

United States Court of Appeals for the Federal Circuit  
**HIGH POINT DESIGN LLC v. BUYERS DIRECT, INC.**

Decided September 11, 2013

SCHALL, Circuit Judge.

Buyer's Direct, Inc. ("BDI") appeals from a final judgment of the United States District Court for the Southern District of New York holding BDI's asserted design patent invalid on summary judgment and also dismissing BDI's trade dress claims with prejudice. See *High Point Design LLC v. Buyer's Direct, Inc.*, No. 11-CV- 4530, 2012 WL 1820565 (S.D.N.Y. May 15, 2012) ("Final Decision"). For the reasons set forth below, we reverse the grant of summary judgment of invalidity, vacate the dismissal of BDI's trade dress claims, and remand for further proceedings consistent with this opinion.

BACKGROUND

I. BDI AND THE '183 PATENT

BDI is the owner of U.S. Design Patent No. D598,183 (the "'183 patent") and the manufacturer of slippers known as SNOOZIES®. An exemplary pair of SNOOZIES® slippers is shown below:



The '183 patent recites one claim, for "the ornamental design for a slipper, as shown and described." Two of the drawings included in the '183 patent are shown below:

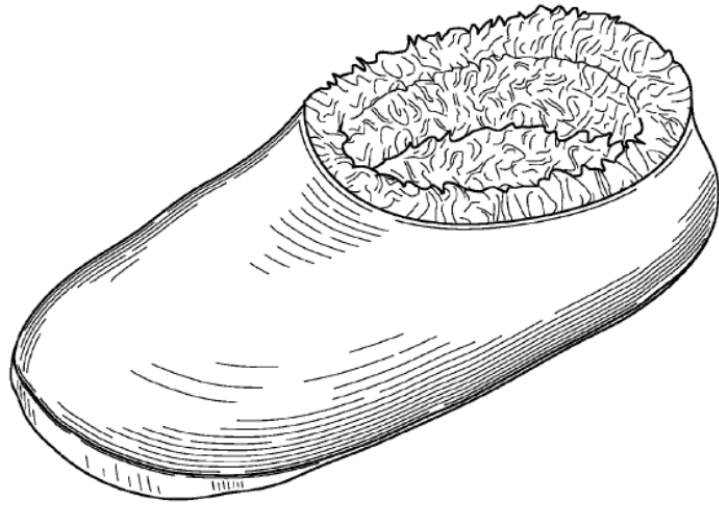


FIG. 1

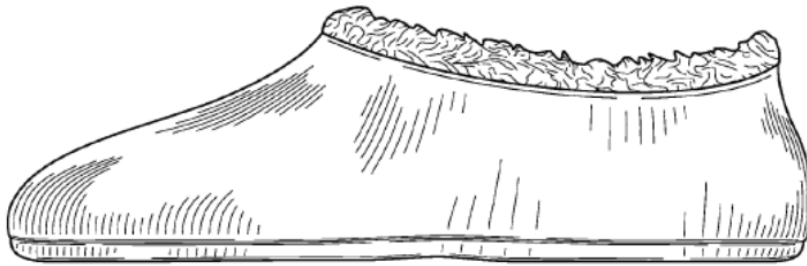


FIG. 4

As additional design features, the '183 patent discloses two different soles: a smooth bottom (as shown in Figure 8) and a sole with two groups of raised dots (as shown in Figure 7):

