third party vendors responsible for ensuring that the products they offer for sale are legal.

The advisory jury determined that Amazon did not offer to sell the infringing products for the purposes of 35 U.S.C. § 271(a), and the District Court in turn entered judgment in favor of Amazon. Milo & Gabby appealed to the Federal Circuit Court of Appeals.

“Offer to Sell” Claim Not Raised on Appeal

Upon appeal, Milo & Gabby ran into some procedural trouble. According to the Federal Circuit, Milo & Gabby did not argue on appeal that Amazon should be liable for design patent infringement because its conduct qualified as “offering to sell” the infringing products under 35 U.S.C. § 271(a). Instead, the Federal Circuit found Milo & Gabby’s arguments to be directed to the District Court’s finding that Amazon was not a seller of the infringing products.

The Federal Court determined that Milo & Gabby’s “seller” theory of Amazon’s design patent infringement liability had been abandoned at summary judgement, and therefore that issue could not be raised anew on appeal. Additionally, because Milo & Gabby made no arguments on appeal directed to the “offering to sell” theory of Amazon’s design patent infringement liability, the Federal Circuit found that Milo & Gabby had waived this theory of patent liability as well. The Federal Circuit affirmed the lower court decision in favor of Amazon.

Milo & Gabby appealed the Federal Circuit decision to the U.S. Supreme Court, but the Supreme Court declined to take the case.

The effect of the ruling in Milo & Gabby as it pertains to design patent law is unsettling, especially for small businesses. Large online retailers can effectively insulate themselves from being held liable for the design patent infringement activities of its vendors, even though the online seller facilitates the infringing sales.

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49 Id. at 10.
50 Id. at 21-23.
51 Id. at 22 (citing to MEMC Elec. Materials, Inc. v. Mitsubishi Materials Silicon Corp., 420 F.3d 1369, 1376 (Fed. Cir. 2005)).
52 Id. at 3.
53 Id. at 10.
54 Id. at 3.
55 Id. at 11.
58 Id.
59 Id. at 3.
60 Id.
61 Id.
Protecting “Athleisure” Designs

One of the biggest areas where designs are highly protected is athletic wear. Athletic clothing, shoes and accessories are commonly protected by design patents and other intellectual property rights, and the companies in this realm fiercely protect their brands.

In 2017, Lululemon Athletica sought to protect one of its “athleisure” designs – a crisscross strap design for its Energy Bra line of sports bras – from alleged infringement by Under Amour in Lululemon Athletica v. Under Armour, Inc. Lululemon alleged in its infringement suit, that it is the owner of U.S. Design Patent Nos. D709,668 (see Fig. 8 below) and D759,942 and that several products made and sold by Under Armour, such as the Armour® Eclipse Low Impact bra (see Fig. 9), the UA On the Move bra (see Fig. 10) and the UA Printed Strappy Bra (see Fig. 11), infringed on the design patents held by Lululemon.

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Fig. 8: Fig. 1 of U.S. Design Patent No. D709,668 held by Lululemon

Fig. 9: Armour® Eclipse Low Impact bra

Fig. 10: UA On the Move bra

Fig. 11: UA Printed Strappy Bra

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65 Id. at 5-11.  
66 Id. at 5.  
67 Id. at 7.  
68 Id. at 9.
Over the years, Lululemon has worked hard to develop a fashion design patent portfolio for its various athleisure designs. Holding more than 50 design patents on its clothing products, Lululemon naturally wants to exercise its design patent clout in order to preserve and protect its share of the fast-growing sports bra and athleisure markets. In the past, Lululemon has not hesitated to litigate its design patent portfolio. In 2012, Lululemon sued Calvin Klein for allegedly infringing one of its protected yoga pants designs.69

The fashion industry was eagerly awaiting the start of the Lululemon case because it had the potential to demonstrate just how valuable a design patent portfolio can be for clothing designers. In the fashion industry, patents are not commonly employed as a primary means to protect valuable designs, but a win for Lululemon could have changed the paradigm of IP strategy in fashion.

However, the case was ultimately dropped by the parties jointly in October 2017 without going to trial. It was not clear why the suit was dropped, but it was dismissed with prejudice, and no details concerning a potential settlement were filed with the Court.

