

In the Matter of
Certain Automotive Parts

Investigation No. 337-TA-557

Publication 4012

June 2008

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Washington, DC 20436**

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In the Matter of **Certain Automotive Parts**

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**UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.**

_____)
In the Matter of)

CERTAIN AUTOMOTIVE PARTS)

Inv. No. 337-TA-557

**NOTICE OF FINAL DETERMINATION OF VIOLATION OF SECTION 337
AND ISSUANCE OF GENERAL EXCLUSION ORDER;
TERMINATION OF THE INVESTIGATION; DENIAL OF MOTION FOR
RECONSIDERATION**

AGENCY: U.S. International Trade Commission

ACTION: Notice

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to find a violation of section 337 of the Tariff Act of 1930, as amended, in the above-captioned investigation. Notice is also given that the Commission has issued a general exclusion order and has terminated the investigation. The Commission has also denied respondents' request for reconsideration of its determination on validity issues concerning obviousness.

FOR FURTHER INFORMATION CONTACT: Jonathan J. Engler, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 205-3112. Copies of nonconfidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202-205-2000. General information concerning the Commission may be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on the matter can be obtained by contacting the Commission's TDD terminal on 202-205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on January 4, 2006, based on a complaint filed by Ford Global Technologies, LLC ("Ford") of Dearborn, Michigan. An amended complaint was filed on December 12, 2005, and a supplemental letter was filed on December 22, 2005. The amended complaint, as supplemented, alleges violations of section 337 in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain automotive parts by reason of infringement of U.S. Design Patent Nos. D496,890 ("the '890 patent"), D493,552 ("the '552 patent"), D497,579 ("the '579 patent"), D503,135 ("the '135 patent"), D496,615 ("the '615 patent"), D502,561 ("the '561 patent"), D492,044 ("the '044 patent"), D503,912 ("the '912 patent") and D495,979 ("the '979 patent"). The complaint named the following as respondents: Keystone Automotive Industries, Inc. of Pomona, California; U.S. Autoparts Network, Inc. of Carson, California; Gordon Auto Body Parts Co., Ltd. of Taiwan; Y.C.C. Parts Manufacturing Co., Ltd. of Taiwan; TYC Brother Industrial Co., Ltd. of Taiwan; and Depo Auto Parts Ind. Co., Ltd. of

Taiwan (collectively "the Respondents"). The complaint further alleged that an industry in the United States exists as required by subsection (a)(2) of section 337. On August 3, 2006, the Commission issued a notice not to review an initial determination (ID) granting partial termination of this investigation as to the '801, '685, '299, '658 patents.

On December 4, 2006, the ALJ issued the final ID, finding that the '119, '912, and '979 patents are invalid due to public use; that the '890, '552, '135, '579, '561, '044, and '615 patents are not invalid, are enforceable, and are infringed; and that there is a domestic industry involving the patents in issue. Thus, he found a violation of section 337 of the Tariff Act of 1930, as amended.

On December 15, 2006, Ford and the Respondents filed petitions for review. Ford sought review of the ALJ's finding that the '119, '912 and '979 patents are invalid as anticipated. The Respondents petitioned for review of the ALJ's findings that patents '890, '552, '579, '135, '615, '561, and '044 were not anticipated, obvious, or unenforceable and that none of the ten patents at issue were unenforceable for inequitable conduct, and of Orders No. 7 and 12, in which the ALJ denied certain affirmative defenses. The Office of Unfair Import Investigations opposed both petitions for review. On December 15, 2006, all parties filed responses to the petitions for review.

On December 26, 2006, the Commission determined to extend the deadline for determining whether to review the ALJ's ID by 60 days to March 20, 2007, and to extend the target date for completion of the investigation by 60 days to May 4, 2007.

On March 20, 2007, the Commission issued a notice of its decision not to review the ID. The notice indicated that the Commission sought comments from the parties to the investigation, interested government agencies, and any other interested parties on the issues of remedy, the public interest, and bonding.

On March 30, 2007, the Commission received comments from Ford, the Respondents, the IA, and from interested parties including Public Citizen Inc., the Center for Auto Safety, the Automotive Aftermarket Association, the National Association of Mutual Insurance Companies, and Property Casualty Insurers Association of America. Reply submissions were received from the National Automobile Dealers Association and the Alliance of Automobile Manufacturers.

On May 1, 2007, the respondents petitioned for reconsideration of the Commission's determination not to review the ALJ's finding in his final ID that the seven remaining design patents at issue were not invalid for obviousness based on a recent Supreme Court decision, *KSR Int'l Co. v. Teleflex Inc.*, 530 U.S. ____ (2007). On May 4, the Commission determined to waive the deadline for filing a petition for reconsideration and to extend the target date in the investigation to June 6, 2007 in order to consider respondents' petition for reconsideration. On May 9, 2007 and May 11, 2007, respectively, the IA and the complainant filed briefs in opposition to the respondents' petition. And on May 16, 2007, the respondents filed a motion for leave to supplement their petition for reconsideration.

Having examined the relevant portions of the record in this investigation, including the ALJ's ID and Recommended Determination (RD), the patents-at-issue, respondents' petition for reconsideration, responses thereto, and the written submissions on remedy, the public interest, and bonding, the Commission has made determinations regarding the issues remaining in the investigation. Particularly, the Commission has determined to deny respondents' petition for reconsideration and their motion for

leave to supplement their petition. Further, the Commission has determined to issue a general exclusion order prohibiting unlicensed entry for consumption of certain automotive parts that infringe the claim of the '890, '552, '579, '135, '615, '561, and '044 patents. In so doing, the Commission determined that the public interest factors enumerated in section 337(d) do not preclude the issuance of the aforementioned remedial order and that the bond during the period of Presidential review shall be 100 percent of the entered value of the articles in question. The Commission's order was delivered to the United States Trade Representative on the day of its issuance.

This action is taken under the authority of section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337(d)(2)), and sections 210.41, 210.48, and 210.50 of the Commission's Rules of Practice and Procedure, (19 C.F.R. §§ 210.41, 210.48, and 210.50).

By order of the Commission.



Marilyn R. Abbott
Secretary to the Commission

Issued: June 6, 2007

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

CERTAIN AUTOMOTIVE PARTS

Inv. No. 337-TA-557

GENERAL EXCLUSION ORDER

The Commission has determined that there is a violation of section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337) in the unlawful importation and sale of certain automotive parts that infringe the following design patents:

1. D496,890 (“the ‘890 patent”) covering a vehicle grille;
2. D493,552 (“the ‘552 patent’) covering a vehicle head lamp;
3. D503,135 (“the ‘135 patent”) covering a bumper lower valance;
4. D497,579 (“the ‘579 patent”) covering a bumper lower valance;
5. D496,615 (“the ‘615 patent”) covering a vehicle side view mirror;
6. D502,561 (“the ‘561 patent’) covering a vehicle tail lamp; and
7. D492,044 (“the ‘044 patent”) covering a vehicle tail lamp.

Having reviewed the record in this investigation, including the written submissions of the parties, the Commission has made its determination on the issues of remedy, the public interest, and bonding. The Commission has determined that a general exclusion from entry for consumption is necessary to prevent circumvention of an exclusion order limited to products of named persons and because there is a pattern of violation of section 337. Accordingly, the Commission has determined to issue a general exclusion order prohibiting the unlicensed importation of infringing automotive parts.

The Commission has further determined that the public interest factors enumerated in 19 U.S.C. § 1337(d) do not preclude issuance of the general exclusion order, and that the bond during the Presidential review period shall be in the amount of 100 percent of the entered value of the articles in

question.

Accordingly, the Commission hereby **ORDERS** that:

1. Motor vehicle grilles covered by the '890 patent are excluded from entry into the United States for consumption, entry for consumption from a foreign trade zone, or withdrawal from a warehouse for consumption, for the remaining term of the patent, except under license of the patent owner or as provided by law.

2. Vehicle head lamps covered by the '552 patent are excluded from entry into the United States for consumption, entry for consumption from a foreign trade zone, or withdrawal from a warehouse for consumption, for the remaining term of the patent, except under license of the patent owner or as provided by law.

3. Lower bumper valances covered by the '135 patent are excluded from entry into the United States for consumption, entry for consumption from a foreign trade zone, or withdrawal from a warehouse for consumption, for the remaining term of the patent, except under license of the patent owner or as provided by law.

4. Lower bumper valances covered by the '579 patent are excluded from entry into the United States for consumption, entry for consumption from a foreign trade zone, or withdrawal from a warehouse for consumption, for the remaining term of the patent, except under license of the patent owner or as provided by law.

5. Vehicle side view mirrors covered by the '615 patent are excluded from entry into the United States for consumption, entry for consumption from a foreign trade zone, or withdrawal from a warehouse for consumption, for the remaining term of the patent, except under license of the patent owner or as provided by law.

6. Vehicle tail lamps covered by the '561 patent are excluded from entry into the United States for consumption, entry for consumption from a foreign trade zone, or withdrawal from a warehouse for consumption, for the remaining term of the patent, except under license of the patent owner or as

provided by law.

7. Vehicle tail lamps covered by the '044 patent are excluded from entry into the United States for consumption, entry for consumption from a foreign trade zone, or withdrawal from a warehouse for consumption, for the remaining term of the patent, except under license of the patent owner or as provided by law.

8. Notwithstanding paragraphs 1 through 7 of this Order, the aforesaid automotive parts are entitled to entry into the United States for consumption, entry for consumption from a foreign trade zone, or withdrawal from a warehouse for consumption, under bond in the amount of 100 percent of entered value pursuant to subsection (j) of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337(j)), from the day after this Order is received by the United States Trade Representative as delegated by the President, 70 Fed. Reg. 43251 (July 21, 2005), until such time as the United States Trade Representative notifies the Commission that this Order is approved or disapproved but, in any event, not later than 60 days after the date of receipt of this Order.

9. At the discretion of U.S. Customs and Border Protection ("CBP") and pursuant to procedures it establishes, persons seeking to import automotive parts that are potentially subject to this Order may be required to certify that they are familiar with the terms of this Order, that they have made appropriate inquiry, and thereupon state that, to the best of their knowledge and belief, the products being imported are not excluded from entry under paragraphs 1 through 7 of this Order. At its discretion, CBP may require persons who have provided the certification described in this paragraph to furnish such records or analyses as are necessary to substantiate the certification.

10. In accordance with 19 U.S.C. § 1337(l), the provisions of this Order shall not apply to automotive parts that are imported by and for the use of the United States, or imported for, and to be used for, the United States with the authorization or consent of the Government.

11. The Commission may modify this Order in accordance with the procedures described in section 210.76 of the Commission's Rules of Practice and Procedure (19 C.F.R. § 210.76).

12. The Secretary shall serve copies of this Order upon each party of record in this investigation and upon the Department of Health and Human Services, the Department of Justice, the Federal Trade Commission, and the Bureau of Customs and Border Protection.

13. Notice of this Order shall be published in the *Federal Register*.

By Order of the Commission.



Marilyn R. Abbott
Secretary

Issued: June 6, 2007

CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached Notice of Final Determination has been served by hand upon the Commission Investigative Attorney, Juan Cockburn, Esq., and the following parties as indicated, on June 6, 2007.

Marilyn R. Abbott

Marilyn R. Abbott, Secretary
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**UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436**

In the Matter of

CERTAIN AUTOMOTIVE PARTS

Inv. No. 337-TA-557

COMMISSION OPINION

I. BACKGROUND

The Commission instituted this investigation on January 4, 2006, based on a complaint filed by Ford Global Technologies, LLC (“Ford”) of Dearborn, Michigan. 71 *Fed. Reg.* 364. The complaint, as amended and supplemented, alleged violations of section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337)(“section 337”) in the importation into the United States, sale for importation, and sale within the United States after importation of certain automotive parts by reason of infringement of U.S. Design Patent Nos. D496,890 (“the ‘890 patent”), D493,552 (“the ‘552 patent”), D497,579 (“the ‘579 patent”), D503,135 (“the ‘135 patent”), D496,615 (“the ‘615 patent”), D502,561 (“the ‘561 patent”), D492,044 (“the ‘044 patent”), D491,119 (“the ‘119 patent”), D503,912 (“the ‘912 patent”) and D495,979 (“the ‘979 patent”). The complaint further alleged that an industry in the United States exists as required by subsection (a)(2) of section 337.

The complaint named the following as respondents: Keystone Automotive Industries, Inc. of Pomona, California; U.S. Autoparts Network, Inc. of Carson, California; Gordon Auto Body Parts Co., Ltd. of Taiwan; Y.C.C. Parts Manufacturing Co., Ltd. of Taiwan; TYC Brother Industrial Co., Ltd. of Taiwan; and Depo Auto Parts Ind. Co., Ltd. of Taiwan (collectively, the “Respondents”). The investigation was assigned to the presiding administrative law judge (“ALJ”), Judge Paul J. Luckern. An amended complaint was filed on December 12, 2005, and a supplemental letter was filed on December

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22, 2005.

On May 25, 2006, the ALJ issued Order No. 7, which granted Ford's Motion Nos. 557-3, 557-4, 557-5, and 557-10 and thereby struck Respondents' defenses of patent exhaustion, permissible repair, license, and patent misuse. The ALJ issued Order No. 8 on July 18, 2006, which was an Initial Determination ("ID") terminating the investigation as to the '801, '685, '299, and '658 patents. On August 2, 2006, the ALJ issued Order No. 12, granting Ford's Motion No. 557-15 to strike respondents' defense that the asserted patents do not comply with the ornamentality requirements of 35 U.S.C. Section 171. The Commission on August 3, 2006 determined not to review Order No. 8, thereby granting partial termination of this investigation as to the '801, '685, '299, and '658 patents and issued Order No. 16, granting Respondents' Motion No. 557-18 to amend their response to add the affirmative defense of inequitable conduct.

On December 4, 2006, the ALJ issued his final ID, finding that the '119, '912, and '979 patents are invalid due to public use; that the '890, '552, '135, '579, '561, '044, and '615 patents are not invalid, are enforceable, and are infringed; and that there is a domestic industry involving the patents in issue. Thus, he found a violation of section 337 as to the latter group of patents. The ALJ also issued a Recommended Determination ("RD") with respect to remedy and bonding. He recommended that if the Commission finds a violation, a general exclusion order should issue against those accused products found to infringe the seven valid patents, and that a bond of 200 percent should be imposed during the period of Presidential review. ID at 187, 189.

On December 15, 2006, Ford and the Respondents filed petitions for review. Ford sought review of the ALJ's finding that the '119, '912, and '979 patents are invalid as anticipated. The Respondents petitioned for review of the ALJ's findings that patents '890, '552, '579, '135, '615, '561, and '044 are

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not anticipated, obvious, or unenforceable, and that none of the ten patents at issue are unenforceable for inequitable conduct, and of Orders No. 7 and 12, in which the ALJ denied certain affirmative defenses. The Commission investigative attorney ("IA") opposed both petitions for review. On December 15, 2006, all parties filed responses to the petitions for review.

On March 20, 2007, the Commission issued a notice of its decision not to review the ID. The notice indicated that the Commission sought comments from the parties to the investigation, interested government agencies, and any other interested parties on the issues of remedy, the public interest, and bonding. The Commission received comments on March 30, 2007 from Ford, the Respondents, the IA, and from interested parties including Public Citizen Inc., the Center for Auto Safety, the Automotive Aftermarket Association, the National Association of Mutual Insurance Companies, and Property Casualty Insurers Association of America (the "Interested Parties"). Reply submissions were received from the National Automobile Dealers Association and the Alliance of Automobile Manufacturers.