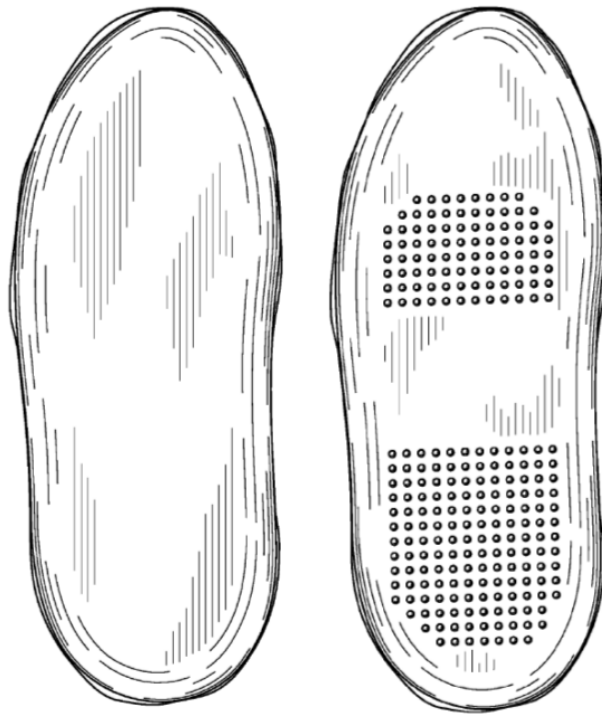


FIG. 8

FIG. 7

BDI alleges that SNOOZIES® are an embodiment of the design disclosed in the '183 patent.

## II. THE RELATIONSHIP BETWEEN THE PARTIES

High Point Design LLC (“High Point”) manufactures and distributes the accused FUZZY BABBA® slippers, which are sold through various retailers, including appellees Meijer, Inc., Sears Holdings Corporation, and Wal-Mart Stores, Inc. (collectively, the “Retail Entities”). An exemplary pair of FUZZY BABBA® slippers is shown below:



On June 22, 2011, after becoming aware of the manufacturing and sale of FUZZY BABBA® slippers, BDI sent High Point a cease and desist letter, in which BDI asserted infringement of the '183 patent. With a responsive letter sent on July 6, 2011, High Point included a copy of a complaint for declaratory judgment that it had filed five days earlier in federal district court.<sup>1</sup> In the complaint, High Point alleged (1) that the manufacturing and sale of FUZZY BABBA® slippers did not infringe the '183 patent and (2) that the '183 patent is invalid and/or unenforceable.

In its answer to High Point's declaratory judgment complaint, filed on December 29, 2011, BDI lodged counterclaims for infringement of the '183 patent and for infringement of the trade dress found in BDI's SNOOZIES® slippers. That same day, BDI filed a third-party complaint alleging that the Retail Entities infringed the '183 patent and infringed BDI's trade dress based on sales of High Point's FUZZY BABBA® slippers.

### III. THE DISTRICT COURT PROCEEDINGS

In a scheduling order that issued on February 28, 2012, the district court set March 16, 2012, as the deadline for the parties to amend their pleadings. BDI did not seek to amend its pleadings by that date. Four days after that deadline, High Point and the Retail Entities filed a combined motion seeking (1) summary judgment of invalidity and noninfringement of the '183 patent and (2) judgment on the pleadings with respect to BDI's trade dress claims. With its opposition to the motion, BDI included the declaration of an expert named Lance Rake, who opined that the '183 patent was not invalid because the "tests for anticipation, functionality and obviousness have not been met." *See* J.A. 455. BDI also included amended pleadings with proposed amendments adding additional assertions as to the trade dress at issue in BDI's trade dress claims.

On May 15, 2012, the district court granted the motion for summary judgment, holding the '183 patent invalid on the ground that the design claimed in it was both (1) obvious in light of the prior art and (2) primarily functional rather than primarily ornamental. As to the obviousness ruling, the district court made various findings. The court characterized the '183 patent as disclosing "slippers with an opening for a foot that contain a fuzzy (fleece) lining and have a smooth outer surface." As to the prior art, the court found that a consumer apparel company, known as Woolrich, had, prior to the effective filing date of the '183 patent, sold two different models of footwear: the "Penta" and the "Laurel Hill" (collectively, the "Woolrich Prior Art"). The Penta and the Laurel Hill models are shown in photographs below:

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<sup>1</sup> High Point did not immediately serve the complaint on BDI.



FIG. 1



FIG. 4

J.A. 486-87 (Penta).