**Obvious Decorative Panel Design**

Anyone who has ever been in the lobby of an office building or has ridden in an office building elevator may be familiar with the designs involved in the case of 3form Inc. v. Lumicor, Inc.70 3form Inc. is a company that designs, manufactures and sells decorative architectural panels for interior decorating purposes. Many of 3form’s designs incorporate natural elements, such as reeds, twigs, and bamboo71 (see Fig. 12). Lumicor is a competitor in the same market space, which sells a similar architectural panel product having a similar design that incorporates natural elements72 (see Fig. 13).

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71 Id. at 2.

72 Id. at 2-3.

Lumicor, in turn, challenged the validity of 3form’s design patent for obviousness and under the 35 U.S.C. § 102(b) “on sale bar” on summary judgement.

In support of its validity challenge to 3form’s design patent, Lumicor submitted drawings from three patents as evidence of obviousness (U.S. Patent Nos. 6,743,327 and 4,690,874, and Great Britain Patent No. 29,349), as well as several of its own decorative panels containing natural elements (i.e., beach grass) produced by its patented production method recited in U.S. Patent No. 6,743,327. Of particular significance to the Court was Lumicor’s Exhibit 5 (reproduced below in Fig. 15).

Fig 15: Lumicor’s Exhibit 5 – Decorative panel containing beach grass.

In performing its obviousness analysis, the Court considered the similarities between various aspects and features of the two designs, such as the use of long-stemmed plant material in each panel design and noted the density, or spacing, of the various plant stalks incorporated into the panel.

The Court determined that Lumicor’s Exhibit 5 served as a primary reference for the purposes of obviousness analysis. The panel of Exhibit 5 includes embedded long-stemmed plant material having a stalk shape, with similar spacing to 3form’s claimed design. The Court then turned to Lumicor’s U.S. 6,743,327 patent as a secondary reference for a teaching to replace the long-stemmed plant material with twigs from reeds. The Court took the position that such a modification would have been obvious to a designer of ordinary skill who designs articles of the type involved in the case because U.S. Patent No. 6,743,327 expressly teaches using a variety of different natural and synthetic materials for the ornamental layer of the decorative panels.

The Court concluded that 3form’s design was invalid because a modification of a prior art Lumicor design would have been obvious to an ordinary designer in the art of laminate architectural interior design panels and would result in the same overall visual appearance as 3form’s claimed design.

Since the Court found the obviousness grounds invalidated 3form’s design patent, there was no need to address the on-sale bar grounds for invalidity of the design patent.

Federal Circuit Affirms Obviousness Finding

3form appealed the decision to the U.S. Court of Appeals for the Federal Circuit. In addressing the invalidity finding of 3form’s design patent by the lower court, the Federal Circuit noted that 3form’s expert testimony concerning non-obviousness was based only on a review of the figures, and not the written disclosure, of the prior art. Evaluating obviousness in design patent cases involves considering the prior art reference as a whole, and since 3form’s expert did not review the Lumicor prior art reference as a whole, the Court concluded that her testimony was insufficient to preclude summary judgement. Accordingly, the Circuit Court affirmed the lower court’s finding of invalidity with regard to 3form’s design patent.

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74 Id. at 37.
75 Id.
76 Id. at 38.
77 Id. at 38-39 (referring to col. 8, lines 31-34 of U.S. Patent No. 6,743,327).
78 Id. at 40.
79 Id.
80 Id. at 39.
81 Id. at 36.
83 Id. at 15.
84 Id. at 16.
85 Id.
Design Patent Litigation at the USPTO: Inter Partes Review

With the aftershock of the Samsung decision rippling through the IP landscape in 2017, there was a flurry of design patent litigation at the USPTO using the inter partes review (IPR) procedure before the Patent Trial and Appeal Board (PTAB). IPR is commonly used by litigants to attack the validity of issued patents.

Based on data published by the USPTO for 2017, there were:

- Eight design patent IPR petitions were filed with the PTAB in 2017, seven of which were filed in January, right after the Samsung decision was handed down by the U.S. Supreme Court.
- On average, 41% of design IPR petitions are instituted by the PTAB, meaning that the PTAB decides on its own to review them.
- Four design patent IPR cases received a written final decision from the PTAB in 2017.

Review of Exposed Play Yard Legs Design in Graco v. Kolcraft

In 2017, two of the PTAB’s written final decisions were for a pair of related cases in Graco Children’s Products Inc. v. Kolcraft Enterprises, Inc.86 These IPR cases involved a pair of petitions filed by Graco asking the PTAB to review two design patents held by Kolcraft – U.S. Design Patent No. D604,97087 (see Fig. 16) and D616,231.88

Graco asserted eleven grounds for unpatentability of the two Kolcraft play yard and play pen design patents in its IPR petitions, but the PTAB decided to institute the IPR trial89,90 on just the single ground of unpatentability for obviousness under 35 U.S.C. § 103(a) over U.S. Design Patent No. D494,393 to Chen (see Fig. 17 below).