On May 1, 2007, the Commission received a petition from the Respondents requesting that in light of the Supreme Court's decision on April 30, 2007 in *KSR International Co. v. Teleflex Inc.*, 530 U.S. ____ (2007) ("*KSR*"), the Commission reconsider its determination not to review the ALJ's final ID finding that certain design patents were not obvious and therefore not invalid. In *KSR*, the Supreme Court rejected the Federal Circuit's application of the teaching, suggestion, and motivation to combine ("TSM") test for obviousness, finding it too rigid, formalistic and excessively reliant on published articles and issue patents. Instead, said the Court, "a court must ask whether the improvement is more than the predictable use of prior art elements according to their established functions." *KSR* at 13.

On May 4, 2007, the Commission determined to waive the deadline for filing a petition for reconsideration and to extend the target date in the investigation to June 6, 2007, in order to consider

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respondents' petition for reconsideration. On May 9, 2007 and May 11, 2007, respectively, the IA and the complainant filed briefs in opposition to the respondents' petition.

DISCUSSION

II. RESPONDENTS' MOTION FOR RECONSIDERATION

A. Introduction

The Respondents' May 1, 2007, petition requests that the Commission reconsider its decision not to review the final ID in light of the Supreme Court's decision in *KSR*, arguing that the Supreme Court's decision warrants reconsideration of the Commission's adoption of the ALJ's finding that none of the design patents remaining in the investigation are invalid due to obviousness.¹ The Respondents contend that the legal framework for considering obviousness of all patents, including design patents, has been altered by the *KSR* ruling and that the ALJ relied on the same rigid analysis that the Supreme Court deemed improper in *KSR*. *Id.* at 2-3.

As discussed in greater detail below, we find that the arguments contained in the Respondents' petition are without merit, and decline to reconsider our determination not to review the ALJ's final ID in this case. We have also determined to deny the Respondents' motion to supplement their petition.

B. The ALJ's Invalidity Analysis

The ALJ determined that three of the ten originally asserted patents were invalid as anticipated based on a public use.² He determined that the other seven design patents; *viz.*, the '044 patent, the '552 patent, the '615 patent, the '890 patent, the '579 patent, the '561 patent, and the '135 patent were not invalid for obviousness. In making his determination on obviousness, the ALJ construed the claims of

¹ See Respondents' Petition for Reconsideration at 2 ("Resp.Pet.Rec.").

²The ALJ found that the presentation of Ford vehicle designs at an auto industry event in Houston in December 2000 was a 35 U.S.C. § 102(b) public use.

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the design patents by providing verbal descriptions of each of the seven design patent claims and then reviewed the relevant case precedent regarding the standards for obviousness used to assess design patents. See ID at 51-81. The ALJ cited design patent cases that: 1) applied the *Graham v. John Deere Co.*, 383 U.S. 1, 15-18 (1966) factors relating to obviousness,³ 2) stated that modifications to a prior art design to render a claimed design obvious must be “*de minimis*” in nature and unrelated to the overall aesthetic appearance (visual impression) of the design, 3) stated that the differences, rather than the similarities, matter when determining obviousness and that these differences can foreclose a finding of obviousness where the field of prior art is crowded with similar types of design, and 4) stated that claim interpretation should be based on the ornamental features illustrated by all of the figures (drawings) of the design patent, and that invalidity cannot be established by comparing only one figure of a multi-figure design patent.⁴

Applying this precedent including the *Graham* obviousness factors, the ALJ compared each design patent to the relevant cited references asserted by the Respondents to ascertain whether one of ordinary skill would find that the cited references suggest the overall visual impression of the claimed design. *Id.* at 85-143. After reviewing the expert testimony, he determined that one of ordinary skill in the art would not find the claimed overall visual impression to be obvious in light of the cited references.

³In *Graham*, the Supreme Court set out an objective analysis for applying the statutory language of § 103 to determine obviousness, which included: 1) determining the scope and content of the prior art, 2) resolving the level of ordinary skill in the pertinent art, 3) ascertaining the differences between the prior art and the claims at issue, 4) using secondary considerations which include commercial success, copying, long felt but unsolved needs, failure of others, etc. 383 U.S. 1, 17-18.

⁴*Id.* at 51, 71-78; *see also In re Harvey*, 12 F.3d 1061, 1064-66 (Fed. Cir. 1993); *Contessa Food Products, Inc. v. Conagra, Inc.*, 282 F.3d 1370, 1378 (Fed. Cir. 2002); *Door-Master Corp. v. Yorktowne, Inc.*, 256 F.3d 1308, 1311-12 (Fed. Cir. 2001); *In re Carter*, 673 F.2d 1378, 1380 (CCPA 1982); *Avia Group Int'l, Inc. v. L.A. Gear Calif., Inc.*, 853 F.2d 1557, 1564 (Fed. Cir. 1988); *Litton Systems*, 728 F.2d at 1444.

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For each patented design the ALJ found that secondary indicia of non-obviousness were present, including copying and commercial success. *Id.* Further, *inter alia*, he found that the lack of testimony from the Respondents' expert witness regarding the overall visual impression and the prior art designs, including whether the overall appearance of each patent design would have been suggested to an ordinary designer from the prior art, weighed against any finding of invalidity. *Id.* at 109. Based on his findings, the ALJ found that the Respondents had not established, by clear and convincing evidence, that any of the remaining patents at issue were invalid.

In our view, the ALJ's finding that the Respondents had failed to prove that the seven patents at issue are not invalid is based firmly on precedent that was not repudiated by *KSR*, and we therefore decline to reconsider our previous adoption of that finding. The ALJ's decision was not based on a lack of an explicit suggestion to combine prior art references, which was the key issue in *KSR*. Rather, the ALJ properly stated that a design patent claims an overall visual impression that must be suggested by the prior art to prove that the patent is obvious. Further, he noted that this overall visual impression is illustrated by all of the figures of the claimed design and a showing of obviousness as to all of the figures of the design is required by *Door-Master*. As the ALJ stated throughout his obviousness analysis, the Respondents simply failed to meet their burden to establish design patent obviousness by clear and convincing evidence. This failure to provide sufficient evidence is not cured by recourse to the *KSR* decision. Additionally, *KSR* leaves untouched the *Graham* obviousness analysis, which the ALJ properly applied in his final ID. *See KSR*, 550 U.S. at 2 ("while the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.").

In our view, the ALJ applied a flexible TSM test as approved in *KSR* and the *Graham* analysis to the facts of the investigation, and correctly determined that the Respondents failed to meet their burden

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regarding obviousness. For each patent, the ALJ reviewed the prior art, noted the differences between the prior art and the construed design claims, and considered the capabilities of an ordinary designer in accordance with *Graham* and *KSR*. And for each patent, the ALJ found that the Respondents had failed to produce sufficient evidence. For instance, as noted by the ALJ, Respondents' expert did not testify that an ordinary designer could produce the claimed overall visual impression of Ford's patents. Further, the ALJ found that: 1) every figure of each patent was not compared with the prior art by the Respondents as required by *Door-Master*, and 2) each patent claims an overall visual impression within a crowded prior art field, a finding that weighs in favor of the patentee in determining whether a claimed design is obvious. See *Harvey*, 12 F.3d at 1064-66. Finally, the ALJ found that the *Graham* secondary considerations had been satisfied because each patent had been commercialized by Ford and copied by the Respondents.⁵ Therefore, we believe that the ALJ's obvious analysis is wholly consistent with *KSR*.

We deny the Respondents' petition for reconsideration of our determination not to review the ALJ's finding of no invalidity as to the seven remaining design patents at issue in the investigation. Finally, we have determined to deny Respondents' motion for leave to supplement their petition. There is nothing in this particular submission that compels us to deviate from our usual practice of denying such motions.

III. CERTAIN OTHER LEGAL ISSUES RAISED BY RESPONDENTS

A. ALJ's Application of "Substantially the Same" Standard

The Respondents have argued that the ALJ in his ID erroneously applied a new, more stringent

⁵ The *Graham* secondary indicia of nonobviousness include commercial success, copying by others, failure of others, long felt but unsolved needs, etc. See *Graham*, 383 U.S. at 17-18.

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“identity” standard for design patent anticipation.⁶ As discussed in greater detail below, we find the Respondents’ argument to be without merit.

The primary basis for the Respondents’ assertion of error is the ALJ’s use of the terms “identical in all material respects” and “substantially identical” in applying the ordinary observer test to certain of the design patents at issue. See, ID at 121-23. The Respondents contend that the ALJ’s use of these terms reflects the application of an improperly “rigid” identity standard.⁷ We disagree. The ALJ, in fact, applied the correct legal standard to each of the seven design patents at issue, consistent with longstanding Supreme Court and Federal Circuit jurisprudence. The ALJ expressly relied on *Gorham Mfg. v. White*, in which the Supreme Court established that two designs are substantially the same if an ordinary observer, giving such attention that a purchaser usually gives, would be induced to purchase an article having one design supposing it to be the other. *Id.* at 61-62, quoting *Gorham Mfg. v. White*, 81 U.S. 511, 528 (1871). The ALJ also correctly noted that “slight variances in configuration, if insufficient to change the effect upon the eye, will not destroy the substantial identity” and that to anticipate a design patent, the prior art must be “identical in all material respects.” ID at 62, quoting *Gorham* at 526-7 and *Hupp v. Siroflex of Am. Inc.*, 122 F.3d 1456, 1461 (Fed.Cir. 1997). The ALJ’s shorthand references to the standard, which he fully explicated elsewhere in the ID, do not indicate that the ALJ departed from that standard.

While the Respondents may wish to substitute their subjective judgment for that of the ALJ as to whether the patented designs are substantially similar to the prior art, such a difference of opinion does not represent legal error. The Commission has previously determined not to review an ID in which the

⁶ Respondent Petition for Review (“Resp.Pet.Rev”) at 30-31.

⁷ Resp. Pet. Rev. at 41.

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ALJ, as he did in this case, found that he could fill the role of the ordinary observer based on his own visual comparison. *Certain Two-Handle Centerset Faucets, and Escutcheons and Components Thereof*, 337-TA-422, ID at 8, 18 (March 17, 2000), non-review (June 19, 2000) (Publication 3332 (July 2000)).

We determine that the ALJ in this case identified and applied the correct legal standard for design patent anticipation, and find no legal error in the factual findings he made in his role as the ordinary observer.

B. The ALJ's Infringement Determination

The Respondents contend that the ALJ erroneously omitted a “points of novelty analysis” in reaching his finding of design patent infringement by the copied parts.⁸ While Respondents did admit copying, they disputed infringement on grounds of no points of novelty.

To the extent that a points of novelty analysis is required in cases of admitted copying, the Commission finds that the ALJ conducted such an analysis. In making his determination of validity, the ALJ conducted a lengthy and detailed comparison of the prior art and the claimed designs. *See* ID at 57-142. In that context he identified specific features, individually and in combination, of the claimed designs that were not present in the prior art.⁹ While the ALJ did not expressly characterize this examination in the validity context as also constituting the second prong of his infringement analysis, we

⁸ Resp. Pet. Rev. at 108.

⁹ For example, with respect to the ‘552 patent for a headlamp design, the ALJ identified numerous specific ways in which the claimed design differed from the main prior art reference raised by respondents (the P221 design), including differences with respect to “three horizontal bars that are placed in a vertical stack having the thickness roughly equal to the spacing between the bars and with increasing length moving up the stack”; “the shape and placement of the dominant and subdominant lamps and the location of the contoured marker”; and whether the side marker lamp “sit[s] on the plateau of the cylinder that defines the dominant lamp”, is “roughly 2/3 the overall height of the dominant lamp”, and “follows the curve of the cylinder into which the dominant lamp is set.” ID at 87-88. Moreover, the ALJ cited respondents’ expert’s testimony that various combinations of prior art references produced a different visual appearance than the design of the ‘552 patent. ID at 97-98.

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find that his identification of points of novelty under validity is equally applicable to his infringement analysis because the tests are identical in both contexts.

IV. Remedy

Having found a violation of section 337, we must consider the issues of remedy, the public interest, and bonding. 19 U.S.C. §§ 1337(d) and (f). The Commission has broad discretion in selecting the form, scope, and extent of the remedy in a section 337 proceeding, and judicial review of its choice of remedy is governed by the abuse of discretion standard. *Fuji Photo Film Co. v. United States Int'l Trade Comm'n*, 386 F.3d 1095, 1106-1107 (Fed. Cir. 2004). The Commission has noted that the criteria of section 337(d)(2) "do not differ significantly" from the factors in *Certain Airless Paint Spray Pumps and Components Thereof*, Inv. 337-TA-90, USITC Pub. 1199, 216 U.S.P.Q. 465 (USITC 1981) ("*Spray Pumps*"). *Certain Neodymium-Iron-Boron Magnets, Magnet Alloys, and Articles Containing Same*, Inv. No. 337-TA-372, USITC Pub. 2694 (May 1996), Comm'n Op. at 5 ("*Neodymium Magnets*"). In *Spray Pumps*, the Commission held that a complainant seeking a general exclusion order must show both (1) a widespread pattern of unauthorized use of its patented invention and (2) certain business conditions from which one might reasonably infer that foreign manufacturers other than the respondents to the investigation may attempt to enter the U.S. market with infringing articles. *Spray Pumps*, 216 U.S.P.Q. 465, 473.

Both Ford and the IA agree that a general exclusion order should issue. Citing the relevant findings of the ALJ, Ford and the IA agree that there is a widespread pattern of unauthorized use of the patented invention and that certain business conditions exist from which one might reasonably infer that foreign manufacturers other than the respondents may attempt to enter the U.S. market with infringing

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goods.¹⁰ The Respondents, while asserting that Ford has presented no evidence that a general exclusion order is needed to prevent circumvention of an exclusion order limited to products of the named respondents, take no position on whether there is sufficient evidence to support a general exclusion order.¹¹

We determine to issue a general exclusion order excluding automotive parts that infringe the valid patents at issue. We agree with the ALJ and the parties that the requirements for the issuance of a general exclusion order have been met. As to the widespread pattern of unauthorized use criterion, the record indicates that unauthorized uses occurred in the importation and sale of infringing products manufactured or imported by the Respondents. As to the certain business conditions criteria, the record shows an established U.S. market for goods practicing the patents in issue, and the availability of U.S. marketing and distribution networks for such goods.¹² Moreover, the ALJ found that there is evidence that numerous Taiwanese manufacturers of replacement automotive parts exist and that many of these could retool their facilities to enter the U.S. market for the accused parts.¹³ Accordingly, we find that all the elements of section 337(d)(2) are satisfied, and that a general exclusion order should issue.

We have determined, however, not to issue a cease and desist order. Ford in its pre- and post-hearing submissions failed to provide either an explanation or point to record evidence that would justify issuance of a cease and desist order. Ford, moreover, concedes it did not connect any evidence

¹⁰ Ford's Comments on Remedy, Bonding and the Public Interest ("Ford Comments") at 1, 2; IA's Comments on Remedy, Bonding and the Public Interest ("IA Comments") at 9.

¹¹ Respondents' Comments on Remedy, Bonding and the Public Interest ("Respondents' Comments") at 5.

¹² ID at 183.

¹³ ID at 187.

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specifically to a cease and desist order in its submissions.¹⁴ Because the complainant bears the burden of making such a showing, and because Ford's request for a cease and desist order is not timely, we find that a cease and desist order is not appropriate.