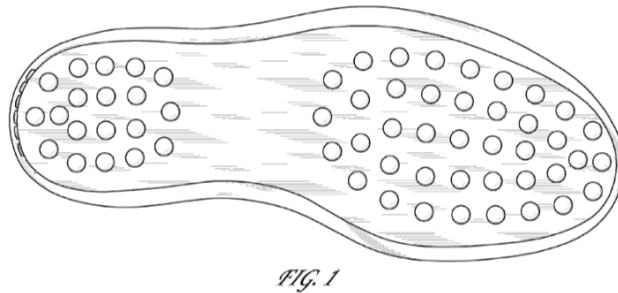


FIG. 1

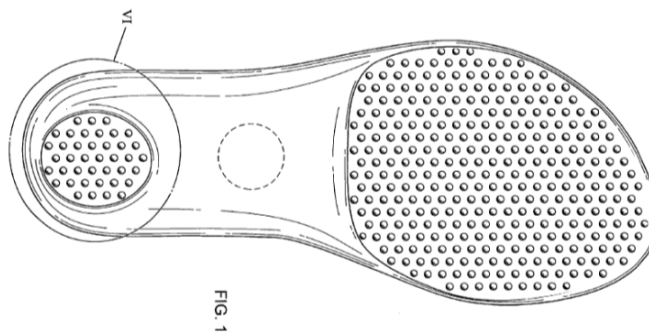


J.A. 490–91 (Laurel Hill). The court found that the Penta “looks indistinguishable from the drawing shown in the ’183 Patent,” and that the Laurel Hill, “while having certain differences with the Penta slipper that are insubstantial and might be referred to as streamlining, nonetheless has the precise look that an ordinary observer would think of as a physical embodiment of the drawings shown on the ’183 Patent.”

The district court also identified two secondary references—U.S. Design Patent Nos. D566,934 and D540,517 (collectively, the “Secondary References”)—that disclose “slippers with a pattern of small dots on the bottom surface.” Representative drawings from the Secondary References are shown below:



U.S. Design Patent No. D566,934 fig. 1.



U.S. Design Patent No. D540,517 fig. 1. Based on these findings, the court concluded that the design in the '183 patent was invalid as obvious:

The overall visual effect created by the Woolrich prior art is the same overall visual effect created by the '183 patent. To an ordinary observer, they are the same slippers. The only difference between the slippers relates to the sole of the slippers, which is quite minor in the context of the overall slipper. Even if, however, this Court were to find that the differences in the sole design were of any note, the design of the dots on the '183 patent are anticipated by the dots on the [Secondary References].

Since both of those design patents were noted on the face of the '183 patent, and since both relate to slippers, they would have been available to a slipper designer skilled in the art—and would have easily suggested the addition of “dots” to the sole of a slipper. Combining the dots shown on those two design patents with the prior art in the Woolrich slipper would have been obvious to any designer. That combination would have created a slipper with a virtually identical visual impression as [the] '183 patent.

As to the second, and alternative, basis for invalidity—based on the alleged functionality of the design in the '183 patent—the district court concluded that “all major characteristics of th[e] slipper [in the '183 patent] are functional.” Specifically, the court identified various design features and the functions those features allegedly perform:

It is a slipper that completely covers the foot; that is a functional design to provide complete foot warmth and protection. That's the primary function of innumerable slippers. The slipper at issue has a fuzzy interior for comfort—again, a functional characteristic that many slippers share. The fuzz overflows can be characterized as “ornamental,” but can also be characterized as functional—i.e., as providing an extra element of comfort. It certainly cannot be said that the slipper shown in the '183 patent drawings is “primarily ornamental.”

With that, the court held the claims invalid as primarily functional.

In the Final Decision, the district court also dismissed BDI's trade dress claims with prejudice. The court found that the original trade dress claims (i.e., prior to the proposed amendments) were inadequate as a matter of law for failure to sufficiently identify the trade dress at issue. As to the proposed amendments, the court stated: “At this stage of the litigation, the Court is unwilling to entertain an amendment to the pleadings and therefore dismisses this claim with prejudice.”

Having held the '183 patent invalid, the district court dismissed BDI's claims for infringement and entered judgment in favor of High Point and the Retail Entities. BDI

timely appealed from the district court's rulings. We have jurisdiction under 28 U.S.C. § 1295(a)(1).

## DISCUSSION

\*\*\* We first consider the grant of summary judgment of invalidity on the design patent claims.

