

# U.S. Court of Appeals for the Federal Circuit: New Chapters in Two Ongoing Sagas

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In 2023, the Court of Appeals for the Federal Circuit issued three opinions regarding U.S. design patents. The three 2023 opinions are *Columbia Sportswear North America, Inc. v. Seirus Innovative Accessories, Inc.*, *LKQ Corporation v. GM Global Technology Operations LLC*, and *Blue Gentian, LLC v. Tristar Products, Inc.* The first two opinions are summarized below. They both are part of ongoing sagas—one that has been pending for a decade and one that will be heard en banc in February 2024.

Looking ahead to 2024, our watch list for Federal Circuit appeals involving U.S. design patents includes the next step in *LKQ Corporation v. GM Global Technology Operations LLC*. The Federal Circuit is scheduled to hear oral argument en banc on February 5, 2024.

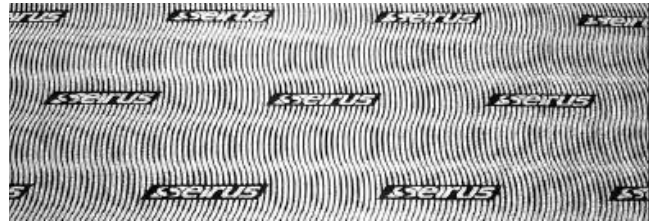
## ***Columbia Sportswear North America, Inc. v. Seirus Innovative Accessories, Inc.***

On Friday, September 15, 2023, the Federal Circuit issued its latest opinion in the design patent dispute between Columbia Sportswear North America, Inc. and Seirus Innovative Accessories, Inc. This is the second time the Federal Circuit reviewed a finding regarding infringement in the case—and the second time the Federal Circuit reversed and remanded.

Columbia sued Seirus ten years ago claiming that Seirus's HeatWave products infringe Columbia's U.S. Patent No. D657,093 for "Heat Reflective Material." The patent claims "[t]he ornamental design of a heat reflective material, as shown and described." The design claimed in the '093 patent and Seirus's accused HeatWave design are reproduced below.



'093 patented design



Seirus's accused HeatWave design

In 2016 the district court granted summary judgment of infringement, and in 2017 a jury awarded Columbia more than \$3 million in damages. Seirus appealed. On that prior appeal, the Federal Circuit vacated the district court's grant of summary judgment of infringement and remanded for further proceedings. The Federal Circuit concluded that the district court "erred in granting summary judgment of infringement for two reasons: (1) the court improperly declined to consider the effect of Seirus's logo in its infringement analysis and (2) the court resolved a series of disputed fact issues, in some instances relying on an incorrect standard, that should have been tried to a jury." Among these fact issues was the impact of Seirus's comparison prior art—prior art used to determine the scope of the patent—on the infringement analysis.

On remand, the district court limited admissible comparison prior art to "wave patterns on fabric." The district court precluded Columbia from trying to distinguish the alleged comparison prior art references as not disclosing *heat reflective material*, which Columbia argued was a requirement given the claim language. The jury returned a verdict of non-infringement. Columbia appealed. Columbia challenged (among other things) the jury instructions with regard to (1) whether comparison prior art is limited to designs that are applied to the same article of manufacture recited in the claim (here, heat reflective materials) and (2) the role that likelihood of consumer confusion should play in the design patent infringement analysis (including the role a party's logo should play). The Federal Circuit addressed each issue in turn.

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First—regarding comparison prior art—the Federal Circuit reaffirmed the use of comparison prior art in a design patent infringement analysis, stating that the “ordinary observer is deemed to view the differences between the patented design and the accused product in the context of the prior art,” and “when the claimed design is close to the prior art designs, small differences between the accused design and the claimed design are likely to be important to the eye of the hypothetical ordinary observer.” However, the court said the question before it—whether a prior design must involve the same article of manufacture that is recited in the claim in order to qualify as comparison prior art—is an issue of first impression.

In resolving that issue of first impression, the Federal Circuit held that Columbia was correct that the scope of comparison prior art should be limited to the article of manufacture recited in the design patent claim and that the district court erred by not instructing the jury accordingly. Thus, on this basis, the Federal Circuit vacated the non-infringement judgment and remanded the case to the district court for further proceedings.