V. The Public Interest

Section 337(d) and (f) direct the Commission to consider public interest factors before issuing remedial orders, including the effect of any such remedial order on the "public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers." 19 U.S.C. §§ 1337(d) and (f). In this investigation, we determine that there is no evidence that the entry of permanent relief would adversely affect the public interest factors enumerated in the statute.

The Respondents and Interested Parties have each made arguments to the effect that the exclusion of the non-original equipment manufacturer ("OEM") replacement parts at issue in this case would be harmful to competitive conditions in the United States and could lead to higher prices for U.S. consumers. The Commission, however, has broad discretion to make findings with respect to the public interest, and the record evidence here does not clearly support the Respondents' and Interested Parties' accounts of what would transpire in the United States automotive replacement parts market if the non-OEM parts at issue were excluded. In particular, the record contains evidence suggesting alternative, non-infringing sources of the parts at issue here.¹⁵ The Commission, moreover, has previously found that evidence that an exclusion order could lead to higher prices is not dispositive of the public interest (see, *Certain Crystalline Cefadroxil Monohydrate*, Inv. No. 337-TA-293 (January 1990), Comm'n Opinion at

¹⁴ Ford Post-Hearing Statement at 107; Ford Comments at 3.

¹⁵ See, Motion Docket 557-15.

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6, finding that the public interest does not require low drug prices). Consequently, we find that the record does not support a finding that issuance of a general exclusion order is precluded by consideration of the public interest factors set out in section 337(d).

VI. Respondents' Bond

Section 337(j) provides for the entry of infringing articles during the sixty (60) day Presidential review period upon posting of a bond, and states that the bond should be set at a level sufficient to "protect complainant from any injury" during the period of Presidential review. 19 U.S.C. § 1337(j); *see* also Commission Rule 210.50(a)(3), 19 C.F.R. § 210.50(a)(3).

The ALJ recommended, and Ford supports, a bond of 200 percent of the entered value of the imported product. The IA opposes Ford's request for the imposition of a bond in the amount of 200 percent, contending that a 200 percent bond would be punitive, given evidence before the ALJ that the respondents' prices were approximately half that of Ford's, such that a 100 percent bond would be sufficient to equalize prices.¹⁶ The Respondents question the reliability of the record evidence provided by Ford to calculate the amount of the bond – internet printouts of price lists from a web site – and argue that the internet printouts were neither introduced at trial nor authenticated and therefore do not constitute reliable evidence of Ford parts pricing that would permit the calculation of price differentials.¹⁷

The Commission finds that the pricing information provided in the course of the remedy phase of this proceeding is insufficient to permit the Commission to determine whether the pricing information provided by the Complainant for OEM and non-OEM parts is in fact comparable. Where it is difficult or impossible to calculate a bond based upon price differentials, as it is here, the Commission has

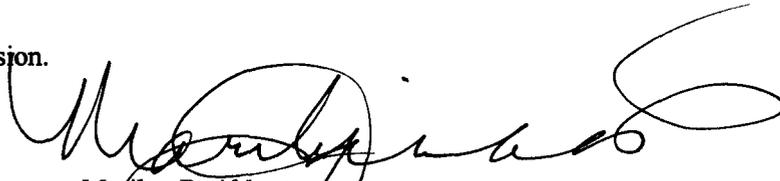
¹⁶ IA Comments at 7-8.

¹⁷ Respondents' Comments. at 6-7.

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traditionally set the bond at 100 percent of entered value of the infringing imported product. *See Certain Oscillating Sprinklers, Sprinkler Components, and Nozzles*, Inv. No. 337-TA-448, Limited Exclusion Order at 4 (March 2002). Accordingly, we determine to set the bond at 100 percent of the entered value of infringing automotive parts to prevent any harm to Ford during the period of Presidential review.

By Order of the Commission.



Marilyn R. Abbott
Secretary to the Commission

Issued: July 5, 2007

CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached COMMISSION OPINION has been re-served by hand upon the Commission Investigative Attorney Juan Cockburn, Esq., and the following parties as indicated, on July 11, 2007.



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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

CERTAIN AUTOMOTIVE PARTS

Investigation No. 337-TA-557

**NOTICE OF COMMISSION DETERMINATION NOT TO REVIEW A FINAL
DETERMINATION OF VIOLATION OF SECTION 337; SCHEDULE FOR FILING
WRITTEN SUBMISSIONS ON REMEDY, PUBLIC INTEREST, AND BONDING**

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review the final initial determination ("ID") issued by the presiding administrative law judge ("ALJ") on December 4, 2006, regarding whether there is a violation of section 337 of the Tariff Act of 1930, 19 U.S.C. § 1337, in the above-captioned investigation.

FOR FURTHER INFORMATION CONTACT: Jonathan Engler, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-3112. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at <http://www.usitc.gov>. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on January 4, 2006, based on a complaint filed by Ford Global Technologies, LLC ("Ford") of Dearborn, Michigan. An amended complaint was filed on December 12, 2005, and a supplemental letter was filed on December 22, 2005. The amended complaint, as supplemented, alleges violations of section 337 in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain automotive parts by

reason of infringement of U.S. Design Patent Nos. D496,890 (“the ‘890 patent”), D493,552 (“the ‘552 patent”), D497,579 (“the ‘579 patent”), D503,135 (“the ‘135 patent”), D496,615 (“the ‘615 patent”), D502,561 (“the ‘561 patent”), D492,044 (“the ‘044 patent”), D491,119 (“the ‘119 patent”), D503,912 (“the ‘912 patent”) and D495,979 (“the ‘979 patent”). The complaint named the following as respondents: Keystone Automotive Industries, Inc. of Pomona, California; U.S. Autoparts Network, Inc. of Carson, California; Gordon Auto Body Parts Co., Ltd. of Taiwan; Y.C.C. Parts Manufacturing Co., Ltd. of Taiwan; TYC Brother Industrial Co., Ltd. of Taiwan; and Depo Auto Parts Ind. Co., Ltd. of Taiwan (collectively "the Respondents"). The complaint further alleged that an industry in the United States exists as required by subsection (a)(2) of section 337. On August 3, 2006, the Commission issued a notice not to review an ID granting partial termination of this investigation as to the ‘801, ‘685, ‘299, ‘658 patents.

On December 4, 2006, the ALJ issued the final ID, finding that the ‘119, ‘912, and ‘979 patents are invalid due to public use; that the ‘890, ‘552, ‘135, ‘579, ‘561, ‘044, and ‘615 patents are not invalid, are enforceable, and are infringed; and that there is a domestic industry involving the patents in issue. Thus, he found a violation of section 337 of the Tariff Act of 1930, as amended.

On December 15, 2006, Ford and the Respondents filed petitions for review. Ford sought review of the ALJ's finding that the ‘119, ‘912 and ‘979 patents are invalid as anticipated. The Respondents petitioned for review of the ALJ's findings that patents ‘890, ‘552, ‘579, ‘135, ‘615, ‘561, and ‘044 were not anticipated, obvious or unenforceable, and of Orders No. 7 and 12, in which the ALJ denied certain affirmative defenses. The Office of Unfair Import Investigations opposed both petitions for review. On December 15, 2006, all parties filed responses to the petitions for review.

On December 26, 2006, the Commission determined to extend the deadline for determining whether to review the ALJ's ID by 60 days to March 20, 2007, and to extend the target date for completion of the investigation by 60 days to May 4, 2007.

Having examined the record of this investigation, including the ALJ's final ID and the submissions of the parties, the Commission has determined not to review the final ID.

In connection with the final disposition of this investigation, the Commission may (1) issue an order that could result in the exclusion of the subject articles from entry into the United States, and/or (2) issue one or more cease and desist orders that could result in the respondent being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. Accordingly, the Commission is interested in receiving written submissions that address the form of remedy, if any, that should be ordered. If a party seeks exclusion of an article from entry into the United States for purposes other than entry for consumption, the party should so indicate and provide information establishing that activities involving other types of entry either are adversely affecting it or likely to do so. For background, *see In the Matter of Certain*

Devices for Connecting Computers via Telephone Lines, Inv. No. 337-TA-360, USITC Pub. No. 2843 (December 1994) (Commission Opinion).

If the Commission contemplates some form of remedy, it must consider the effects of that remedy upon the public interest. The factors the Commission will consider include the effect that an exclusion order and/or cease and desist orders would have on (1) the public health and welfare, (2) competitive conditions in the U.S. economy, (3) U.S. production of articles that are like or directly competitive with those that are subject to investigation, and (4) U.S. consumers. The Commission is therefore interested in receiving written submissions that address the aforementioned public interest factors in the context of this investigation.

If the Commission orders some form of remedy, the U.S. Trade Representative, as delegated by the President, has 60 days to approve or disapprove the Commission's action. *See* Presidential Memorandum of July 21, 2005. 70 *Fed. Reg.* 43251 (July 26, 2005). During this period, the subject articles would be entitled to enter the United States under bond, in an amount determined by the Commission and prescribed by the Secretary of the Treasury. The Commission is therefore interested in receiving submissions concerning the amount of the bond that should be imposed if a remedy is ordered.

WRITTEN SUBMISSIONS: The Commission does not wish to receive further written submissions on the issue of violation. However, parties to the investigation, interested government agencies, and any other interested parties are encouraged to file written submissions on the issues of remedy, the public interest, and bonding. Such submissions should be no more than twenty-five (25) pages and should address the recommended determination by the ALJ on remedy and bonding. Complainants and the Commission investigative attorney are also requested to submit proposed remedial orders for the Commission's consideration. Complainants are also requested to state the dates that the patents expire and the HTSUS numbers under which the accused products are imported. The written submissions and proposed remedial orders must be filed no later than close of business on March 30, 2007. Reply submissions must be filed no later than the close of business on April 6, 2007. No further submissions on these issues will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file the original document and 12 true copies thereof on or before the deadlines stated above with the Office of the Secretary. Any person desiring to submit a document to the Commission in confidence must request confidential treatment unless the information has already been granted such treatment during the proceedings. All such requests should be directed to the Secretary of the Commission and must include a full statement of the reasons why the Commission should grant such treatment. *See* 19 C.F.R. § 210.6. Documents for which confidential treatment by the Commission is sought will be treated accordingly. All nonconfidential written submissions will be available for public inspection at the Office of the Secretary.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), and in section 210.42-46 of the Commission's Rules of Practice and Procedure (19 C.F.R. § 210.42-46).

By order of the Commission.

A handwritten signature in black ink, appearing to read "Marilyn R. Abbott". The signature is fluid and cursive, with a large loop at the end.

Marilyn R. Abbott
Secretary to the Commission

Issued: March 20, 2007

CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **NOTICE OF COMMISSION DETERMINATION NOT TO REVIEW A FINAL DETERMINATION OF VIOLATION OF SECTION 337; SCHEDULE FOR FILING WRITTEN SUBMISSIONS ON REMEDY, PUBLIC INTEREST, AND BONDING** has been served on upon the Commission Investigative Attorney, Juan Cockburn, Esq., and all parties via first class mail and air mail where necessary on March 21, 2007.


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PUBLIC VERSION

**UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.**

In the Matter of)

CERTAIN AUTOMOTIVE PARTS)

Investigation No. 337-TA-557

Final Initial and Recommended Determinations

This is the administrative law judge's Final Initial Determination, under Commission rule 210.42. The administrative law judge, after a review of the record developed, finds that there is jurisdiction; that Design Patent Nos. D491,119, D503,912 and D495,979 are invalid due to public use; that Design Patent Nos. D496,890, D493,552, D503,135, D497,579, D502,561, D492,044 and D496,615 are not invalid, are enforceable and are infringed; and that there is a domestic industry involving the patents in issue. Thus, he finds a violation of section 337 of the Tariff Act of 1930, as amended.

This is also the administrative law judge's Recommended Determination on remedy and bonding, pursuant to Commission rules 210.36(a) and 210.42(a)(1)(ii). Should the Commission find a violation, the administrative law judge recommends that the Commission issue a general exclusion order. He further recommends that any bond, during the Presidential review period, be in the amount of 200 percent of the entered import value of the infringing automotive parts.

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ABBREVIATIONS

CBr	Complainant's Post-hearing Brief
CSBr	Complainant's Supplement Regarding Request For General Exclusion Order
CFF	Complainant's Proposed Finding
CORFF	Complainant's Objection To Respondents' Proposed Finding
COSFF	Complainant's Objection To Staff's Proposed Finding
CRBr	Complainant's Response To Respondents' Post-hearing Brief
CRSBr	Complainant's Response To Staff's Post-hearing Brief
CRRFF	Complainant's Proposed Rebuttal Finding to Respondents' Proposed Finding
CRSFF	Complainant's Proposed Rebuttal Finding To Staff's Proposed Finding
CX	Complainant's Exhibit
JX	Joint Exhibit
RBr	Respondents' Post-hearing Brief
RX	Respondents' Exhibit
RFF	Respondents' Proposed Finding
ROSFF	Respondents' Objection To Staff's Proposed Finding
ROCF	Respondents' Objection To Complainant's Proposed Finding
RRCFF	Respondents' Proposed Rebuttal Finding To Complainant's Proposed Finding
RRSPFF	Respondents' Proposed Rebuttal Finding to Staff's Proposed Finding
RRBr	Respondents' Post-hearing Reply Brief
SBr	Staff's Post-hearing Brief

SRBr Staff's Post-hearing Reply Brief

SFF Staff's Proposed Finding

SRRFF Staff's Proposed Rebuttal Finding To Respondents' Proposed Finding

Tr. Transcript Of Pre-hearing Conference and Hearing

I. Procedural History

By notice, which issued on December 28, 2005 the Commission instituted an investigation, pursuant to subsection (b) of section 337 of the Tariff Act of 1930, as amended, to determine whether there is a violation of subsection (a)(1)(B) of section 337 in the importation into the United States, the sale for importation into the United States, or the sale within the United States after importation of certain automotive parts by reason of infringement of U.S. Design Patent Nos. D495,979 ('979 patent), D496,890 ('890 patent), D492,801 ('801 patent), D501,685 ('685 patent), D493,552 ('552 patent), D497,579 ('579 patent), D503,135 ('135 patent), D491,119 ('119 patent), D489,299 ('299 patent), D489,658 ('658 patent), D496,615 ('615 patent), D503,912 ('912 patent), D502,561 ('561 patent), or D492,044 ('044 patent), and whether an industry in the United States exists as required by subsection(a)(2) of section 337.

The complaint was filed with the Commission on December 6, 2005, under section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, on behalf of Ford Global Technologies, LLC (Ford) of Dearborn, Michigan. An amended complaint was filed on December 12, and a supplemental letter was filed on December 22. Complainant requested that the Commission institute an investigation and, after the investigation, issue a permanent general exclusion order and cease and desist orders.

The following were named in the notice of investigation as respondents and were served with the complaint:

Keystone Automotive Industries, Inc. (Keystone)
700 East Bonita
Pomona, California 91767

U.S. Autoparts Network, Inc. (U.S. Autoparts)
17150 S. Margay Avenue
Carson, California 90746

Gordon Auto Body Parts Co., Ltd. (Gordon)
No. 48, Nei-Shi Road
Lu Chu Hsiang
Taoyuan County, Taiwan 338

Y.C.C. Parts Manufacturing Co., Ltd. (YCC)
No. 21, Si Chou Road, Si Hai Village
Ta Yan Hsiang, Tao-yuan Hsien
Taiwan

TYC Brother Industrial Co., Ltd. (TYC)
72-2 Shin-leh Road
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Depo Auto Parts Ind. Co., Ltd. (Depo)
No. 20-3 Nan Shih Lane, Lu Kang
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Order No. 3, which issued on January 31, 2006, set a fourteen month target date of March 5, 2007, which meant that any final initial determination on violation should be filed no later than December 4, 2006.

