

Federal Circuit's 'LKQ' Decision Strikes Down Long-Standing Test for Design Patent Obviousness

By James L. Ryerson | July 24, 2024 | New Jersey Law Journal

In an eagerly anticipated en banc decision involving the proper standard for assessing when a claimed design is obvious, the U.S. Court of Appeals for the Federal Circuit overruled the *Rosen-Durling* test that courts and the U.S. Patent and Trademark Office (USPTO) have been applying for nearly 30 years, calling the test “improperly rigid” and inconsistent with Supreme Court precedent. *LKQ v. GM Global Tech Operations*, 102 F.4th 1280 (Fed. Cir. 2024). Rejecting concerns that the decision would lead to uncertainty, the court found that design patent obviousness should be assessed under the same flexible approach used in the utility patent context. Because a claimed design must be nonobvious under 35 U.S.C. Section 103 for a design patent to issue, some believe that replacing the *Rosen-Durling* test with a more liberal standard will make it more difficult to obtain design patents and defend them against invalidity attacks in litigation. But whether the “new” standard will prove significantly less stringent in practice is just one of many open questions that practitioners and companies with design patent portfolios may have moving forward.

The ‘LKQ’ Decision

The *LKQ* decision followed a petition for inter partes review (IPR) challenging the validity of a design patent, in which a panel of the USPTO’s Patent Trial and Appeal Board (Board) found the petitioner had not carried its burden of demonstrating that the claimed design for a vehicle’s fender was obvious under the *Rosen-Durling* test. Under part one of that test, there must be a primary prior art reference (or *Rosen* reference) having design characteristics that are “basically the same as the claimed design.” *Durling v. Spectrum Furniture*, 101 F.3d 100, 103 (Fed. Cir. 1996). If no *Rosen* reference is found, the inquiry ends, and the claimed design satisfies the non-obviousness requirement. If a *Rosen* reference exists, its design may be modified based upon design features of one or more secondary references to arrive at (and render obvious) the claimed design, but only if the secondary references are “so related [to the *Rosen* reference] that the appearance of certain ornamental features in one would suggest the application of those features to the other.” *Id.*

The Board found that the petitioner did not prove the challenged claim would have been obvious, because the primary prior art referenced relied upon by the petitioner did not qualify as a *Rosen* reference. After a Federal Circuit panel affirmed, a petition for en banc rehearing was granted to determine whether the Supreme Court’s decision in *KSR International v. Teleflex*, 550 U.S. 398 (2007), which addressed the obviousness standard in the context of a utility patent, overruled or abrogated the *Rosen-Durling* test. In a decision issued May 21, 2024, the en banc court answered that question in the affirmative.

The court’s decision striking down the *Rosen-Durling* test focused on the language of Section 103 and two Supreme Court decisions, *KSR* and *Smith v. Whitman Saddle*, 148 U.S. 674, 680 (1893). In *KSR*, the Supreme Court struck down a test for determining the obviousness of utility patents, known as the

teaching-suggestion-motivation (TSM) test, as inconsistent with the “expansive and flexible approach” for determining obviousness that the statutory language and prior precedent required. 550 U.S. at 415. In *Whitman Saddle*, the Supreme Court found a claimed design for a saddle obvious based upon a combination of two prior art saddle designs, neither of which would have qualified as a *Rosen* reference, and absent discussion of whether the combined designs were “so related,” as required by *Durling*. *LKQ*, 102 F.4th at 1294-95. The Federal Circuit found the strict *Rosen* reference and “so related” requirements of *Rosen-Durling* to be “improperly rigid” and inconsistent with the “more flexible approach” for determining obviousness dictated by *KSR* and *Whitman Saddle*. *Id.* at 1293.