### II. INVALIDITY BASED ON OBVIOUSNESS

#### A.

When assessing the potential obviousness of a design patent, a finder of fact employs two distinct steps: first, “one must find a single reference, a something in existence, the design characteristics of which are basically the same as the claimed design”; second, “[o]nce this primary reference is found, other references may be used to modify it to create a design that has the same overall visual appearance as the claimed design.” *Durling v. Spectrum Furniture Co.*, 101 F.3d 100, 103 (Fed. Cir. 1996) (internal quotations omitted); see also *Apple, Inc. v. Samsung Elecs. Co.*, 678 F.3d 1314, 1329 (Fed. Cir. 2012).

Under the first step, a court must both “(1) discern the correct visual impression created by the patented design as a whole; and (2) determine whether there is a single reference that creates ‘basically the same’ visual impression.” *Durling*, 101 F.3d at 103. The ultimate inquiry in an obviousness analysis is “whether the claimed design would have been obvious to a designer of ordinary skill who designs articles of the type involved.” *Id.*

#### B.

BDI asserts that the district court erred by using the Woolrich Prior Art as primary references because their design characteristics are not “basically the same as the claimed design,” as required under the first step set forth in *Durling*. Specifically, BDI relies on the Rake Declaration to argue that various design features distinguish the ’183 patent from the Woolrich Prior Art, including differences in (1) the fleece collars, (2) the height of the sidewalls, and (3) the thickness of the soles. According to BDI, these alleged differences create genuine issues of material facts as to whether the Woolrich Prior Art can properly serve as primary references.

Next, BDI asserts that the district court identified no motivation to modify the Woolrich Prior Art to achieve the “same overall visual appearance as the claimed design,” as required under the second step set forth in *Durling*. According to BDI, the court erred by ignoring the design features that distinguish the ’183 patent from the Woolrich Prior Art, and finding that the only differences relate to the soles.



BDI also argues that the district court failed to perform a proper obviousness analysis. First, BDI asserts that the court erred by applying an “ordinary observer” standard, because this court’s case law requires application of an “ordinary designer” standard in an obviousness analysis relating to a design patent. *See* Final Decision at \*4 (“To an ordinary observer, they are the same slippers.”); *see also id.* at \*5 (rejecting the Rake Declaration because it “does not get [BDI] over the hurdle of the ordinary observer test”). Second, BDI argues that the district court failed to properly communicate its reasoning in either step of the obviousness analysis. Finally, BDI asserts that the court erred by not addressing secondary considerations, including copying and commercial sales.

In response, High Point and the Retail Entities (collectively, the “Appellees”) assert that either the Penta or the Laurel Hill could act as the primary reference for the obviousness analysis because they are both “basically the same as the claimed design,” which, according to the Appellees, is all that is required under the first step. The Appellees assert that BDI seeks to apply a “virtual identity” standard in the first step, rather than the proper standard, which allows for minor differences. According to the Appellees, under this court’s case law, a district court can assess the “overall visual appearance,” as required by the second step under *Durling*, without expert testimony and “almost instinctively.”

The Appellees also argue that the district court properly discounted the Rake Declaration because obviousness should be assessed from the vantage point of the ordinary observer, not an ordinary designer such as Mr. Rake. According to the Appellees, the district court properly applied the ordinary observer standard to find obviousness based on the combination of either the Penta or the Laurel Hill with the Secondary References.

As to secondary considerations, the Appellees argue that BDI failed to show the nexus necessary to demonstrate that either the alleged copying or the commercial sale of SNOOZIES® support the nonobviousness of the ’183 patent. Specifically, the Appellees assert that BDI has not established that SNOOZIES® actually embody the ’183 patent, as is necessary to support BDI’s nonobviousness arguments.

### C.

We first address the standard applied by the district court here. The use of an “ordinary observer” standard to assess the potential obviousness of a design patent runs contrary to the precedent of this court and our predecessor court, under which the obviousness of a design patent must, instead, be assessed from the viewpoint of an ordinary designer. *See Apple*, 678 F.3d at 1329 (“In addressing a claim of obviousness in a design patent, ‘the ultimate inquiry . . . is whether the claimed design would have been obvious to a designer of ordinary skill who designs articles of the type involved.’”) (quoting *Durling*, 101 F.3d at 103).

Although obviousness is assessed from the vantage point of an ordinary designer in the art, “an expert’s opinion on the legal conclusion of obviousness is neither necessary nor controlling.” That said, an expert’s opinion may be relevant to the factual aspects of the analysis leading to that legal conclusion. For that reason, the district court erred by categorically disregarding the Rake Declaration.