Order No. 7, which issued on May 25, 2006, granted complainant's Motion Nos. 557-3, 557-4, 557-5 and 557-10 and thus struck respondents' defenses of patent exhaustion, permissible repair, license and patent misuse.

Order No. 8, which issued on July 18, 2006, was an initial determination terminating the investigation as to the '801 patent, '685 patent, '299 patent and '658 patent. On August 3, the Commission determined not to review Order No. 8.

Order No. 11, which issued on July 19, 2006, granted complainant's Motion No. 557-12 for summary determination that its domestic activities relating to the design patents in issue

satisfy the economic criteria of section 337(a)(3). The Commission determined not to review Order No. 11 in a notice dated October 30, 2006.

Order No. 12, which issued on August 2, 2006, granted complainant's Motion No. 557-15 to strike respondents' defense that the asserted patents do not comply with the ornamentality requirements of 35 U.S.C. §171.

Order No. 16, which issued on August 3, 2006, granted respondents' Motion No. 557-18 to amend their response to add the affirmative defense of inequitable conduct.

A pre-hearing conference was conducted on August 21, 2006, with the hearing also commencing on that date and continuing to August 25. All parties participated in the hearing. Moreover on August 23, 2006, complainant filed a supplement regarding its request for a general exclusion order which filing the administrative law judge had so allowed at the pre-hearing conference. Post-hearing submissions have been filed.¹

Order No. 19, which issued on September 29, 2006, ordered each of the respondents and the staff, with reference to the administrative law judge's claim interpretation and before he considers the infringement and validity issues, to state whether the administrative law judge's assumption that respondents and the staff do not want the administrative law judge to interpret the claims in issue as set forth in complainant's alleged point of novelty for each of the design patents in issue. Also the administrative law judge requested each of respondents and the staff to set forth the claim interpretation of each of the design patents in issue in words, based on the drawings of the respective design patent and without reference to any infringement or validity

¹ On September 14, 2006, complainant filed an unopposed motion to reopen the record to admit CPX-45 and CPX-46 into evidence. (Motion Docket No. 557-26.) Motion No. 557-26 is granted.

issue. Responses to Order No. 19 were received on October 6 from the respondents and the staff. On October 13, complainant responded to said responses.

The matter is now ready for a final decision.

The Final Initial and Recommended Determinations herein are based on the record compiled at the hearing and the exhibits admitted into evidence. The administrative law judge has also taken into account his observation of the witnesses who appeared before him during the hearing. Proposed findings of fact submitted by the parties not herein adopted, in the form submitted or in substance, are rejected as either not supported by the evidence or as involving immaterial matters and/or as irrelevant. Certain findings of fact included herein have references to supporting evidence in the record. Such references are intended to serve as guides to the testimony and exhibits supporting the finding of fact. They do not necessarily represent complete summaries of the evidence supporting said findings.

II. Jurisdiction

The administrative law judge finds that the complaint and notice of investigation state a cause of action under section 337 of the Tariff Act of 1930, as amended. Moreover, the importation requirement has been satisfied because each of the respondents has stipulated that it has imported certain of the accused products into the United States and sold them in the United States. See Order No. 10 which issued on July 18, 2006. Thus, the Commission has in rem jurisdiction over the subject matter of this investigation. See *Certain Automated Mechanical Transmission Systems for Medium-Duty and Heavy-Duty Trucks and Components Thereof*, Inv. No 337-TA-503, Final Initial and Recommended Determination at 4, Notice of Commission Nonreview (February 24, 2005) (*Transmissions*). Also each of the respondents has appeared in

this investigation. Hence, the Commission has in personam jurisdiction. See Transmissions at 4.

III. Parties

See FF 1-7.

IV. Live Witnesses

See FF 8-27.

V. Designer Of Ordinary Skill

A designer of ordinary skill should have a bachelor's degree in industrial design or the equivalent such as five or six years of work experience in the field of industrial design. (Skalski, Tr. at 1605.) With respect to automotive design, a designer of ordinary skill should have experience working as an automotive designer for a year or two to be knowledgeable of what exists in the automotive field. (Skalski, Tr. at 1606-07.)

VI. The Ford December 2000 Houston Event (Houston Event) And Events Leading Up To The Houston Event

Inventor Metros (FF 11), who was design manager for the Ford new F-150 truck program and who joined the design team in October 2000 (Tr. at 289), testified that the concept for the Ford new F-150 truck first came into existence in 1999 although the program officially started maybe in 1998. (Tr. at 281.) Ford designers were then invited to submit their proposed themes for the "new" F-150 and Ford selected two designers, Tyler Blake who is a named inventor on the '044 patent, '119 patent, '615 patent, '890 patent, '579 patent, '561 patent, '135 patent, '912 patent, '979 patent and '552 patent in issue and Brad Richards to compete for the honor of being the designer of the winning "theme" or design for the new F-150. (Metros, Tr. at 289; Schiavone, Tr. at 563; Blake, Tr. at 1077.)

As for any guidance the Ford designers had during the design sketching phase, Metros testified (Tr. at 310-11):

Q. During this sketching phase, what sort of guidance did these designers have? Was there some design intent that they were trying to achieve?

A. Yeah. I mean we would meet several times during the week and, you know, either formally or informally in the studio. The studio environment is a very open environment. So we're working together very closely.

And, yeah, I mean we always talked about, you know, "Built Ford Tough." I mean that's -- that's a pretty famous statement. And we always wanted to design around that. We always thought this truck needs to look like it's "Built Ford Tough." It needs to look like a Ford. So even though we always wanted to push the envelope in terms of modernness, we really wanted to raise the bar on pickup trucks.

Pickup trucks have always been looked at as more of a tool or more of a vehicle that you just use on the farm. And we wanted to go beyond that. You know, we wanted this vehicle to, you know, either look appropriate at a construction site, and look just as appropriate in front of a fine restaurant. So our goal from the get-go was to really raise the bar on how people perceive pickup trucks, and really wanting to make this vehicle look modern. But we also wanted people to identify it as, yes, that's the Ford F-150.

(emphasis added.) Ford's Tyler Blake testified (Tr. at 1151):

Q. One of your goals working in the F-150 design was to make it look like a Ford, wasn't it?

A. Yes.

Q. So, necessarily, you had in mind what prior Fords looked like when you were working on the F-150 design, right?

A. Yes.

(emphasis added.) CX-51 was part of the sketching phase for the new F-150 program and was penned in the latter part of 1999 by Brad Richards. (Tr. at 307-08.) CX-53 is a sketch by Tyler Blake. (Tr. at 308.) Following the sketches Blake and Richards started to work with the “modelers” to start to develop in clay a vehicle from their sketches in full size. (Schiavone Tr. at 585.)

Eventually, two full-size clay models were made during the development stage. One represented Blake's design and the other Richard's design. The models were split models, with a different design on each side of a model. Therefore, four designs are represented on the two models depicted in CX-58 (RX-504 at 2279) with Blake's designs on the model on the left and Richard's designs on the model on the right. (Metros, Tr. at 339; Blake Tr. at 1080). The models depicted in CX-58 are more similar to each other in appearance than the original designs of Blake and Richards because the design team had decided that certain features had to be used. Thus, both models have the same windshield angle and drop belt line, which was taken from the F-250. (Metros, Tr. at 334-35; Blake, Tr. at 1081.) Components such as the headlamps, grilles and bumpers are visible on the clay models. (Metros, Tr. at 335.) With the exception of the tires and wheels, everything appearing on the two models is made of clay. The clay is covered with different-colored Dynoc to represent different components of the vehicle such as glass for the windshield and windows, chrome and glass for the head lamps and tail lamps, chrome for the bumpers and so forth. (Blake, Tr. at 1084-85.)

A clay model takes an “awful lot of iterations” (Schiavone, Tr. at 585.) After creating a full size clay model, a fiberglass model will be made. Sometimes Ford will actually go to a market research with a finished clay which looks very much like a finished vehicle and then Ford will move into fiberglass which is an exact replication of what the production vehicle will look like. (Schiavone, Tr. at 587.)

In January 2000 Ford’s management, Wm. Clay Ford (CEO), J. Mays, (V.P. design) and others chose Blake’s design as the design for the “new” F-150. (Metros, Tr. at. 289; Schiavone, Tr. at 619-21.) From that point onward, the design theme never changed and the design team never went back to Ford’s upper management for reapproval. (Schiavone, Tr. at 6217.)

According to Schiavone, the “theme” selected is important because that is the design that Ford will bring to the market. (Tr. at 569.) At the hearing, the administrative law judge questioned Schiavone, as to his use of the word “theme” and what relationship said word has with respect to the claimed designs in issue (Tr. at 569-72):

JUDGE LUCKERN: When you used this word "theme," are you talking about the automobile as a whole or, for example, I am looking at your patent CX-1, and that is to the exterior of a vehicle front bumper.

Is that considered to you to be a theme for the exterior of a vehicle front bumper?

THE WITNESS: It is the --

JUDGE LUCKERN: Do you still use this word theme when you make reference to what is shown in the drawings of the CX-1?

THE WITNESS: Yes, I think you could, yes.

* * *

Q. When you have a theme, have you designed the various component parts of the vehicle by that point?

A. We haven't designed them yet. We will have a general idea of what we think we want to do, but even at that, we still have a tremendous amount of work to do on those parts.

Q. Do you want the individual component parts of a vehicle to be consistent with the theme?

A. Absolutely.

JUDGE LUCKERN: I'm a little confused again. The question: Do you want the individual component parts of a vehicle to be consistent with the theme? But yet you have testified in a question to me, CX-1, which is only to the exterior of a vehicle front bumper, those drawings are a theme. So is theme used differently when you are talking about the whole automobile as against, for example, what is shown in your patent, CX-1? Do you understand my question?

THE WITNESS: I guess the -- there is a theme to the bumper that would reinforce the overall theme of the design. So I have a hard time separating the bumper theme with the overall theme of the given design.

JUDGE LUCKERN: But themes are used, that word theme would be used differently, then, whether you are talking about the overall, the car itself or just the bumper that's represented in CX-1; is that correct?

THE WITNESS: If I could put it another way, in some cases, in looking at a sketch that had maybe a bumper on it, we would say to ourselves is that helping us to deliver the theme? If that helps explain it any better.

JUDGE LUCKERN: So, therefore, there the theme is not represented by this bumper, the theme is the whole car or the whole truck?

THE WITNESS: It is the whole car or whole truck. The bumper

would have to reinforce the theme that we are, in fact, trying to deliver.

(emphasis added.) Based on the foregoing the administrative law judge finds that the word “theme” may relate to individual automotive parts but with the whole car or truck representing the theme.

RX-526C is a Ford document titled “8/21/00 Meeting Notes: Exterior Freeze Risk Assessment” and its second page is titled “P221 Exterior Clay Freeze on 8/29/00 Deliverable and Required Action.” As Ford’s Metros agreed, the document establishes a goal of creating a surface that is within plus/minus “1.5 mm by August 29, 2000.” (Tr. at 550.) Thus by August of 2000, the surface of the P221 clay model was “frozen” or “locked down” so that surfaces did not deviate +/- 1.5 mm.²

After Ford built a clay model of Blake’s winning design, a fiberglass prototype which is an exact replication of what the production vehicle will look like, was made for market research. (Schiavone, Tr. at 587; Blake, Tr. at 1088-89.) The clay model was used as the basis to build the fiberglass model having the final design. (Schiavone, Tr. at 622.) Because the fiberglass model can be made to look like steel, it is made once a design has been solidified to see what the vehicle will look like when it is made of steel. (Blake, Tr. at 1086.) It takes approximately five months to make a full-scale fiberglass prototype such as the P221. (Metros, Tr. at 545-46, 552.)

As for fiberglass models, respondents’ expert Skalski testified (Tr. at 1632-34):

Q. Do you recall Ford using the clay models to form a fiberglass model?

² At Metros’ deposition in May 2006, Metros testified that August 20, 2000 was “rather late for freezing clay.” i.e. finalizing the design. (Tr. at 537-38.) RX-526 is a copy of the document that was the subject of Metros’ deposition testimony.

A. I recall that they talked about -- and that's the way it is usually done, that they talked about using a clay model to make molds out of plaster is generally the way it's done, and they use those plaster molds to make a fiberglass mold, which will be exactly -- will be the exact same shape as the clay model they made the molds from.

Q. So they take -- so we're clear, they take these clay models or a clay model, the design that they choose?

A. Yes.

Q. They make a plaster mold of that, is that correct?

A. Basically. It's a number of pieces of plaster. If they could do it they'd do it with one big piece of plaster, but it's too heavy so they have pieces and they put them together when they make the fiberglass model.

Q. So that would be a negative of the truck surface?

A. Correct. If you want me to explain it this way with my hand. Here is the truck surface, here is the plaster molds. They put fiberglass in here and they end up with the exact same surfaces they had in the clay model.

Q. How far along in the design process is it typical for a fiberglass model to be made?

A. Generally, from what -- I've seen a lot of fiberglass models. They're all over the place when you go through the car studios. But generally they're very expensive to make. It -- it's -- it signals a commitment to the design because it's very difficult to change the surfaces of a fiberglass model. You basically have to grind the stuff away and put more fiberglass on.

So the design is pretty well set by the time they decide to make a fiberglass model. Any changes are

much easier in the clay.

(emphasis added.)

Jerry Matela, a former Ford employee who retired in 2001 and was manager of Ford's advanced truck marketing research (FF 14), hired MORPACE, International (MORPACE) to run the Ford December 2000 Houston Event (Houston Event) (Matela, Tr. at 859.) The Houston Event was held at the Astrohalla in Houston (Ward, Tr. at 739, 814) which facility was large enough to accommodate eighteen full-size vehicles. (RX-563C.)

The Houston Event consisted of two portions. Thus attendees first attended a clinic portion, extending from December 6-11, 2000. (Ward, Tr. at 803-05, 822-23.) During the second portion of the event, which has been termed the qualitative portion of the clinic, and which was held on December 12-13, 2000, certain attendees from the clinic portion of the event were invited back to attend twelve focus group sessions. (Ward, Tr. at 823-24.) Videos from those focus groups are in evidence. Matela flew out for the start of the Houston Event and stayed there for three or four days to make sure everything was running OK. He then flew back for the weekend to be with his family and also returned for a management presentation. (Tr. at 864.) Thus early in January 2001, Matela presented the results of the Houston Event to high ranking design executives. Matela testified (Tr. at 865):

- A. Sometime early in January I presented the results at the Ford design center to, at that time, Gurminder Bedi was vice president of truck product development. I believe J. Mays was also there as head of design. I believe Pat Schiavone was there. I basically walked around the vehicle and pointed out the things that customers had to say about it.