Fig. 16: Fig. 1 of U.S. Design Patent No. D604,970, assigned to Kolcraft Enterprises, Inc.


Fig. 17: Fig. 1 of U.S. Design Patent No. D494,393 asserted by Graco Children’s Products Inc.


86 Since the designs in question in IRP2016-00816 and IPR2016-00826 were so similar, and Graco’s arguments were largely the same in both petitions, the PTAB issued a single final written decision for entry in both cases.
Kolcraft’s Attempts at Antedating Were a Bust

Graco challenged Kolcraft’s two exposed play yard leg design patents with the Chen reference, which, based on the filing date of Chen, qualified as prior art under 35 U.S.C. §102(e). Kolcraft’s only argument made in its response to Graco’s IPR petition was that the Chen reference does not qualify as prior art because Kolcraft established priority over the Chen reference. In essence, Kolcraft claimed to be the first to invent.

Kolcraft was given the opportunity to establish priority by antedating the Chen reference during the IPR proceeding. In support of its priority position, Kolcraft produced an inventor declaration that included several undated sketches. Kolcraft asserted that its claimed designs comprised three features:

- Curved legs that bow outward,
- No fabric covering the exposed legs, and
- An outward flaring at the top of each leg.

While several of the undated sketches contained one or two of the features of the claimed design, only one sketch showed all three features together in a single illustration. Kolcraft admitted, however, that the sketch also depicted the legs having a flare at the bottom, which is not a feature of the claimed designs, thus this sketch could not be relied upon as showing the design as giving the overall impression of the claimed design for the purpose of establishing priority.

Furthermore, the PTAB noted that in the inventor declarations, the inventors often referred to the design features individually rather than referring to the claimed designs as a whole and referred to general concepts behind the claimed designs, which brought into question whether the inventors actually had conceived of the claimed design or reduced it to practice ahead of the Chen reference priority as asserted.

According to the Court, testimony from the inventors further suggested that the inventors themselves were not sure exactly when the claimed design was conceived and reduced to practice. The PTAB was not convinced that this evidence supported a priority claim to antedate the Chen reference.

Kolcraft also referred to several other inventor declarations attesting that during prosecution Kolcraft swore behind the Chen reference multiple times, but the PTAB was not convinced by Kolcraft’s mere assertion of its priority without more.

The PTAB also chided Kolcraft for attempting to raise new arguments concerning its priority position during oral argument by pointing to deposition testimony for the first time in the IPR proceeding. Since the deposition testimony was not presented in argument in Kolcraft’s briefs prior to oral argument, the PTAB was unwilling to consider it as evidence for Kolcraft’s priority claim.

Kolcraft Asserts No Arguments Concerning Obviousness

Since Kolcraft’s only argument during the IPR proceeding concerned the status of the Chen reference as prior art, Kolcraft made no arguments regarding the obviousness challenge presented by Graco. The PTAB therefore took the position that Kolcraft waived any argument as to obviousness, and went on to conduct the obviousness analysis based only on Graco’s evidence and arguments.

Graco argued that the claimed design of Chen disclosed the overall impression of Kolcraft’s two

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92 Id. at 17.
93 Id. at 8.
94 Id. at 10-11.
95 Id. at 13.
96 Id. at 14 (referring to Exhibit E).
97 Id.
98 Id. at 15.
99 Id. at 15-16.
100 Id.
101 Id. at 11-12.
102 Id. at 12.
103 Id.
104 Id. at 17-18.
105 Id.
106 Id. at 18.
design patents. Graco made effective use of side-by-side comparisons of the Figures of the challenged design patents with the Figures from the Chen reference. Specifically, the PTAB focused on the side-by-side comparisons of Figure 2 of Kolcraft’s D604,970 design patent with Figure 2 of the Chen reference\(^{107}\) and a side-by-side comparison of Figure 2 of Kolcraft’s D616,231 design patent with Figure 2 of the Chen reference\(^{108}\) (see side-by-side comparisons in Figs. 18 and 19 below).