The holding regarding the scope of comparison prior art is consistent with prior Federal Circuit opinions limiting both anticipating prior art (*In re Surgisil*) and infringing articles (*Curver Luxembourg, SARL v. Home Expressions Inc.*) to the article of manufacture recited in the claim. In response to Seirus’s argument that such a holding improperly reads functionality into a design patent claim, the Federal Circuit stated that an *article’s* function must not be confused with whether the *design* of the article provides functionality. The question before the court was not whether the design claimed in Columbia’s patent is dictated by function, but rather whether the article of manufacture recited in the claim must be the same type of article of manufacture in the asserted comparison prior art and to do this, knowing the function of the article is helpful.

Second—regarding likelihood of confusion—the Federal Circuit began by confirming that (unlike in trademark infringement) likelihood of confusion as to the source of the goods is not an appropriate factor to consider in design patent infringement. Regarding the role a party’s logo plays in the infringement analysis, the Federal Circuit noted that while design patent infringement is not automatically avoided by applying a label or logo, labels and logos are “hardly irrelevant” to the infringement analysis. The court stated that “just because a logo’s potential to eliminate confusion as to *source* is irrelevant to design-patent infringement, its potential to render an accused *design* dissimilar to the patented one—maybe even enough to establish non-infringement as a matter of law—should not be discounted.”

Turning to the specific instructions given to the jury, the Federal Circuit found no legal error in the district court’s instruction, which stated that the jury did not need to find that any purchasers were actually deceived or confused by the appearance of the accused products. The Federal Circuit disagreed with Columbia that the district court erred by not adding that consumer confusion as to source is irrelevant for design patent infringement or that likelihood of confusion (in addition to actual confusion) need not be found.

The case is now heading back to the district court. Time will tell if the third time will be the charm for Columbia.

### ***LKQ Corporation v. GM Global Technology Operations LLC***

LKQ filed an *inter partes* review challenging GM’s design patent. LKQ was once a licensed repair part vendor for GM. But after renewal negotiations fell through in early 2022, GM informed LKQ that the parts LKQ was selling were no longer licensed and therefore infringed GM’s design patent. In response, LKQ sought to invalidate GM’s auto fender design patent in an *inter partes* review. The U.S. Patent Trial

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and Appeal Board (PTAB) ruled in GM's favor—finding that LKQ had not shown that the patent was obvious.

LKQ appealed. LKQ argued to the Federal Circuit that the U.S. Supreme Court's decision in *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398 (2007)—a case involving the obviousness analysis for utility patents—should apply to design patents. In particular, LKQ argued that the currently applied obviousness standard for design patents (which the PTAB applied in the LKQ IPR) is inappropriate and should more closely parallel the obviousness standard used for utility patents.

The current test for design patent obviousness is based on *In re: Rosen* (a CCPA decision from 1982) and *Durling v. Spectrum Furniture* (a Federal Circuit decision from 1996). Under the current test, for a challenger to invalidate a design patent claim based on obviousness, the challenger must satisfy a two-step test. First, the challenger must show there is a single primary reference which has “characteristics [that are] ‘basically the same’ as the claimed design.” Second, the challenger must show that the gap between the primary reference and the claimed design can be bridged by one or more secondary references. These references must be related enough in appearance to

the claimed design that “an ordinary designer would have modified the primary reference to create a design with the same overall visual appearance as the claimed design.”

This, LKQ argued, stands in sharp contrast to the more flexible standard for obviousness of utility patents—a standard that LKQ argues should apply to *all* patents, regardless of type. In 2007, the U.S. Supreme Court in *KSR* rejected the strict function-way-result test the Federal Circuit had been applying in determining obviousness of utility patent claims. *KSR* held that an ordinarily skilled inventor could look beyond the field of the problem trying to be solved to create a unique solution. The Supreme Court stated that obviousness inquiries should use “an expansive and flexible approach” rather than “a rigid rule.” LKQ argued that the same should be true for design patents.

The Federal Circuit rejected LKQ's argument and affirmed the PTAB's finding. But, on June 30, 2023, the full Federal Circuit agreed to hear the case en banc and consider whether the design patent obviousness analysis requires modification. The parties—along with several amici—have submitted briefs. The en banc hearing is scheduled for February 5, 2024.