A. Issue As To Whether Houston Event Was A 35 U.S.C. § 102(b) Public Use And Validity Of The '119 Patent, '912 Patent And '979 Patent

Respondents and the staff have put in issue the question of whether the Houston Event was a public use under 35 U.S.C. §102(b). Public use is a question of law based on the underlying facts. Manville Sales, Corp. v. Paramount Sys. Inc. 917 F.2d 544, 549 (Fed. Cir. 1990). Under 35 U.S.C. § 102(b) it includes “any use of the claimed invention by a person other than the inventor who is under no limitation, restriction or obligation of secrecy to the inventor.” Minn. Mining & Mfg. Co. v. Chemque, Inc., 303 F.3d 1294, 1301 (Fed. Cir. 2002). In determining whether an invention was in public use, a court “must consider how the totality of the circumstances comports with the policies underlying the on sale and public use bars,” Manville Sales 917 F.2d at 549, including “discouraging the removal of inventions from the public domain which the public justifiably comes to believe are freely available, prohibiting an extension of the period for exploiting the invention, and favoring prompt and widespread disclosure of inventions.” Id. at 550. Additional factors a court has considered and weighed in determining whether the use was “public” under § 102(b) include, inter alia, “the nature of the activity that occurred in public; the public access to and knowledge of the public use; [and] whether there was any confidentiality obligation imposed on persons who observed the use” Allied Colloids Inc. v. Am. Cyanamid Co., 64 F.3d 1570, 1574 (Fed.Cir.1995). The presence or absence of a confidentiality agreement is not dispositive of the public use issue, but “is one factor to be considered in assessing all the evidence.” Moleculon Research Corp. v. CBS, Inc., 793 F.2d 1261, 1266 (Fed.Cir.1986). Commercial exploitation and experimentation are also factors that may be considered. Invitrogen Corp. Biocrest Mfg. L.P. 424 F.2d 1374, 1379 (Fed. Cir.

2005).

The Federal Circuit has considered the effect of confidentiality agreements and ethical obligations in assessing the “public use” issue in a number of cases. In Moleculon, the question was whether a display of models to the inventor's school colleagues was a public use. Id. at 1265. The district court found that the inventor “never used the [invention] or permitted it [to be] used in a place or at a time when he did not have a legitimate expectation of privacy and of confidentiality.” Id. at 1265. On appeal, the Federal Circuit agreed, stating that the district court correctly found that the inventor “at all times retained control over the [invention's] use and the distribution of information concerning it.” Id. at 1266. In Baxter Int'l, Inc. v. Cobe Labs., Inc., 88 F.3d 1054, 1058 (Fed.Cir.1996) the Federal Circuit concluded that there was a public use, based on testimony by the inventor that he demonstrated the claimed invention to co-workers and visitors who were under no duty to maintain its confidentiality. The Baxter court found that the inventor's “lack of effort to maintain the [invention] as confidential coupled with the free flow into his laboratory of people ... who were under no duty of confidentiality” supported only the conclusion that the invention was in public use. Id. at 1059. In Beachcombers v. WildeWood Creative Prods., Inc., 31 F.3d 1154, 1159-60 (Fed.Cir.1994), the Federal Circuit found public use of the invention at a house party involving twenty to thirty guests hosted by the inventor. At the party, the inventor testified that “she personally demonstrated the device to some of the guests for the purpose of getting feedback on the device; and that she made no efforts to conceal the device or keep anything about it secret.” Id. at 1160.

In some cases, the Federal Circuit has determined that a use before the critical period was not public even without an express agreement of confidentiality. For instance, in TP

Laboratories, Inc. v. Professional Positioners, Inc., 724 F.2d 965 (Fed.Cir.1984), the inventor was a dentist who installed the inventive orthodontic appliance in several of his patients. Although the inventor had not obtained any express promise of confidentiality from his patients, the Court did not consider the use “public” because the dentist-patient relationship itself was tantamount to an express vow of secrecy. Id. at 972. In reaching that result, the Court opined in general that secret use may be public “within the meaning of the statute, if the inventor is making commercial use of the invention under circumstances which preserve its secrecy.” Id. It noted specifically that under the facts of TP Laboratories, it could find no “commercial exploitation” of the invention during the critical period, identifying “commercial exploitation” with sale of the device or a charge for its use of the invention within the confidential confines of the company to generate commercial benefits. Id. at 972-73.

In Netscape Communications Corp. v. Konrad, 295 F.3d 1315, 1320 (Fed. Cir. 2002), the Federal Circuit, in rejecting an allegation that an invention was not in public use, stated:

Next, Konrad argues that the 1991 demonstration was not a public use because he did not disclose every limitation of his invention, particularly the starter client of the remote database object, to Roth and Peters. We are not persuaded. Section 102(b) may bar patentability by anticipation if the device used in public includes every limitation of the later claimed invention, or by obviousness if the differences between the claimed invention and the device used would have been obvious to one of ordinary skill in the art. See Lough v. Brunswick Corp., 86 F.3d 1113, 1122 n. 5, 39 USPQ2d 1100, 1107 n. 5 (Fed.Cir.1996) (citing LaBounty Mfg., Inc. v. United States Int'l Trade Comm'n, 958 F.2d 1066, 1071, 22 USPQ2d 1025, 1028 (Fed.Cir.1992)). Konrad testified that he demonstrated a remote object client and that the only difference between it and the remote database object was initialization by a starter client. He further testified that his use of a computer keyboard to initiate the remote database object could have been accomplished by clicking a mouse pointer on a starter client icon

on a computer screen. Based on this testimony, the starter client is very similar to, if not the same as, software program icons created to quickly initiate a program. The difference between the claimed invention and the device used would have been obvious to persons of ordinary skill in the art.

As to any confidentiality agreement in Netscape the Court stated:

In some circumstances, ... it would be significant that no pledge of confidentiality was obtained from the user.” TP Labs., Inc., 724 F.2d at 972, 220 USPQ at 583. Lack of a confidentiality agreement is significant here because Roth and Peters were computer personnel who could easily demonstrate the invention to others.

(Id.)

In Continental Plastic Containers v. Owens Brockway Plastic Products 141F.3d 1073, 1079 (Fed. Cir. 1998) the Federal Circuit, in affirming the district court’s finding that a ‘905 design patent was invalid under the “on-sale” bar, concluded that it was irrelevant to triggering the “on-sale” bar that Continental had not yet manufactured a “functionally acceptable container,” because there is no functionality requirement in obtaining a design patent. As the Court stated:

Since design inventions are reduced to practice as soon as an embodiment is constructed, Fitzgerald v. Arbib, 46 C.C.P.A. 969, 268 F.2d 763, 122 USPQ 530, 532 (1959) (“[T]his court and its predecessors in patent jurisdiction have held that reduction to practice of a three-dimensional design invention requires the production of an article embodying that design.”), experimental use negation is virtually inapplicable in the design patent context. Applying experimental use negation in the design patent context would allow entities to increase the life of their design patents merely by tarrying over the production of the article of manufacture.

Id. (emphasis added.) Moreover, as the Federal Circuit in In re Mann, 861 F.2d 1581 (Fed. Cir. 1988) explained:

We see no way in which an ornamental design for an article of manufacture can be subject to the “experimental use” exception applicable in the case of functioning machines, manufactures, or processes. Obtaining the reactions of people to a design--whether or not they like it--is not “experimentation” in that sense. In the case of a design, if market testing shows that it has no appeal and the design is changed, the result is a new and different design; the original design remains just what it was. Design patents have almost no scope. The claim at bar, as in all design cases, is limited to what is shown in the application drawings.

(emphasis added).³

Also, public use can occur irrespective of whether the use is for commercial purposes.

Thus in In re Blaisdell, 242 F.2d 779, 783 (CCPA 1957), the Court stated:

Thus, it is well established that to constitute public use or sale of an invention, it is not necessary that more than one of the invented articles be used or sold, Egbert v. Lippmann, 1881, 104 U.S. 333, 26 L.Ed. 755, or that the article be used or sold for a profit, Elizabeth v. Pavement Company, 1877, 97 U.S. 126, 24 L.Ed. 1000, or that the article be used with the knowledge or consent of the inventor, Electric Storage Battery Co. v. Shimadzu, 1938, 307 U.S. 5, 59 S.Ct. 675, 83 L.Ed. 1071, or that the invention be necessarily exposed to public view (viz.-- the invention may be a small element, concealed by its nature, in a larger article; its presence may not be known to the user or purchaser of said article), Hall v. Macneale, 1882, 107 U.S. 90, 96, 97, 2 S.Ct. 73, 27 L.Ed. 367.

(emphasis added). Moreover to qualify as a public use, a disclosure of an invention need not be enabling. See Egbert v. Lippman, 104 U.S. 333 (1881).

Respondents argued that they have established, by clear and convincing evidence, that the

³ Even with respect to utility patents, tests to determine the marketability of an “invention” do not constitute “experimental use.” See, e.g., In re Smith, 714 F.2d 1127, 1135 (Fed. Cir. 1983) (“The experimental use exception, however, does not include market testing where the inventor is attempting to gauge consumer demand for his claimed invention. The purpose of such activities is commercial exploitation and not experimentation.”).

Houston Event was a public use under 35 U.S.C § 102(b). In support, and referring to the Houston Event, respondents relied on the consumer selection and invitation process, the written instructions to the security guards and to the event guides, the alleged belief that the consumers attending the Houston Event had every reason to believe that all the vehicles on display were commercially available and that they could freely describe the vehicles once they left the Houston Event, focus group videos, the absence of “credible evidence” that the consumers at the Houston Event, agreed to keep anything confidential, the display of the “patented designs” at the Houston Event which it was argued constituted alleged commercial exploitation of the “claimed inventions” and the allegation that Ford’s designs were “ready for patenting” at the time of the Houston Event. (RBr at 9-38.)

The staff argued that the Houston Event was a public use under 35 U.S.C. § 102(b). In support it was argued that the evidence of record demonstrates that the participants at the Houston Event were not under any obligation to maintain the confidentiality of any information obtained by observations at said event. It was also argued that Ford used the “patented designs” for commercial purposes at the Houston Event although it was argued that the law is clear that public use can occur irrespective of whether said use is for commercial purposes. (SBr at 34-47.)

Complainant argued that respondents have failed to meet their burden in establishing, by clear and convincing evidence, that the Houston Event was an invalidating public use. In support it was argued that the Houston Event followed a standard industry practice of conducting “confidential showings” of future models to learn reactions to the designs to aid in the design process and not for marketing or other commercial exploitations; that the Houston Event was conducted with “strict security and confidentiality procedures” relying on selection of

participants , an invitation letter, “DC security,” “clinic operations” and a “sign-out release.” (CBr at 81-102.) It was argued further that “1060 people” can be bound to confidentiality restrictions and the number in attendance is not “dispositive” and that respondents’ excerpts from the focus group videos do not record disclosure of the P221 (F-150) fiberglass model.

Complainant, regarding respondents’ allegation that the Houston Event, which was known by titles such as “Ford Pickup Truck Showroom and P273/P221 Styling and Package Clinic” (RX-584C) and “Ford Pickup Truck Showroom and P273/P221 Exterior Styling Research” (CX-103), was a public use argued that the Houston Event followed a “standard industry practice” of conducting “confidential showings” and was not for marketing or other commercial exploitations. Testimony of Frank Ward was relied on by complainant. {

}

There was no live testimony from any neutral witnesses as to “standard industry practice” that an event such as the Houston Event was not for marketing or other commercial exploitation. Moreover respondents, to support their allegation that the Houston Event

constituted commercial exploitation, relied on contemporaneous documentation prepared before this investigation was instituted. For example reference was made to the first page of CX-103C marked “draft” and entitled “Ford Pickup Truck Showroom & P273/P221 Exterior Styling Research” and makes reference to the Houston Event. Either Ward or part of his staff did the draft copy of the report and Ford’s Jerry Matela and Jason Busta would have had input into the report before it was used on the on-site presentation during the Houston Event. (Ward, Tr. at 723.) Ward himself worked on said report. The report itself was prepared during the Houston Event and was delivered to Ford on the second to last day of said event. The goals of the report were given to MOREPACE by Ford. (Ward, Tr. at 723-24.) Said goals were set forth as follows:

GOALS

Determine Consumer's Reaction to the 2004 MY Ford Pickup Family.

Obtain Pickup Owners/Intenders' Reaction [⁴] to the Exterior Appearance of P273, P221 and Initial Direction on P254.

Measure the affect on vehicle segment choices given Ford's New Pickup Line-up and vehicle types.

Determine if the exterior, interior and content of four alternative P221 series are differentiated from one another and liked by the targeted Needs Based Segments.

* * *

Determine if the P254 Super-duty F Series Line-up should offer a Stretched Crew Cab.

⁴ An “intender,” as used in CX-103C, was “somebody that qualified through the screening process as someone who fitted the demographic profile that we had set up and also said that the next time that they entered the market for the new vehicle, that they would consider purchasing a pickup.” (Ward, Tr. at 725.)

(CX-103C at MP 162 (emphasis added).)^{5]}

Attendees at the Houston Event were asked for their reactions to the designs of the P221 and P273 and other 2004 Ford pickup truck family including the P254⁶ and their reactions to Ford designs compared to other commercially-available trucks, and their purchase preferences.

(CX-103C at MP 162 (Ward, Tr. at 725).) Conclusions were included in the MORPACE's draft report. (CX-103C.) Among the conclusions reported was that the "P221 is a good value for the money and receives a reasonable first choice preference." (CX-103C at MP191.)

As to who attended the Houston Event, a document (RX-496C) identified with the Ford letterhead, dated November 13, 2000 and authored by Ford's Jason Busta, stated:

You are invited to participate in the Ford Truck Showroom and P273/P221 Styling and Package Research Event. The primary goals of this research are to gain valuable consumer insight on the . . .

Reaction to the exterior appearance of Ford's Pick-up Family

Acceptance of P273 and P221's exterior styling, and initial direction on P254 reaction to and differentiation of P221's proposed series

Directional feedback on the impact of the hybrid vehicles on the traditional pick-up market

(RX 496C at FORD 16751(emphasis added).)⁷

⁵ Consistent with CX-103C, Ward testified that one of the goals of the Houston Event was to determine consumer reaction to the 2004 Ford pick-up family. (Tr at 724.)

⁶ The P273 was a variation of the Ford Ranger. P-221 was the code name for what became the 2004 F-150. P254 was what was called the Super Duty or the 3/4, 1-ton version of pickup trucks. (Ward, Tr. at 724.)

⁷ The Ford document dated November 13, 2000 (RX-496C) says nothing about invitees maintaining anything they would see or learn at the Houston Event as confidential or secret. Complainant argued that in the "questionnaire" that each invitee was provided, the introduction

With respect to RX-496C, Ford's Schiavone testified (Tr at 635-37):

Q. Now, this Houston event, can we look at 496, please, RX-496. And Mr. Angileri already discussed this with you.

Could we blow up the first paragraph, please. Looking at RX-496, first paragraph on the top, it notes that "the primary goals of this research are to gain valuable consumer insight on the second bullet point, acceptance of the P273 and P221 exterior styling." Was that the goal of this clinic?

A. Acceptance of -- yes. I would say yes.

Q. And you wanted to get valuable consumer insight to help the company be able to sell more trucks in the future?

A. Valuable consumer insight to help us develop a successful product.

Q. Sell more trucks in the future?

A. Absolutely.

Q. Now, this marketing event in Houston, that wasn't conducted by your group, that was a marketing program, right?

A. Yes, it is.

Q. And you showed a full size version of the P221 there, correct?

A. Yes, we did.

* * *

Q. Now, someone walking off the street looking at this

talked about the fact that some of the vehicles may be future models. (CFF 19.99.) However no questionnaire is cited in the finding.

fiberglass beauty, they would think that's a real vehicle, correct?

A. They could perceive that, yes.

Q. And, in fact, you wanted them to perceive that because the whole research program would be skewed if they didn't think it was that, correct?

A. If they didn't think it was a real vehicle?

Q. Correct.

A. Yes.

Q. And because you had other commercial vehicles that you purchased in the Houston dealerships all over town, you put those in that same clinic?

A. Rented them, probably.

Q. Rented them. You don't want to buy them, you rented them. So you have all these commercial vehicles there, and you have this fiberglass beauty F-150 there, and the whole purpose was to make sure all these consumers who were looking at it weren't able to distinguish what was commercial and what wasn't, because you didn't want to skew the research?