We now turn to what we conclude were additional errors in the district court’s application of the two-step analysis set forth in *Durling*. As to the first part of the first step—“discern[ing] the correct visual impression created by the patented design as a whole”—the district court erred by failing to translate the design of the ’183 patent into a verbal description. *See Durling*, 101 F.3d at 103 (“From this translation, the parties and appellate courts can discern the internal reasoning employed by the trial court to reach its decision as to whether or not a prior art design is basically the same as the claimed design.”). The closest to the necessary description was the court’s comment characterizing the design in the ’183 patent as “slippers with an opening for a foot that can contain a fuzzy (fleece) lining and have a smooth outer surface.” This, however, represents “too high a level of abstraction” by failing to focus “on the distinctive visual appearances of the reference and the claimed design.” *Apple*, 678 F.3d at 1331–32; *see also Durling*, 101 F.3d at 104 (“The error in the district court’s approach is that it construed [the] claimed design too broadly. The district court’s verbal description of [the] claimed design does not evoke a visual image consonant with the claimed design. Instead, the district court’s description merely represents the general concept of a sectional sofa with integrated end tables.”). On remand, the district court should add sufficient detail to its verbal description of the claimed design to evoke a visual image consonant with that design.

As to the second part of the first step—“determin[ing] whether there is a single reference that creates ‘basically the same’ visual impression”—the court erred by failing to provide its reasoning, as required under this court’s precedent. *See Durling*, 101 F.3d at 103 (“[T]he judge must communicate the reasoning behind the decision. This explanation affords the parties a basis upon which to challenge, and also aids the appellate court in reviewing, the judge’s ultimate decision.”). Absent such reasoning, we cannot discern how the district court concluded that the Woolrich Prior Art was “basically the same as the claimed design,” so that either design could act as a primary reference. On remand, the district court should do a side-by-side comparison of the two designs to determine if they create the same visual impression. In addition, based on the record before us, there appear to be genuine issues of material fact as to whether the Woolrich Prior Art are, in fact, proper primary references. For this additional reason, summary judgment must be reversed. *See Durling*, 101 F.3d at 105 (“Without . . . a primary reference, it is improper to invalidate a design patent on grounds of obviousness.”).

To the extent that the obviousness of the '183 patent remains at issue on remand, the district court will, after properly completing the first step under *Durling*, be in a better position to assess whether or not the Woolrich Prior Art, modified by the Secondary References, provide a design with the “same overall visual appearance as the claimed design,” as required under the second step of *Durling*.

Finally, we turn to secondary considerations, which the district court did not address in the Final Decision. This court has held that “evidence rising out of the so-called ‘secondary considerations’ must always when present be considered en route to a determination of obviousness.” *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538 (Fed. Cir. 1983); *see also Hupp v. Siroflex of Am., Inc.*, 122 F.3d 1456, 1462 (Fed. Cir. 1997) (“Invalidity based on obviousness of a patented design is determined on factual criteria similar to those that have been developed as analytical tools for reviewing the validity of a utility patent under § 103, that is, on application of the *Graham* factors.”). Here, BDI alleged both commercial success of the claimed design as well as copying. To the extent that the obviousness of the '183 patent remains at issue on remand, the district court should address any evidence of secondary considerations.

For the foregoing reasons, we reverse the grant of summary judgment of obviousness and remand the case to the district court.

### III. INVALIDITY BASED ON FUNCTIONALITY

#### A.

An inventor can, upon meeting all statutory requirements, obtain a design patent for “any new, original and *ornamental* design for an article of manufacture . . .” 35 U.S.C. § 171 (emphasis added). Based on this requirement, a design patent can be declared invalid if the claimed design is “primarily functional” rather than “primarily ornamental,” i.e., if “the claimed design is ‘dictated by’ the utilitarian purpose of the article.” *See L.A. Gear*, 988 F.2d at 1123; *see also Rosco, Inc. v. Mirror Lite Co.*, 304 F.3d 1373, 1378 (Fed. Cir. 2002) (characterizing the “dictated by” standard as a “stringent” one); *Hupp*, 122 F.3d at 1460 (“A design or shape that is entirely functional, without ornamental or decorative aspect, does not meet the statutory criteria of a design patent.”). When performing this assessment, a court should view the claimed design “in its entirety, for the ultimate question is not the functional or decorative aspect of each separate feature, but the overall appearance of the article . . .” *L.A. Gear*, 988 F.2d at 1123; *see also Berry Sterling Corp. v. Pescor Plastics, Inc.*, 122 F.3d 1452, 1456 (Fed. Cir. 1997) (“While analyzing elements of the design may be appropriate in some circumstances, the determination of whether the patented design is dictated by the function of the article of manufacture must ultimately rest on an analysis of its overall appearance.”).

