

# Federal Circuit Appeals: More Design Patent Case Reversals

BY DEIRDRE M. WELLS

In 2022, the Court of Appeals for the Federal Circuit issued six opinions regarding U.S. design patents: three precedential opinions and three unprecedential opinions. Unlike 2021 (where the two precedential opinions on design patents issued by the Federal Circuit both involved appeals that originated at the Patent Office), all three precedential opinions in 2022 involved appeals that originated from district courts. But, as was the case with both 2021 precedential opinions, all three of the 2022 precedential opinions reversed the lower finding.

The three 2022 precedential opinions are *Junker v. Medical Components, Inc., ABC Corporation I v. Partnership and Unincorporated Associations*, and *Static Media LLC v. Leader Accessories LLC*. The first two precedential opinions are summarized below.

Looking ahead to 2023, our watch list for Federal Circuit appeals involving U.S. design patents includes:

- *KQ Corporation v. GM Global Technology Operations LLC*, No. 2021-2348. The Federal Circuit heard oral argument on December 6, 2022, but no decision has issued yet.
- *Columbia Sportswear North America, Inc. v. Seirus Innovative Accessories, Inc.*, No. 21-2299. The Federal Circuit heard oral argument on January 12, 2023. This is not the first time the Federal Circuit was asked to weigh in. If you missed the prior appeal in this case, you can review a summary of what you missed online here: <http://bit.ly/3jLI2p1>.

## ***Junker v. Medical Components, Inc.***

Junker filed a district court action in the Eastern District of Pennsylvania against Medical Components, Inc. and Martech Medical Products, Inc. (“Medical Components”) alleging infringement of U.S. Patent No. D450,839, which is directed to the handle design of a medical device used to insert a catheter into a patient’s vein (referred to as an introducer sheath).

Medical Components, in turn, alleged that the patent was both invalid and not infringed. The parties cross-moved for summary judgment regarding Medical Components’ on-sale invalidity claim. The district court granted Junker’s summary judgment motion finding that the claim was not invalid under the on-sale bar because it found that there was no pre-critical date offer, only preliminary negotiations. The case then proceeded to trial, where Medical Components was found to infringe and Junker was awarded damages in the form of disgorgement of Medical Components’ profits.

Medical Components appealed the district court findings to the Federal Circuit, which reversed the ruling on the on-sale bar. The Federal Circuit did not reach the remainder of Medical Components’ arguments.

A patent claim is invalid under § 102(b) if “the invention was . . . on sale in this country, more than one year prior to the date of the application for patent in the United States.” The on-sale bar is violated if, before the critical date, the claimed invention was both (1) the subject of a commercial offer for sale in the U.S. and (2) ready for patenting. The parties agreed on most of the relevant facts. In particular, there was no dispute that there was a letter sent in the U.S. before the critical date (a year before the patent was filed), the subject of the letter was products that embody the claimed design, and, at the time of the letter, the invention was ready for patenting. Thus, the sole issue before the Federal Circuit was whether the letter was a commercial offer for sale or merely a quotation signaling that the parties were engaged in preliminary negotiations.

The Federal Circuit held that the letter was a commercial offer for sale because, despite use of the word “quotation,” the letter included numerous, specific, commercial terms, including payment terms, shipment terms, and delivery terms that the recipient could make into a binding contract by simple acceptance.

## Federal Circuit Appeals: More Design Patent Case Reversals

Important to its analysis, the letter was sent to only one recipient and, on its face, stated that it was sent in response to a request for quotation. For payment terms, the letter included both pricing information (with a specified discount based on the number of products ordered) and payment terms (payment due within 30 days of delivery). The court found that the letter included multiple offers for sale (of different size product and quantities of product) and that any one of them could have been accepted to bind the parties in a contract. Finally, the court concluded that the letter's invitation to engage in future business did not negate the commercial character of the letter.

### ***ABC Corporation I v. Partnership and Unincorporated Associations***

Hangzhou Chic Intelligent Technology Co., Ltd. and Unicorn Global, Inc. (collectively "Plaintiffs") filed a district court action in the Northern District of Illinois against Urbanmx, GaodeshangUS, Gyoor, Fengchi-US, Jiangyou-US, Gyroshoes, and HGSM (collectively "Appellants"). Plaintiffs asserted that Appellants' Gyroor-branded hoverboards infringe four design patents: U.S. Patent Nos. D737,723 ("D'723 patent"), D738,256 ("D'256 patent"), D784,195 ("D'195 patent"), and D785,112 ("D'112 patent"). Plaintiffs also asked for a preliminary injunction against Appellants. In the preliminary injunction briefing the parties focused on four products, referred to as Gyroor A, B, C, and D.