A. Correct.

(emphasis added)

Ford's Metros testified at the hearing (Tr. at 409-10):

Q. I'm talking about the focus group at the Houston event in December of 2000. You watched those focus groups, right?

A. Yes.

Q. And you were there watching on video in another room? Or were you right out there on the floor?

A. I think both. I would say the majority of time, we're watching in another room on a monitor.

Q. And the reason you were doing that is because you wanted to hear what the consumers had to say about your designs, right?

A. Yeah. I mean, it's -- it's a two-way street. We want to hear about what they say about the design. And we're also learning a little bit about them, the consumer, their lifestyle.

Q. You want to get to know your customers, right?

A. That's correct.

Q. And that helps you as a designer, right?

A. Yes.

Q. And ultimately, you hope that you'll be able to design a car that appeals to your customers, right?

A. That's correct.

Q. And you'll get a benefit from doing that and attending these events, right?

A. Yes.

(emphasis added.) Ford's Blake testified that his purpose in attending the Houston Event was "to sit at a table and listen to the invitee's reaction to the vehicles they saw that day." (Tr. at 1095.)

Even Ward testified that the main reason for clinics, such as the Houston Event, "was to gain an understanding of the strengths and weaknesses of [a] . . . particular future model against the competitive set to help organizations make better decisions." (Tr. at 718.)

In addition the administrative law judge finds that the background of invitees to the Houston Event, who are identified in MORPACE's draft report CX-108C at MP64, supports a

finding that a purpose of the Houston Event was to gain valuable consumer insight on a number of commercial objectives. As CX-103C and the testimony supra of Ward show, Ford wanted the Houston Event to include attendees that fitted a demographic profile such that they would consider purchasing a pickup.

CX-104C was what was used to interview potential persons who were going to be invited to the Houston Event via phone from MORPACE offices in Michigan. (Ward, Tr. at 735.)⁸

Referring to pages 2 and 8 of CX-104C, Ward testified (Tr. at 737-39):

Q. Next are from pages 2 and 8 of CX-104C, the -- it says: COLD. I don't know what that is.

What is COLD?

A. Well, they're -- there are two ways that we end up contacting these people. The first way is we send ---we buy a list, in this particular case, we bought a list from RL Polk & Company, which is a publishing company located in Michigan and also in other places.

But one of the things that they're well known for is their automotive lists. They actually collect information from the states and registration information and they collect information from all the manufacturers.

And so, in this particular case, we would have gotten a large list of owners. I think it was probably around 35,000. We would have sent each of those

⁸ Invitees who took part in the Houston Event were told "your participation will last approximately . . . 2 one-half hours and, as a token of our appreciation, you will receive [\$100] at the close of this session." (CX-104C at MP 106.) The invitees were not told who was sponsoring the Houston Event but rather as far as the invitees knew the Houston Event could have been sponsored by Chevy Motor Company. (Matela, Tr. at 901-02.) CX-104C says nothing about confidentiality of any vehicles nor does it request any confidentiality agreement from anyone who would attend the Houston Event.

people, owners and intenders, obviously, consumers that own specific vehicles that we already specified. We would have sent them an initial letter telling them who we were and what we were doing. And we think that letter is somewhere in here. And they're told in there if they like, they can call our 1-800 number or fax us information. And we would call them to discuss their research project.

So from that standpoint, we get -- from that tickler we get X number of people who respond. And those people are interviewed. If we don't have enough people to call in, then we have to go to the list and look where we're short and particular cells where we want to recruit respondents for. And that's the COLD. Sorry for the long answer.

Q. All right. 35,000, were those in this case all in Houston and its environs?

A. They would have been about 25 to 35 miles radius of the Astro arena where we were doing -- Astro Hall where we were doing the clinic.

Q. Have you ever done another clinic at the Astro Hall?

A. Yes, I have.

Q. Who picked the Houston area and the Astro Hall in particular?

A. The Houston area was picked by Ford as one of the markets that you could use for this.

And then the actual hall was picked by somebody on my staff based on availability and so on. It's not easy to call someplace 6 weeks before and find 50,000 feet to rent.

Q. And then on this page 8 that we looked at from CX-104C, it says: Invite.

What's that about?

- A. Okay. Once someone has been through all of the screening questionnaire, then this invite is read to them.

As for occupations of the invitees, anyone from the general public could be invited to the Houston Event with the exception of those in occupations under B, C and D of CX-104C (those with the media, automotive industry, marketing research firms and advertising agencies or persons who had someone employed in said fields in their household). Thus people such as artists, photographers and architects were not excluded provided there was nobody in their household with the excluded occupations. (Ward, Tr. at 796-96.)⁹

If an individual qualified and was not excluded, the individual received an invitation letter (CFF19.74 (undisputed).) CX-105C is the invite letter to the Houston Event. (Tr. at 740.) The letter, which has no indication that Ford had anything to do with the letter, has the MORPACE International Inc. letterhead and is signed by Ward, identifying him as President.

The letter stated in part:

I would like to thank you for agreeing to participate in our upcoming research study. This is a unique opportunity to provide your opinions regarding what automobile manufacturers produce in the future. Your participation will take approximately 2½ hours and, upon completion, you will receive { }. We appreciate your help very much and we are confident you will enjoy the experience.

I want to emphasize that this evaluation is being held for the purposes of obtaining consumers' opinions about vehicles. Your participation will be kept strictly confidential and I can assure you there will be absolutely no sales promotion of any kind as a result.

⁹ The only reason given as to why the Houston Event would be limited to invitees was the statement “[d]ue to the limited amount of time and space at the facility, only invited guests will be allowed to participate.” (CX-104C at MP106.)

* * * *

Please bring this invitation and your driver's license with you for admittance to the study and glasses if you wear them. Due to the limited amount of time and space, only our invited guests will be admitted to the study. Please do not bring infants or small children; we have no baby-sitting facilities.

(CX-105C (emphasis in original).)

The administrative law judge finds that CX-103C, RX-496C, CX-104C, CX-105C, CX-108C and RX-564C establish that a driving force behind the Houston Event was to gauge consumer reaction to Ford's 2004 pick-up family product line before Ford actually launched the new product line, including whether consumers liked the designs, and whether consumers would buy them over competing products; that the Houston Event was a commercial exploitation of the exhibited designs; and that a purpose for conducting the Houston Event was for commercial exploitation by gauging consumer reaction for the designs reflected in the vehicles on display, i.e. to determine the appeal of the appearance of the "new" Ford F-150 and Ranger series of trucks by demonstrating at the Houston Event large-scale drawings depicting models in the F-150 and Ranger series of trucks with a full-size prototype mode of the "new" Ford F-150 with a code named P221, identified as F-150 XLT 4X2 super cab truck and by the code letter "K" and with a P273 Ford Ranger prototype identified by the code letter "H".

As for the facility of the Houston Event, CX-110C (RX-563C) is the floor plan of said facility with some 50,000 square feet of space where the Houston Event was held. (Ward, Tr. at 743, 799.) There were eighteen full-size vehicles on the floor, with each vehicle having a letter designation which was how the attendee identified the vehicle. (Ward, Tr. at 743-44.) As shown in CX-110C, the facility allowed ample space for participants to walk freely around the facility to

look at and evaluate each of the vehicles and posters.¹⁰ Of the 1,062 individuals, there is testimony by Ward that in the clinic portion of the Houston Event, extending from December 6-11, 2000 only 908 invitees were allowed into the large area of the Houston Event facility that housed the P221 model and posters and that 154 people of the 1,062¹¹ would have never been in the main area of the facility where the 18 vehicles including posters were but rather were in the area for video evaluations which videos had questions about the Ranger. (Tr. at 845, 845, 848-49.) As shown by the layout of the hall for the Houston Event, some 908 invitees had the opportunity to see physically all of the 18 vehicles which included the P221 branded the "F-150" (vehicle K) and P273 (vehicle H) which stood next to each other and thus anyone asked to focus on one vehicle could clearly inspect the other vehicle. (CX-110) (Tr. at 822-23.)¹² Thus, Ward testified (Tr. at 822-23):

Q. Now, all of those consumers were able to see all of the vehicles that were in this 50,000-square-foot facility?

A. Are you asking me if they physically could see them or if they evaluated them?

JUDGE LUCKERN: Do you want to rephrase the question?

¹⁰ Examples of posters are those shown by RDX-47C, RDX-22C and RDX-29C. (CBr at 102.)

¹¹ CX-111C at MP88 shows that the actual sample size of invitees from the telephone calls was 1284 respondents. (Ward, Tr. at 803-05, 822-23.)

¹² Ford document RX-528C, entitled "Pick-up Truck Showroom Research P221 Program Actions," relates to similarity between P221 & P-273, and to the reaction of respondents attending the Houston Event who, stated that "P221 & P273 are recognized as being of similar exterior theme. Customer vehicle choice is unaffected by the vehicle similarity and some feel that a family theme makes the line-up more distinctive."

BY MR. LEWRIS:

Q. If they could physically see them?

A. They could physically see all of the vehicles that were within the area that you put up with the -- that had the yellow highlight on it.

Q. Which would have included the F-150?

A. It would have included that version of the P221.

Q. So all 1,000 consumers could see that vehicle?

A. Technically, they could see it.

Q. Now --

A. It wasn't -- it would be like me asking you, if we were standing outside, if you could see to the other corner of the block. And yes, you could see it. But I doubt that you'd know all of the detail.

Q. They were free to see whatever was in that showroom?

A. They were free to see it. But they weren't free to roam.

(emphasis added)

The vast majority of the vehicles that were on display at the Houston Event were commercially available vehicles that could have been purchased down the road, and the attendees were intentionally not told which vehicles were commercially available and which were not. (Chavez, Tr. at 938, Matela, Tr. at 901, Ward, Tr. at 803-04, 808-09.) Moreover, Ford wanted the attendees at the Houston Event to think that what was shown to them, which included the P221 (branded with the Ford logo and the F-150 logo) and the P273 (branded with the Ford logo and the Ranger logo), were all actual commercially available vehicles. (Schiavone, Tr. at 636-

37.)

The 908 attendees at the Houston Event answered written questions on vehicles they saw. (Ward, Tr. at 803-05, 822-23.) Thus attendees were asked at the Houston Event various questions, including their reactions to the design of the 2004 Ford pick-up involving the P221 which was identified with a “K” and asked about their reactions to the 2004 Ford pick-up as compared to other commercially available trucks on display, and were asked about their purchase preferences.¹³ (RPX-78C to RPX-89C.) There were a lot of red pick-ups on the showroom floor and most of them were commercially available vehicles. Thus there were Dodges, Chevies and Toyotas and they were all trucks which anyone could have gone down to the dealerships and bought and driven home. Also, at least in the quantitative (first) portion of the Houston Event, there was nothing that the attendees were told to let them know that vehicle K was a secret prototype. (Metros, Tr. at 407-08.) In fact, Ward agreed that he did not want the attendees to know about the P221 because it would skew “the research.” (Tr. at 811.)

There was an entrance door to the floor of the Houston Event where the security guard Ron Chavez was located. (Tr at 744-45.) Chavez’s duty was to check the invitation list and the driver’s license of the attendee and to mark the attendee off of the invitation list so that it was

¹³ At the Houston Event, a full table of information for Vehicle K (the P221), identified as “Ford F-150 XLT 4X2 SuperCab,” was provided to the invitees. The table (RX-562C at Ford 27047) included not only vehicle specifications but also the manufacturer’s suggested retail price for the F-150, the monthly payment (\$435), the number of months payment would have to be made (60 months), the down payment (\$1,500), and the financing rate (5.9 percent). Also pricing information was given for other vehicles on display at the Houston Event, including the commercially available vehicles. (RX-562C, Ward, Tr. at 812-13, Matela, Tr. at 902.) At the hearing, while Matela testified that the manufacturer’s suggested retail price (MSRP) provided at the Houston Event was somehow not the same price that would have been gotten down the road, he also testified that he did not tell the attendees that the MSRP was a fake MSRP. (Tr. at 902-03.)

known that the person was at the Houston Event. Chavez would also ask the attendee whether he or she had a camera or materials that sketch or have any kind of recording device and if such materials were had, the attendee would then be asked to leave the materials at the desk or take them back to the attendee's own vehicle in the parking lot. (Tr. at 745-6.) The other purpose that Chavez had at the front door of the facility was to check any other visitors such as the vendors that were being used, MORPACE people and any clients and such people would sign in, pick up their badge, and sign out when they left. (Tr. at 743-4.)

CX-106C, entitled "Responsibilities Of Clinic Security Personnel," set out the responsibilities directed to Chavez and whoever supported him. (Tr. at 746.) Under the heading "Primary Responsibility," the instructions to the security guard state:

Guards must provide tight access control and property protection at the clinic site in order to maintain the confidentiality and security of the clinic operation in general and advanced properties in particular.

(CX-106C at MP 150.) Thus, when placed in context, the guards were to maintain "confidentiality" by permitting only invitees into the event.

CX-107C, entitled "Hostess-Clinic Overview & Guidelines," were directed to part-time people that MORPACE hired from an agency to help it coordinate the attendees through the actual process of participating in the Houston Event. (Tr. at 107.) Paragraphs 10 and 14 of said CX-107C read:

10. At no time should you discuss any aspect of this research project with anyone other than MORPACE personnel. Do not discuss the project with respondents or persons not associated with the project, such as facility personnel. This also applies to our clients. Often our clients will attend so they can observe the progress of the research project. They like to remain in the "background" and have contracted MORPACE to conduct the research. MORPACE

is here to conduct the research, answer all questions and take care of any problems that may arise. It is our (MORPACE) responsibility to conduct a smoothly run, successful project.

* * *

14. Security is very important. We have hired off-duty police officers to help use. We again need you to be proactive in pointing out anything suspicious. Respondents are not allowed to bring cameras into the room. If anyone sees a respondent with a camera or drawing pictures or anything else that is not part of the evaluation please contact the security personnel or a MORPACE person immediately.

Complainant argued that CX-101C is a blanket purchase order from Ford to MORPACE regarding market research activities and included provisions directly related to market research companies which included confidentiality provisions. (CFF 19.51-52.) The administrative law judge finds that CX-101C dated April 24, 2002, which is after the Houston Event, neither contains nor imposes any confidentiality restrictions on people who attended the Houston Event. To the contrary, Paragraph VIII(C) of CX-101C, which relates to disclosures to "Respondents," namely attendees, expressly states that Ford confidential information can be disclosed to them if necessary to conduct the project for Ford. No mention is made of obtaining any agreement of confidentiality from the Respondents. (CX 101C at MP 72.) By contrast, Paragraph XIII, which governs disclosure by MORPACE to third parties (which is different from the "Respondents") who would be providing services to MORPACE, expressly requires written agreements from the third parties, including an agreement to maintain information disclosed to them confidential. (CX 101C at MP 72.) Consequently, the difference between how disclosures to "Respondents" and disclosures to "third parties" are treated in CX 101C supports the conclusion that confidentiality agreements were not required from the "Respondents", i.e., the attendees. The administrative

law judge moreover finds nothing in CX-101C which contains nor imposes any confidentiality restrictions on people who attended the Houston Event.

During the second portion of the Houston Event, held on December 12-13, 2000, certain attendees who attended the clinic portion of said event (which has been termed the quantitative portion) were invited back to attend twelve focus group sessions (which has been termed the qualitative portion) which were either on December 13 or 14. (Ward, Tr. at 823-24.) The focus group portion (the qualitative portion) was recorded on video and retained by MORPACE (Ward Tr. at 823-24; RPX-78C-88C.) Thus, the attendees that were selected for the focus groups had already gone to the quantitative first portion of the Houston Event. (Ward, Tr. at 823.) Any sign-out form would have been executed before the focus group sessions. (Ward, Tr. at 824.) (Id.)