Assessing various factors may help determine whether a claimed design, as a whole, is “dictated by” functional considerations:

[1] whether the protected design represents the best design; [2] whether alternative designs would adversely affect the utility of the specified article; [3] whether there are any concomitant utility patents; [4] whether the advertising touts particular features of the design as having specific utility; [5] and whether there are any elements in the design or an overall appearance clearly not dictated by function.

*PHG Techs., LLC v. St. John Cos.*, 469 F.3d 1361, 1366 (Fed. Cir. 2006) (quoting *Berry Sterling*, 122 F.3d at 1456).

#### B.

On appeal, BDI argues that the district court erred by finding the claimed design invalid merely because the design contains elements that perform functions. BDI asserts that consideration of the second, third, and fifth factors from PHG Technologies compels the conclusion that the claimed design is primarily ornamental. As to the second factor, BDI asserts that various catalogs show numerous alternative slipper and shoe designs that adequately perform the goal of warming a foot. As to the third factor, BDI argues that no utility patents cover SNOOZIES®. Finally, as to the fifth factor, BDI contends that the overall appearance of any footwear has ornamental aspects that, although necessary to perform a function, can vary widely in both placement and design.

In response, the Appellees argue that the district court applied the correct standard to find the claimed design invalid as primarily functional. According to the Appellees, various aspects of the design are clearly “functional elements:” (1) the seam connects two components; (2) the curved front accommodates the foot; (3) the foot opening facilitates ingress and egress; (4) the forward lean of the heel keeps that part in place, and (5) the fleece provides warmth. The Appellees assert that the fourth point further supports the district court’s conclusion because, in the Appellees’ view, BDI’s advertising touts “functional characteristics” of the SNOOZIES®. Finally, the Appellees argue that the presence of alternative designs is not dispositive as to functionality.

#### C.

Instead of assessing whether the claimed design was “primarily functional” or “primarily ornamental,” see *L.A. Gear*, 988 F.2d at 1123, the district court interpreted this court’s case law to require it to determine whether the design’s “primary features” can perform functions. See Final Decision at \*5 (stating that the evidence “leaves little doubt that all major characteristics of this slipper are functional”); see also *id.* (“It is a slipper that completely covers the foot; that is a functional design to provide complete foot warmth

and protection. That’s the primary function of innumerable slippers. The slipper at issue has a fuzzy interior for comfort—again, a functional characteristic that many slippers share.”). This analysis contravenes this court’s precedent:

[A] distinction exists between the functionality of an article or features thereof and the functionality of the particular design of such article or features thereof that perform a function. Were that not true, it would not be possible to obtain a design patent on a utilitarian article of manufacture . . . .

*Avia Grp.*, 853 F.2d at 1563; *see also Hupp*, 122 F.3d at 1460 (“[T]he fact that the article of manufacture serves a function is a prerequisite of design patentability, not a defeat thereof. The function of the article itself must not be confused with ‘functionality’ of the design of the article.”); *L.A. Gear*, 988 F.2d at 1123 (“[T]he utility of each of the various elements that comprise the design is not the relevant inquiry with respect to a design patent.”). Because the district court applied the incorrect standard and because a reasonable jury could, under the correct standard, find the ’183 patent not invalid based on functionality, we reverse the court’s ruling that the ’183 patent is invalid by reason of functionality. To the extent invalidity based on functionality remains at issue between the parties on remand, the district court should apply the standard set forth above. \* \* \*

#### CONCLUSION

For the foregoing reasons, we *reverse* the grant of summary judgment of invalidity \* \* \* and *remand* for further proceedings consistent with this opinion.