After overruling *Rosen-Durling*, the Federal Circuit next addressed the proper framework for evaluating obviousness and held that the same framework applied to utility patents should also govern design patents. Under that standard, a primary prior art reference no longer needs to be “basically the same” as the claimed design to qualify as prior art, but all prior art references must come from an “analogous art.” *LKQ*, 102 F.4th at 1296. Further, although the “so related” requirement for combining references no longer applies, there “must be some record-supported reason (without hindsight) that an ordinary designer in the field of the article of manufacture would have modified the primary reference with the feature(s) from the secondary reference(s) to create the same overall appearance as the claimed design.” *Id.* at 1299. Finally, just like with utility patents, the design patent obviousness inquiry “still requires assessment of secondary considerations” as evidence of non-obviousness, including whether the claimed design was commercially successful, received industry praise, or was copied by others. *Id.* at 1300.

The Federal Circuit acknowledged that overruling *Rosen-Durling* may cause “some degree of uncertainty for at least a brief period” but rejected concerns that the uncertainty would be undue, given the current framework “has proven workable for utility patents,” and the court saw “no reason why it would not be similarly workable for design patents.” *LKQ*, 102 F.4th at 1301. That said, the decision explicitly left open multiple questions that will need to be addressed in the future, including “the full and precise contours of the analogous art test for design patents” and whether certain secondary considerations applied to utility patent cases (e.g., “long felt but unresolved need and failure of others”) will also apply in the design patent context. *Id.* at 1297, 1300.

Potential Impacts of the ‘LKQ’ Decision

Whether *LKQ* will represent a sea change in the ability to obtain and defend design patents will depend on future case law applying the new obviousness standard to design patents. If history is a guide, the impact could be significant, as evidenced by how the *KSR* decision that struck down the TSM test as overly rigid has impacted obviousness findings with respect to utility patents. According to one study, such obviousness findings by district courts and the Federal Circuit increased from 27% to 46% and from 49% to 57%, respectively, following the 2007 *KSR* decision. Ryan T. Holte & Ted Sichelman, “Cycles of Obviousness,” 105 Iowa L. Rev. 107, 141-42 (2019). Another study found that post-*KSR* patents survive obviousness challenges in IPR proceedings at an approximately 12% higher rate than pre-*KSR* patents, apparently confirming practitioners’ anecdotal experiences that *KSR* made obviousness a more significant hurdle to overcome during patent examination. Calvin M. Brien, “An Empirical Analysis of Patent Validity in Inter Partes Reviews through the Lens of ‘KSR,’” 46 AIPLA Q. J. 413, 432-33 (2018).

For proponents of design rights, reasons to believe that *LKQ* will not have such a significant impact on design patents remain. Unlike in the utility patent context, where a less rigid standard opens the door to nearly limitless motivations to combine prior art references to develop an improved, faster, stronger, or otherwise more efficient device, the reason why an ordinary designer’s creativity would have driven them to combine ornamental designs may be far more amorphous and difficult to prove. Similarly, although the

primary prior art reference no longer needs to be “basically the same” as the claimed design, the “more visually similar the primary reference design is to the claimed design, the better positioned the patent challenger will be to prove its Section 103 case.” *LKQ*, 102 F.4th at 1298. Thus, although the “rigidity” of *Rosen-Durling* has been eliminated, similarities in the standard remain, and it is not yet clear whether the new standard will lead to an appreciable change in obviousness findings.

Practitioners will be keeping a close eye on how the USPTO analyzes the obviousness standard, both during patent examination and in post-issuance IPR challenges. Due to relatively favorable success rates as compared to patent challenges in district courts, parties sued for patent infringement frequently file IPR petitions with the USPTO to try to invalidate the asserted patent. But, according to statistics from 2021 to 2023, less than 1% of IPR petitions during that three-year span involved design patents. Although cost considerations may counsel against filing IPR petitions in lower-stakes cases (the filing fee alone exceeds \$40,000, as of this writing), a more flexible standard for determining claimed designs’ obviousness may make IPRs a more attractive defense strategy in design cases.

In sum, *LKQ* leaves the law regarding design patent obviousness somewhat unsettled, but its ultimate impact will depend largely on future decisions that define the precise contours of how the new, less rigid standard will apply to design patents.

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