In evidence are focus group video clips (RPX-192C) in which questioners were MORPACE's Ward or his partner Michael Dawkins. (Ward, Tr. at 828-29, Howitt, Tr. at 1581.) As shown by the video, MORPACE moderators asked attendees how they described the vehicles they saw to family and friends when they left the quantitative portion of the Houston Event, and the attendees freely acknowledged that they had in fact described the vehicles to their friends and family. (RPX-192C.)¹⁴ The attendees were so asked after they had arrived at the Houston Event, presented whatever identification was requested by Chavez, participated in and completed the quantitative first portion of the Houston Event, apparently received their incentive check, and left the Houston Event. A portion of the clips showing questions and answers follows (Tr. at 1578-80):

¹⁴ Ward can be heard on the focus group video stating, as to certain vehicles at the Houston Event "[n]ow remember, this is not a real vehicle." (RPX-82, 24-50-25:10, Tr. at 809.)

UNIDENTIFIED SPEAKER: When you left here, did you describe this vehicle to anybody?

Did you say gee, I saw this new vehicle and it looks like -- how did you describe it? Or how would you describe it?

UNIDENTIFIED SPEAKER: I described it as a beefed-up version of the Ranger. It looked --

UNIDENTIFIED SPEAKER: Did you describe this vehicle to anybody after you left and went home and said --

UNIDENTIFIED SPEAKER: I said I'd seen one, a new one, and I liked it.

UNIDENTIFIED SPEAKER: How would you describe it -- did you go home and describe it to anybody? I saw this new truck and it's --

UNIDENTIFIED SPEAKER: I said it looked like it had a chopped top to it. That's what I thought.

UNIDENTIFIED SPEAKER: Did you try to describe the vehicle to anybody when you left here?

UNIDENTIFIED SPEAKER: Oh, yeah.

UNIDENTIFIED SPEAKER: How did you describe it?

UNIDENTIFIED SPEAKER: I just told it looked real nice. It looked a lot beefier in the front end and everything, sloped down in the front. It's got a real beefy front end.

UNIDENTIFIED SPEAKER: And you may have had to describe the vehicle to a spouse or a neighbor or a co-worker when they asked you what you did here. I would like to know how you would do that. Okay.

UNIDENTIFIED SPEAKER: One of the first things I want to talk to you about is the image of the vehicle, or what it's saying to you or what you think it's projecting. I guess probably the best way to answer that question -- and you may have already done this informally -- but what I would like to know is if you had to use some adjectives or some phrases or some words to describe the

appearance of vehicle H -- like I said, you may have already done this, if you went home and talked to a neighbor or a spouse.

So what did you do when you told them?

They said, vehicle H, what did it look like, tell me about it? What would be some good words to characterize the image of vehicle H, or some good adjectives? Jerry, if I start with you. If you had to describe vehicle H, how would you describe it, to someone who didn't have the benefit of being here like you did?

UNIDENTIFIED SPEAKER: If you think about vehicle H and put yourself in the scenario that you're having to describe its appearance or the image that it's projecting, and you may have already done this from when you were here the last time, if someone said to you what did you do, we evaluated a bunch of vehicles, one of them was vehicle H, and they said to you, well, what -- how would you describe vehicle H? Or what did it look like? Or what are some characteristics of it, or some good adjectives to kind of get at the character of vehicle H. How would you answer that or how would you fill in that blank?

Again, we're trying to come up with some words to describe the image of vehicle H based on its exterior appearance. Delbert, give me an idea of how you would describe it to someone who didn't have the benefit of being here.

(emphasis added)

Complainant argued that “[i]n only two instances in the over 1,000 minutes of video did any of the clips concern the P221. (CFF 19.120.) Examination of the videos however provided in discovery include videos of attendees’ evaluation of the P221 in more than “two instances.” (See, e.g. RPX 81C, 82C, 192C.) The administrative law judge finds that said clips indicate that attendees at the Houston Event could describe the P221 and P223 to family and friends when they left the clinic portion of the Houston Event and that MORPACE fully expected them to do so, and was not concerned about it; that the attendees did not believe the Houston Event or all of the vehicles shown at the Houston Event were confidential; and that the attendees were under no

obligation of confidentiality. Moreover, Ford was not concerned about the questions posed to the attendees. Thus, while the focus groups went on with participants describing how they had described or would describe Ford's P221 and P273 to others, the inventors of the patents-in-suit, and Ford marketing executives, Allison Howitt (Tr. at 1572, 1581), Jason Busta (JX-16C at 24), and Jerry Matela (Tr. at 914) watched and listened from the sidelines or on closed circuit television.¹⁵ Also inventor Schiavone, as well as Howitt, Busta and Matela were, in fact, captured on video watching and listening as consumers evaluated the P221 and P273 designs and discussed how they actually described the vehicles to others after they had left the earlier clinic portion of the Houston event. (RDX 101C.)

In addition, while Ward testified that Ford's Matela and Busta were at the Houston Event (Ward, Tr. at 833 834), Ward testified that when questions were asked, such as did you describe the vehicle to anyone when you left here, no one from Ford stopped him to say you cannot ask that question. (Ward, Tr. at 835.) Ward himself testified that when attendees responded that they had actually described the vehicles, he didn't say to them "you shouldn't have done that, you've breached a confidentiality agreement." (Ward, Tr. at 835.) Hence, the administrative law judge finds that said clips are further support for finding that the attendees at the Houston Event were under no obligation not to disclose what they saw to others. Moreover, as demonstrated by the videotaped evidence, supra, it was necessary to disclose Ford's vehicle designs to attendees at the Houston Event, and Ford and MORPACE did so and with the express understanding that said attendees would be free to describe the vehicles to others, and would in fact do so. Moreover the

¹⁵ It is undisputed that numerous management personnel from Ford attended the Houston Event, as well as Ford designers, including inventors Schiavone, Metros and Blake. (RFF 52 (undisputed).)

administrative law judge finds that the videotaped evidence showed that said attendees did not believe that they were subject to any confidentiality restrictions or obligations, as attendees are captured on the videotape recounting to focus group moderators that they had already described the vehicles to their friends and family. He further finds that once the some 1000 attendees walked out of the door of the Houston Event, they were free to describe the vehicles they saw to anyone and everyone.

Complainant, relying only on testimony of Ward, argued that 152 individuals that qualified under the video evaluation group were not allowed into the about 50,000 square foot area that housed the P221 model and seventeen other properties. (CFF 19.64.) However in direct conflict with Ward's testimony are the reports generated after the Houston Event which indicate that the "video evaluation group" evaluated the exterior appearance of the P221 vehicle (CX-103C at MP 185) and Ford's CX-108C dated January 19, 2001 at MP 62, 63 ("P221 Exterior appearance is not well liked" and "P221 Segmentation Series are differentiated based on imagery while receiving comparable exterior and interior appearance ratings"). Moreover, there is testimony from Ward that individuals involved in the second portion of the Houston Event had been invited back to attend twelve focus groups which involved video evaluation. (Tr. at 823-24.) In addition, Ward admitted that approximately 900 attendees at the Houston Event could see anything they wanted which would have included the Ranger and the F-150 fiberglass vehicles in the showroom. (Tr. at 849.)

Complainant, in support of its argument that respondents failed to prove an invalidating public use at the Houston Event, has relied on a "Sign-Out Release". (CX-102C.) Ward testified that CX-102C was a form used at the Houston Event. (Tr. at 748.) The top paragraph of said

form reads:

By my signature, I acknowledge the receipt of \$ payment for participating in a market research discussion conducted by MORPACE International. I, also, agree that as consideration for the payment I will keep confidential all information discussed today. In addition, I release and waive the use of my comments to MORPACE International and to whomsoever they should designate.

The blank form CX-102C however has no names, no signatures, no mention of the Houston Event, including the project number for the Houston Event. Moreover, Ford's Schiavone attended the Houston event and personally witnessed attendees being videotaped as they described to MORPACE moderators how they had already told family and friends about Ford's new design, including the P221 and P273 vehicles and posters. (Schiavone, Tr. at 681-682.) In addition, Ford's Metros, who attended the Houston Event, did not hear anyone tell attendees it was confidential and did not hear anyone tell attendees that they were forbidden from discussing or describing the vehicles after they left the event. (Metros, Tr. at 418.) Also, Metros did hear MORPACE moderators ask whether the attendees had discussed the designs outside of the event, and he heard them say that they had. (Tr. at 419.) In addition while Metros claimed to have seen attendees signing a "form," he admitted that he did not actually see the form or its contents and that it could have been a simple registration form that made no mention of confidentiality. (Metro, Tr. at 421.)

There is testimony by Schiavone that "I know that it [Houston Event] is a confidential event because I have lived at this for 18 years." (Tr. at 680.) However, Schiavone did not organize the Houston Event, did not design its protocols, did not know the selection or exclusion criteria for the attendees, or know whether there were any restrictions placed on them regarding

their right to describe or disclose the designs. (Tr. at 676-77.) Schiavone also is not a lawyer and gave no indication that he understood Federal Circuit precedent as to what constitutes a public use under 35 U.S.C. §102(b). It is also a fact that Schiavone personally witnessed attendees at the Houston Event being videotaped as they described to MORPACE moderators how they had already told family and friends about Ford's new design, including the P221 and P273 vehicles and posters. (RDX-101C; Tr. at 681 682.)

Regarding CX-102C (the Sign-Out Release"), respondents had issued a subpoena (RX 583C) to MORPACE, which Ward testified he received on May 13, 2006. (Ward, Tr. at 760.) This subpoena requested documents relating to the Ford Pickup Truck Showroom and P273/P221 Styling and Package Clinic held in Houston in December of 2000. The information requested included the following categories of documents:

- j. sign-in and/or sign-out sheets for attendees of the event;

- q: information collected and/or obtained during the event from attendees (whether Ford employees and non-Ford employees);

- t. materials given and/or shown to any attendees, including but not limited to photographs, sketches and displays;
- u. agreements and/or contracts between any attendee (on the one hand) and either Ford, Global Consumer Insights, and/or MORPACE (on the other hand), including but not limited to confidentiality agreements.

(RX 583C at 7-9.) Ward testified that when he received the subpoena, he had his staff collect documents that he thought related to the Houston Event, that he thought his staff did a thorough job checking for documents, and that he had his staff look at files that specifically had the project number for the Houston Event, which was Project No. 802. (Ward, Tr. at 761, 762.) Ward believed that the relevant documents for this matter would be located in the files specifically

directed to the project number for the Houston Event. (Ward, Tr. at 762.) Ward testified that he began thinking about the Houston Event sometime around May 13, 2006, when he received the subpoena. (Ward, Tr. at 763, 766.)

MORPACE, who was represented by counsel for Ford, produced documents pursuant to the subpoena on June 12, 2006. (RX 630.) The blank sign-out form CX 102C, which Ward stated was used at the Houston Event, was not found in any file that related to the Houston Event. (Ward, Tr. at 762.) Also, CX 102C was not part of MORPACE's document production on June 12, 2006. Ward testified that he located CX 102C the evening before his July 14th deposition. (Ward, Tr. at 767.) However, less than two weeks before Ward's deposition, in support of Ford's opposition to a Motion For Summary Determination on Public Use by respondents, Ward submitted a declaration under penalty of perjury describing MORPACE's role in running the Houston Event. In his July 5th declaration Ward did not say a word about any sign-out form. (Ward, Tr. at 767.) Ward at the hearing admitted that he had a telephone conference with Ford's Matela concerning the Houston Event several weeks before Ward's July 14, 2006 deposition but made no mention of any sign-out form or confidentiality agreement in his declaration. (Ward, Tr. at 759.)

At the hearing, contrary to his deposition testimony, Ward testified that when he signed his July 5th declaration he believed there had been sign-out forms at the Houston Event, but that he did not remember whether they contained any mention of confidentiality; and that at the time he signed his July 5th declaration he was not thinking about sign-out forms at all. (Ward, Tr. at 770.) He was then read his deposition testimony:

Q. And you signed your declaration on July 5?

- A. Correct.
- Q. And up to that time, it never occurred to you or you didn't recall whether, in fact, people signed anything at the event. Correct?
- A. That's not correct. And, in fact, this morning, when we were -- when you were asking me questions, you asked me what the process was and I went through, and one of the things that I said was that people signed out at the end of their participation. So, I'm not sure what you're referring to.
- Q. But you didn't state that in your declaration of July 5, 2006?
- A. It didn't occur to me at the time.
- Q. It didn't occur to you on July 5?
- A. It did not occur to me on July 5 that that was something I should have shared.

(Ward, Tr. at 771 (emphasis added).) Ward testified at the hearing that the above deposition testimony was an accurate statement, and in response to a question of the administrative law judge, "and you stand by that today?", Ward testified, "yes." (Tr. at 771, 772.) Thus, based on the foregoing testimony of Ward:

- (1) at the time he signed his July 5, 2006 declaration, he believed that sign-out forms were used in the December 2000 event, but he didn't remember whether the sign-out forms had any mention of confidentiality (Ward, Tr. at 770);
- (2) at the time he signed his July 5, 2005 declaration, he didn't think about them at all. (Ward, Tr. 770); and
- (3) it did not occur to him on July 5, 2006, that that was something he should have shared. (Ward Deposition Testimony. Tr. at 771.)

The contemporaneous document that actually deals with the check-out procedure at the

Houston Event, and the instructions to the hostesses or guards, makes no mention of telling consumers that they would have to execute a confidentiality agreement. (CX-107C.) While the instructions mention an "Incentive Sign Out Sheet," there is no mention that the form contains anything relating to confidentiality. (CX-107C at MP 146.) In fact, the title, "Incentive Sign Out Sheet," is different from the title of the sign-out form (CX-102C), which Ward stated was used. Thus, the title of CX-102C is "Sign Out Release," not "Incentive Sign Out Sheet."

The administrative law judge finds nothing in CX-107C to tell the attendees that the Houston Event was confidential and that they should not discuss what they saw with anybody and Ford's Matela so admitted. (Tr. at 907.) Complainant in its CFF 19.82, as to security officers addressing the Houston Event hosts, referenced the following testimony of Chavez (Tr. at 932-33):

- A. I address the -- I refer to them as interviewers. I believe they've been referred to as guides or hostesses. And what I do is I address them. I tell them what my primary responsibility is.

I inform them that there is only myself and two or three other individuals. So I want to utilize their eyes because they are stationed throughout the clinic, to bring to our attention anything unusual that a respondent may be doing.

Namely, writing on a personal piece of paper. Heaven forbid that perhaps they should see a respondent with a camera or anything unusual.

I also tell them that I want them to minimize the baggage that they bring into the clinic. I tell them any bags that they do bring into the clinic will be -- have to be and will be visually inspected before they're allowed in.

The administrative law judge finds that said testimony does not relate to any obligation of

secrecy on the attendees who attended the Houston Event.

Allison Howitt, another Ford marketing person who was at the Houston Event, testified that she did not recall seeing any signed confidentiality agreements. (Howitt, Tr. at 1583.)¹⁶ Moreover, Ward testified, that the only purpose of having sign-out forms was to reconcile incentive checks that were given to the attendees, and once those checks cleared, the signed forms were discarded. (Ward, Tr. at 775-6.)

