

Fed. Circ. Could Lower Bar For Invalidating Design Patents

By Ryan Davis

Law360 (July 5, 2023, 4:37 PM EDT) -- The full Federal Circuit's decision to review the test for proving that patented designs are invalid as obvious has the potential to usher in a significant shift in the law that could make design patents easier to challenge, attorneys say.

The court on Friday granted an en banc rehearing of a January decision that LKQ Corp. hadn't shown that two auto part design patents owned by a General Motors unit are invalid.

LKQ is urging the court to hold that its decades-old tests for determining that a design is obvious cannot be squared with the U.S. Supreme Court's 2007 *KSR v. Teleflex* decision, which rejected "rigid" obviousness tests for utility patents.

The tests are widely viewed as making it challenging to invalidate design patents, so the court's decision to revisit them — in its first en banc review of a patent case since 2018 — raises the possibility that the outcome could reshape design patent law.

"This is an area where you can feel pretty comfortable counseling clients on whether or not their design is going to be patentable and ... on whether or not a new product design that they want to bring to market could potentially infringe someone's design patent," said Tracy-Gene Durkin of Sterne Kessler Goldstein & Fox PLLC. "So changing something as basic as this could really upend things quite a bit."

Reworking tests that have been in place in some form since the early 1980s could have wide-ranging effects, said Chris Carani of McAndrews Held & Malloy Ltd.

"The en banc court must tread carefully, as any change to the test would not only affect the validity of future design patents, but also the hundreds of thousands of extant design patents," he said.

If the rules are discarded or altered, "how many granted patents are at the risk of being invalid? It's a frightening thought," Durkin said.

Hurdle for Challengers

The tests now being reviewed by the full court, set in the 1982 decision *In re: Rosen* and in 1996 in *Durling v. Spectrum Furniture*, hold that to find a design patent obvious, there must first be an earlier design that has "basically the same" visual impression as the patented design.

The next step is to analyze whether it would have been obvious for a designer to modify the earlier design using other designs called secondary references, to create the design found in the patent.

In its rehearing petition, LKQ described that approach as "just the sort of rigid, mandatory formula that the Supreme Court rejected in KSR." LKQ's attorney, Mark Lemley of Lex Lumina PLLC, said Friday that obviousness must be based on "what a designer would find obvious, rather than rigid rules that do not reflect reality."

GM urged the court to reject the case, saying LKQ is seeking a "rewrite of design patent obviousness framework that has otherwise remained unchallenged for decades." Counsel for the company did not respond to a request for comment on the en banc rehearing.

Under the current tests, allegations that a design patent is obvious can be quickly rejected if the court finds that no earlier design is "basically the same," which is a high bar for challengers to meet.

"When you litigate design patents, it's maddening," said Rachael Lamkin of Baker Botts LLP. "The courts will just look at the design and look at the prior art, and if they're not the same, then you don't even enter into the obviousness analysis."

She said that in her view, what the Federal Circuit should do is simply explain that the language in Rosen and Durling "is being read too literally. The same doesn't mean exactly the same, it means there can be some differences, and you fill those differences in with the secondary references."

In KSR, the Supreme Court rejected what it called the "rigid approach" in an earlier Federal Circuit test for determining if utility patents are invalid as obvious, and said obviousness requires an "expansive and flexible approach."

"I think the question that's really going to be at the front of this issue is whether or not Rosen is a rigid test that runs counter to the Supreme Court's requirement for flexibility in KSR," said Gwendolyn Tawresey of Troutman Pepper.

There are concise arguments that the unique design patent tests are incompatible with KSR, she said. The same section of the Patent Act governs obviousness of both design patents and utility patents, and the justices stressed that courts should take into account the "inferences and creative steps" that a skilled person might take to determine that an invention is obvious.

Tawresey said that "if you have to start with something that's already almost the same, that maybe limits what you can do," by prohibiting a finding that a creative person would find it obvious to combine two or more designs that are not almost the same but could still be used to arrive at the patented design.

Potential Fallout

There are numerous ways the en banc Federal Circuit could rule, including leaving the current tests in place, overruling them completely, modifying them, or crafting an entirely new test. Anything apart from maintaining the status quo would shake up the world of design patents, attorneys say.

As illustrated by LKQ's challenge to GM's patents, the obviousness test for design patents is particularly important for auto parts and printer cartridges, where manufacturers can use patented designs to keep

others from selling spare parts.

"One of the key issues is what is the starting point for a design patent obviousness analysis," McAndrews Held's Carani said. If the obviousness analysis does not have to begin with a primary reference that is basically the same, it could be possible to cobble together bits and pieces of other designs to argue that they render the patent obvious.

However, "the tricky part is that every design is a combination of pre-existing lines, curves and surfaces," he said. By asking the parties to brief potential new approaches, the Federal Circuit "has signaled that before it does anything, it needs to have a viable replacement test that avoids the concerns of a rigid rule, but takes into account the peculiarities of design patents," he added.

If the outcome of the case is the creation of a more flexible obviousness test for design patents, "where the court really needs to be very careful is, what is the motivation to combine those things?" Sterne Kessler's Durkin said.

Utility patents are written with long blocks of words, which can either support or counsel against an argument that it would be obvious to combine other inventions, but "with design patents, sometimes we just have pictures," she said.

When patent law changes, it can take some time for patent examiners to get on the same page and start applying the decisions consistently, and that is especially true for design patents, Durkin said.

"This is an area of the law that has been so well-settled for so long that I really worry about how long it will take to be settled again," she said.

The case is LKQ Corp. et al. v. GM Global Technology Operations LLC, case number 21-2348, in the U.S. Court of Appeals for the Federal Circuit.

--Editing by Kelly Duncan and Emily Kokoll.