The PTAB found Graco’s evidence and testimony convincing and invalidated both design patents as being unpatentable on the grounds of obviousness.\(^{109}\)

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\(^{107}\) Id. at 19.

\(^{108}\) Id. at 19-20.

\(^{109}\) Id. at 20.
PTAB Institutes IPR Petitions Challenging Nike Design Patents

The IP battles over sneaker designs raged on this year on the PTAB front in Skechers U.S.A., Inc. v. Nike, Inc. For several years now, Skechers and Nike have been duking things out in the design IP space. In 2017, Skechers sought to invalidate several design patents held by Nike covering various aspects of sneaker design. Skechers filed seven IPR petitions,\(^{110}\) of which the PTAB decided to institute related proceedings in two.\(^ {111,112}\)


In IPR2017-00620, Skechers U.S.A. has challenged the validity of U.S. Design Patent No. D723,783 held by Nike,\(^ {113}\) which is directed to a shoe sole design (see Figs. 20, 21, and 22). The design in question is focused on specific pad-like features of the outsole of the shoe, specifically located at the heel portion of the bottom surface of the shoe sole.

The claimed features of the design, as determined by the PTAB in the claim construction in this matter, include:

1. Vertical sipes (i.e., cracks) along the midsole of the shoe,
2. Vertical grooves along the midsole of the shoe positioned between the sipes, and
3. A portion of the heel area of the outsole having a grid-like pattern of pads, including outsole pistons that protrude from the surface of the outsole.\(^ {114}\)


In its IPR petition, Skechers asserted ten grounds of obviousness to challenge Nike’s D723,783 patent, all of which involved a combination of a primary reference and at least one secondary reference.

In the institution decision, the PTAB found several of Sketcher’s obviousness arguments to be substantiated enough to move forward with a trial. Specifically, the PTAB was persuaded that there was a reasonable likelihood that Skechers would prevail in showing obviousness during trial based on:

- A combination of RCD 0007 and RCD 0012.
- A combination of RCD 0007, RCD 0012 and CN1388.
- A combination of RCD 0007, RCD 0012 and RCD 0005.

Combination of RCD 0007 and RCD 0012

RCD 0007 is a European registered design held by Nike International Ltd. According to Skechers, the RCD 0007 design shows similarities to the claimed design, such as vertical sipes along the midsole of the shoe, vertical grooves along the center of the midsole and a grid pattern formed on the heel area of the outsole of the shoe having outsole pistons protruding from the surface of the outsole.

The main difference between the claimed design and the design of RCD 0007 is that the RCD 0007 design lacks the dual sipes feature of the heel portion.

115 Id. at 7-8.
116 Registration and Extract from the Register for Registered Community Design No. 000827613-0007, dated October 31, 2007 (hereinafter “RCD 0007”).
117 Id. at 7.
119 China Design Registration No. CN 301711388 S (hereinafter “CN1388”).
121 Registration and Extract from the Register for Registered Community Design No. 001874165-0005, dated June 7, 2011 (hereinafter “RCD 0005”).
123 Id. at 19.
125 Id. at 70.
Skechers argued that it would have been obvious to a designer having ordinary skill in the art to use the heel portion of the outsole as taught by RCD 0012 in the design of RCD 0007 because the two designs are both directed to the design of athletic shoe midsoles where sipes extend to the outsole of the shoe and intersect across the bottom of the outsole to form a grid-like pattern.\(^{128}\)

The PTAB determined that the combination of RCD 0007 and RCD 0012 was sufficiently articulated by Skechers with a rationale for a proposed combination of RCD 0007 and RCD 0012, and concluded that there is a reasonable likelihood that Skechers would prevail in showing obviousness during trial.

**Combination of RCD 0007, RCD 0012 and CN1388**

Skechers also argued that the claimed design was obvious in view of a combination of RCD 0007, RCD 0012 and CN1388.\(^{129}\) CN1388 teaches vertical sipes in the midsole and vertical grooves positioned between sipes along the entire length of the midsole.\(^{130}\)

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\(^{128}\) *Id.* at 70.

\(^{129}\) *Id.* at 76-79.

\(^{130}\) *Id.* at 27-28.