The four-part preliminary injunction analysis considers (1) whether the patentee is likely to succeed on the merits, (2) whether the patentee is likely to suffer irreparable harm in the absence of an injunction, (3) the balance of hardships, and (4) whether an injunction is in the public interest. The focus of the dispute in this case was on the first factor: whether the patentee had shown a likelihood of success on infringement. In order to establish design patent infringement, a patentee must show that an ordinary observer, famil-

iar with the prior art designs, would be deceived into believing that the accused product is the same as the patented design. When viewed in light of the prior art, the attention of the ordinary observer is typically drawn to the aspects of the claimed design that differ from the prior art.

The district court found that Plaintiffs had met this burden and entered a preliminary injunction against Appellants. The preliminary injunction ordered that "[t]he Gyroor Defendants . . . be preliminarily enjoined and restrained from . . . offering for sale, selling, and importing any products . . . that include any reproduction, copy or colorable imitation of the design claimed in the Patents-in-Suit."

Appellants appealed the injunction to the Federal Circuit, who reversed and remanded. The Federal Circuit found four independent issues with the district court's injunction.

First, the Federal Circuit said the district court applied the wrong standard in assessing likelihood of success. Finding for Plaintiffs, the district court said that (1) the "designs in the infringing products are not sufficiently dissimilar, or plainly dissimilar" from the claimed designs and (2) resolving whether there is infringement will likely require a trial and "the need for a trial is sufficient . . . for plaintiff to have met their burden to demonstrate a likelihood of success." The Federal Circuit found each statement flawed. To show likelihood of success, the Federal Circuit said a patentee must show that it will likely prove infringement; the need for a trial or the Appellants not showing that the accused products are sufficiently or plainly dissimilar from the patented design are insufficient and not the proper legal standard.

Second, the Federal Circuit found that the district court did not conduct the ordinary observer analysis through the lens of the prior art, as it was required to do. In particular, the Federal Circuit found that one

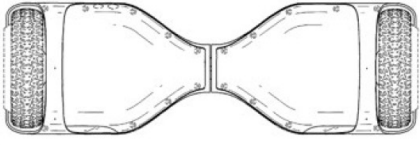
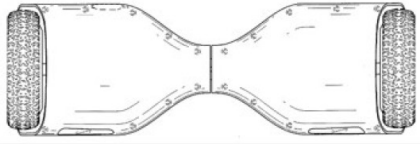
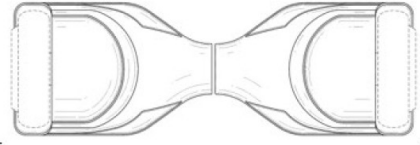
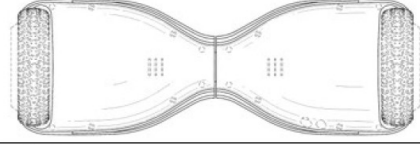
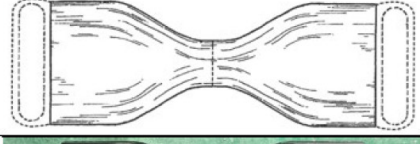
# Federal Circuit Appeals: More Design Patent Case Reversals

*continued*

piece of prior art—U.S. Patent No. D739,906 (“D’906 patent”)—which was central to Appellants’ arguments, was not sufficiently considered. The Federal Circuit found that the district court failed to explain how its finding was consistent with the existence of the D’906 patent, which the Federal Circuit found displayed and claimed the design aspect Plaintiffs used to argue substantial similarity between the accused products and the patented design: an hourglass shape. For example, a comparison of one view (the bottom view) of the four claimed designs (shown with green title boxes) to the prior art D’906 patent (shown with a blue title box) to one of the accused products (Gyroor D) (shown with a peach title box) is shown below.

Third, the Federal Circuit found that the district court failed to apply the ordinary observer test on a product-by-product basis and instead looked at the accused products as a group. The Federal Circuit said here, where there are significant differences among the accused products, a product-by-product infringement analysis is required.

Fourth, the Federal Circuit found that the language of the injunction was overbroad. The Federal Circuit stated that injunctions cannot simply prohibit future infringement but must instead be limited to those products actually found likely to infringe and those “not more than colorably different.” Because the injunction does not list the specific products found likely to infringe, the Federal Circuit found that it does not meet the required level of specificity.

Accused Product D – Bottom View Comparison	
Patents-in-suit D’723 Patent	
Patents-in-suit D’256 Patent	
Patents-in-suit D’195 Patent	
Patents-in-suit D’112 Patent	
Prior Arts D’906 Patent	
Accused Product D	