\(^{131}\) *Id.* at 78-79.
The PTAB found Skechers’s motivation for an ordinary designer in the art to combine the designs of RCD 0007, RCD 0012 and CN1388 persuasive because the rationale for the combination offered by Skechers was to achieve narrower grooves on the midsole that extend around the periphery of the shoe.\(^{132}\) The PTAB further decided that there is a reasonable likelihood that Skechers would prevail in showing that the claimed design would have been obvious for the purposes of instituting the IPR.\(^{133}\)

**Combination of RCD 0007, RCD 0012 and RCD 0005**

Skechers further asserted that Nike’s claimed design was obvious in view of a combination of RCD 0007, RCD 0012 and RCD 0005.\(^{134}\) RCD 0005 is a European registered design held by Nike International Ltd.\(^{135}\)

Similar to the teaching of the CN1388 design, RCD 0005 teaches a shoe sole design having a midsole with vertical sipes and vertical grooves positioned between the sipes along the entire length of the midsole (see Figs. 28-29).

**Fig. 28:** Fig. 1 of RCD 0005 (annotated).

Skechers argued that it would have been obvious to a designer having ordinary skill in the art to have extended the vertical grooves along the entire length of the midsole as it is a *de minimis* design element.\(^{136}\)

However, if the ornamental feature of extending the vertical grooves in the midsole is not found to be *de minimis*, then a designer of ordinary skill would have looked to RCD 0005 to extend the vertical grooves along the entire length of an athletic shoe midsole in order to create greater uniformity or regularity in the design.\(^{137}\)

The PTAB found Skechers’s motivation for an ordinary designer in the art to combine the designs of RCD 0007, RCD 0012 and RCD 0005 persuasive because the rationale for the combination offered by Skechers was to achieve narrower grooves on the midsole that extend around the periphery of the shoe.\(^{138}\) The PTAB further decided that there is a reasonable likelihood that Skechers would prevail in showing that the claimed design would have been obvious for the purposes of instituting the IPR.\(^{139}\)


\(^{133}\) *Id.*


\(^{137}\) *Id.* at 79-81.


\(^{139}\) *Id.* at 37.

In IPR2017-00621, Skechers U.S.A. challenged the validity of U.S. Design Patent No. D723,781 held by Nike, which is directed to a shoe sole design similar to the design of U.S. Design Patent No. D723,783, discussed above concerning the IPR proceeding for IPR2017-00620. The major difference between D723,781 and D732,783 is that the former includes shading of the claimed surface area (see Figs. 30-32 below).

![Fig. 1](image1.png)

**FIG. 1**

![Fig. 2](image2.png)

**FIG. 2**

**Fig. 30:** Fig. 1 of U.S. Design Patent No. D723,781 held by Nike, Inc. (bottom perspective view).

![Fig. 3](image3.png)

**Fig. 32:** Fig. 3 of U.S. Design Patent No. D723,781 held by Nike, Inc. (lateral side perspective view).

In its petition for IPR2017-00621, Skechers asserted the same ten grounds of obviousness to challenge Nike’s D723,781 patent, all of which involved a combination of a primary reference and at least one secondary reference.

In the institution decision, the PTAB found several of Skechers’s obviousness arguments to be substantiated enough to move forward with a trial. Specifically, the PTAB was persuaded that there was a reasonable likelihood that Skechers would prevail in showing obviousness during trial based on the same three combinations of prior art discussed concerning IPR2017-00620:

- A combination of RCD 0007 and RCD 0012.
- A combination of RCD 0007, RCD 0012 and CN1388.
- A combination of RCD 0007, RCD 0012 and RCD 0005.

It is likely that whatever the PTAB decides in IPR2017-00620 will also apply in the case of IPR2017-00621.

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141 Id. at 5.
143 Id. at 33.
144 Id. at 36.
Looking Forward to 2018

What Will 2018 Hold for Design Patent Law?

Going into 2018, what can be expected to happen in design patent law? For starters, it is likely that there will continue to be interest in the number of design patents that are filed and issued, while design patent litigation and IPR review will most likely remain at its current pace – that is unless the U.S. Supreme Court says otherwise.

In terms of big cases to watch out for in 2018, the one with the most potential to shake things up in patent law is Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC. In that case, the U.S. Supreme Court will make a decision regarding the constitutionality of the America Invents Act (AIA) patent reviews conducted by the PTAB.

The specific issue that will be addressed is whether the *inter partes* review procedure conducted by the PTAB violates the United States Constitution because under the AIA the PTAB effectively has the ability to extinguish private property rights through a non-Article III forum (i.e., a tribunal that is not a federal court) without a jury. If the Court answers yes, then the IPR process, along with other review processes conducted by the PTAB, will likely be abolished.

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