Regarding Ford's reliance on the blank, unsigned, generic "sign-out" sheet (CX-102), referred to supra, allegedly discovered by the president of MORPACE the night before his deposition as evidence that the attendees at the Houston Event were subject to confidentiality agreements, the administrative law judge gives the so-called "sign out" sheet no weight. Thus the document was not found in MORPACE's files relating to the Houston Event as indicated supra. Also, approximately two weeks before the alleged discovery, MORPACE's president signed a declaration wherein he stated that no confidential agreements had been used, but rather the guards were instructed to verbally inform the participants of the confidential nature.¹⁷ (Ward, Tr. at 762-72.) In addition, as indicated supra, none of the written materials or testimony relating to the Houston Event referred to or mentioned any such sign-out sheet. Also, requesting attendees to agree to additional terms after they have performed their obligations under the offer in order to receive payment for their services is considered to be unenforceable. Moreover, the sign-out

¹⁶ Howitt was the marketing manager for the Ford F-150 and had extensive experience at Ford with such as the Houston Event. (Howitt, Tr. at 1572, 1581.)

¹⁷ As indicated infra, the written instructions provided to the security personnel do not include any such "instruction."

sheet does not preclude those who signed the sheet from disclosing any information obtained through observation. Thus, the sign-out sheet (CX-102) is a single page entitled “Sign-Out Release.” The page contains three sentences below the heading in normal print. The first sentence states that, by signing, the participant acknowledges receipt of payment. The second sentence states: “I, also, agree that as consideration of the payment I will keep confidential all information discussed today.” (emphasis added). The third sentence states that MORPACE is allowed to use comments made by the attendee. The rest of the page consist of two columns and 23 rows for the names and signatures of 23 attendees. As the emphasized text above makes clear, the attendees, assuming that any attendee at the Houston Event signed the sheet and agreed to its terms, were not asked to keep confidential any information they obtained through observation, i.e., visually. The confidentiality provision only relates to “information discussed.” (CX-102.) The nearly 1100 attendees who participated in the Houston marketing event were free to disclose anything they observed to anyone.

Thus, contrary to Ford’s contention, the administrative law judge finds that the sign-out sheet is not a confidentiality agreement preventing attendees from describing, sketching, or otherwise disseminating anything that they observed at the Houston Event after they left the premises. In stark contrast, Ford has required individuals and entities dealing with it to sign confidentiality/non-disclosure agreements (“NDA”) prior to disclosing any information to that individual/entity. (Bejin, Tr. at 1423, 1425-26.) Moreover, the NDAs identify the information that is to be kept confidential, and they ask the suppliers to treat it as they would treat their own confidential information. The provisions of the NDAs also prohibit the suppliers from disclosing the information to third parties without Ford’s consent. (Bejin, Tr. at 1424-25.) No such

restrictions are set forth on the sign-out sheet.

In view of the foregoing, the administrative law judge finds that the evidence of record demonstrates that the attendees at the Houston Event were not under any obligation to maintain the confidentiality of any information obtained by observation at said event.

Complainant, relying on the testimony of Ward, argued that everyone at the Houston Event was told that said event was a secret thing, and that Chavez was observed advising participants that the Houston Event was confidential. (CRRFF 59B.) The administrative law judge however finds that the plain language “[y]our participation will be kept strictly confidential” in the invitation letter (CX-105C) does not relate to any obligation of an invitee to not disclose what he or she sees at the Houston Event to others. Thus Ward admitted that there was nothing in CX-105C, which tells the attendee that what he or she is going to be shown at the Houston Event is something confidential. (Tr. at 797-98.) As far as the attendees were concerned, based on the invitation letter, “[a]ll they had to do was go down to Houston, spend 2-one half hours, ask your questions, get \$100, they’re home free.” (Ward, Tr. at 800.)

In addition, RX-564C dated September 27, 2000 at MP124 and which is a MORPACE letter on a revised cost estimate for the Houston Event identifies the following items, inter alia, for said event under the heading of “Research Objective”:

Guards must provide tight access control and property protection at clinic site in order to maintain the confidentiality and security of the clinic operation in general and advanced properties in particular.

(CX-106C at MP 150.) The administrative law judge finds that those instructions make clear that the security guards were to maintain “confidentiality and security” not by saying anything to attendees, but rather by controlling access to invited attendees and providing physical protection

at the clinic itself. Indeed, Messrs. Chavez, Ward, and Matela all agree that the instructions to security guards (CX-106C) state nothing about instructing security to tell attendees that the clinic was confidential. (Ward, Tr. at 814-18; Matela, Tr. at 858, 892-93; Chavez, Tr. at 941.) At the hearing, when Chavez was asked by the administrative law judge whether he stands by his deposition testimony that he never told the attendees that they could not describe what they saw at the Houston Event in terms of vehicles to others once they left said event, Chavez responded “I do, sir.” (Tr. at 939-40.)

In addition, the section of CX-106C (which related to security personnel at the Houston Event) entitled “Confidentiality” is silent on the guards giving any instructions to the attendees. In fact, it instructs the guards not to discuss the clinic operations with others, including the attendees at the clinic:

Guards must not reveal anything to others about the sponsor of the clinic, clinic operation, location, or properties being tested.

(CX-106C at MP 150.)

Under the subheading “cameras” it was stated that attendees who bring cameras must leave them with the check-in person and that drawings and sketches in area were not permitted. Under the subheading “confidentiality” it was only stated that guards “must not reveal anything to others about the sponsor of the clinic, clinic operation, location, or properties being tested.” There was nothing in CX-106C which instructed Chavez to tell the attendees when they came into the Houston Event that said event was confidential and Ford’s Matela so admitted. (Tr. at 892-93.) To the contrary, CX-106C instructs the guards not to discuss the operations of the Houston Event with the attendees. See CX-106C at MP 150. Moreover, there was nothing in CX-106C which places restrictions on the attendees’ right or ability to describe the Houston

Event or the vehicles they saw at the Houston Event to anyone or everyone. Thus, as indicated supra CX-106C provides:

Guards must provide tight access control and property protection at clinic site in order to maintain the confidentiality and security of the clinic operation in general and advanced properties in particular.

(CX-106C at MP 150.)

Complainant argued that trained security officers ensured that there were no interior cameras and placed motion sensors around the facility. (CFF 19.81.) However, the administrative law judge finds that ensuring that there were no interior cameras and placing motion sensors around the Houston facility do not relate to any obligation of secrecy on the attendees attending the Houston Event. In fact, the security guard instructions contain 34 separate bullet entries, instructing the security guards on the following aspects of their job:

Guards must not reveal anything to others about the sponsor of the clinic, clinic operation, location, or properties being tested. (CX 106C at MP 150 under “CONFIDENTIALITY”);

After decorating is complete the facility will be secured (all doors will be locked) and the properties will be brought in. (CX 106C at MP 150 (First bullet under “PROPERTIES”));

All exit doors will have a motion sensor attached in place. (CX 106C at MP 150 (third bullet under “PROPERTIES”));

If guard must leave his/her post for any reason, he/she should locate a short term replacement. (CX 106C at MP 150 (second bullet under “STATION”));

Guard must check everyone's ID the first time he/she requests admittance to the clinic site. (CX 106C at MP 150 (first bullet under “CLINIC ACCESS”));

Only clinic respondents will be permitted into the research area. (CX 106C at MP 150 (fifth bullet under “CLINIC ACCESS”));

At all times, security guards should deal with people in a professional manner – courteous, yet firm. [CX 106C at MP 151 (seventh bullet under “CLINIC ACCESS”)]; and

Security guards must never leave the research site unless relieved by another guard trained in clinic security procedures. (CX 106C at MP 151 (first bullet under “RELIEF”)).

Nowhere in said instructions is there a word about instructing attendees regarding confidentiality.

Complainant argued that the Houston Event executive summary stated that the “P221 needs work” (CFF19.35); that the designers were not happy with the model shown at the Houston Event and wanted a lot of changes (CFF 19.36); and that there were changes made to the P221 design that responded to the principal criticisms of the model shown at the Houston Event. (CFF 19.39.) However, there is testimony by Ford’s Metros and Schiavone that the exterior appearance of the fiberglass F-150 model used in the December 2000 Houston marketing event did not change much after the event and only minor refinements were made. (Metros, Tr. at 351; Schiavone, Tr. at 628-29).¹⁸ In Cont’l Plastic Containers v. Owens Brockway Plastic Prods. Inc., 141 F.3d 1073 (Fed.Cir. 1988), the Court did not find it significant that the patentee after sharing the model and drawings with its customer, continued to refine and revise its design, and required seven more iterations to satisfy the customer’s demands. Thus, the Court found the “minor”

¹⁸ At the hearing, Metros testified that he had confused the Houston marketing event with a later Dallas marketing event, and that his deposition testimony related to the prototype that was exhibited at the later-held Dallas marketing event. (Metros, Tr. at 434-35.) The administrative law judge finds no corroborating evidence adequate to establish Metros’ claim that there was a “second” fiberglass model or that there was confusion between the fiberglass model shown at the Houston Event with a subsequent fiberglass model from an unsubstantiated “Dallas” marketing event. Moreover Schiavone at the hearing confirmed that at his deposition, taken under Rule 30(b)(6) on Ford’s behalf, he was addressing the “original” fiberglass vehicle when he stated that subsequent changes to the vehicle were too slight for an ordinary observer to notice. (Schiavone, Tr. at 626-634.)

revisions insufficient to avoid an invalidating on-sale bar. Id. at 1079.

Complainant argued that the Houston Event was a “research clinic of a type used throughout the auto industry to gain design insights.” (CRSBr at 24.) As indicated supra, other than testimony from Ford witnesses, there is no evidence about any research clinic conducted by the auto industry, including any evidence as to how such other clinics are conducted.

Significantly there also is no evidence that someone in the auto industry conducted a “research clinic” and more than a year later filed an application for a U.S. patent related to said “research clinic” which application resulted in a valid patent.

Based on the foregoing and considering the totality of the circumstances involving the Houston Event, including the nature of the activity and attendees at said event, the actions of Ford personnel at said event, the benefits to Ford from said event, as well as what the attendees could divulge after said event, viz., that the upwards of 1200 attendees at the Houston Event, once they walked out of the door of said event were free to describe the vehicles they saw to anyone and everyone, the administrative law judge finds that the Houston Event was a 35 U.S.C. § 102(b) public use.

Complainant has conceded that the ‘119 bumper fascia patent, the ‘979 bar grille patent and the ‘912 fender patent are not valid if the “Houston Clinic is deemed a use under 35 U.S.C. §102(b).” See CRRFF 238B, CRRFF 248B, CRRFF255C. Hence, the administrative law judge also finds that the ‘119, ‘979 and ‘912 patents are not valid.

VII. The Design Patents In Issue

Complainant has put in issue ten design patents. However complainant has admitted that the '119 patent (CX-1) '979 patent (CX-4) and '912 patent (CX-10) are not valid if the Houston Event was deemed a use under 35 U.S.C. § 102(b). See CRRFF 238B, CRRFF248B and CRRFF 255C. The administrative law judge has found the Houston Event a public use. Hence there remains in issue the '044 patent (CX-2), '552 patent (CX-3), '615 patent (CX-5), '890 patent (CX-6), '579 patent (CX-7), '561 patent (CX-8) and '135 patent. (CX-9.)

Regarding Order No. 19, which required inter alia, each of respondents and the staff to set forth the claims of the design patents in issue in words, respondents in their response to Order No. 19 argued that the drawings of the design patents in issue represent the claimed subject matter and speak for themselves, and that verbal descriptions are not required. See response at 2.

A proper interpretation of a claimed design focuses on the visual impression it creates and not on the design concept of the patented design. See In re Harvey 12 F.3d 1061, 1064 (Fed. Cir. 1993), Durling v. Spectrum Furniture Company, Inc. 101 F.3d 100, 104 (Fed. Cir. 1996). Also, claim interpretation should be based on the ornamental features illustrated by all of the figures (drawings) of the design patent.¹⁹ See Contessa Food Products, Inc. v. Conagra, Inc. 282 F.3d 1370, 1378 (Fed. Cir. 2002), Keystone Retaining Wall Sys, Inc. v. Westrode, Inc. 997 F.2d 1440 (Fed. Cir. 1993). However, as the Court stated in Durling, 101 F.3d at 103:

In comparing the patented design to a prior art reference, the trial court judge may determine almost instinctively whether the two designs create basically the same visual impression. Nonetheless, the judge must communicate the reasoning behind the decision.

¹⁹ The parties have agreed that the claims of the design patents in issue are so limited. (CBr at 9; Tr. at 107-08.)

This explanation affords the parties a basis upon which to challenge, and also aids the appellate court in reviewing, the judge's ultimate decision. Cf. *Lyles v. United States*, 759 F.2d 941, 943-44 (D.C.Cir.1985) (stating that trial court must provide findings and reasoning to aid appellate court in understanding the ground or basis of trial court's decision).

In the design patent context, however, the judge's explanation of the decision is more complicated because it involves an additional level of abstraction not required when comprehending the matter claimed in a utility patent. Unlike the readily available verbal description of the invention and of the prior art that exists in a utility patent case, a design patent case presents the judge only with visual descriptions. Given the lack of a visual language, the trial court must first translate these visual descriptions into words-i.e., into a common medium of communication. 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.

(emphasis added). Thus, the administrative law judge has set forth in what follows his verbal descriptions of the seven design patents in issue.

The '044 Patent (CX-2)

The '044 patent, entitled "Exterior of Vehicle Tail Lamp," has a claim to a vehicle tail lamp that is longer in width in side view than in rear view. See Figs. 1 and 2. The '044 patent also claims the perimeter (outer) shape of the tail lamp which includes an angled side edge. See Figs. 2 and 4. The angled edge begins sloping immediately starting from the rear of the vehicle and moving toward the front of the vehicle, and ends above the contoured band at its forward edge. See Fig. 4. The tail lamp also includes a contoured rectangular band that extends horizontally almost from side to side of the tail lamp and separates the lamp into three general sections from top to bottom. See Figs. 1-4. Those three sections have an approximate

dimensional ratio of 2-1-3 from the top section to the bottom section. See Figs. 2 and 4.²⁰

The '552 Patent (CX-3)

The '552 patent, entitled "Vehicle Headlamp," has a claim to a headlamp assembly with a particular perimeter (outer) shape. See FIG. 2. The assembly contains a dominant lamp set in a bezel and a subdominant lamp, with the subdominant lamp separated from the dominant lamp. See id. In side view, the dominant and subdominant lamps are offset. See FIG. 1. The dominant and subdominant lamps are generally circular, but the dominant lamp has a non-circular section at the top. See FIG. 2. The subdominant lamp has a center that is lower than the center of the dominant lamp, but the two lamps are visually aligned by a common bottom line. See FIG. 2. The assembly also contains a generally rectangular side marker lamp which is contoured in two dimensions and located on a plateau on the cylinder that defines the dominant lamp, but is separated from the dominant lamp. See FIGS. 1, 2 and 6. The vertical side of the marker lamp that is farthest from the dominant lamp appeared longer than the vertical side closest to the dominant lamp. See FIGS. 1 and 6. The vertical center of the side marker is visually aligned with the center of the dominant lamp and sized so that the marker height is roughly 2/3 the overall height of the dominant lamp. See FIGS. 2 and 6. Above the smaller circular lamp are three horizontal bars which are placed in a vertical stack having the thickness roughly equal to the spacing between the bars and with increasing length moving up the stack. See FIGS. 1, 2 and 3. In addition, the three horizontal bars also have a combined overall height dimension that is approximately the same as the radius of the subdominant lamp. See FIG. 2.

²⁰ Complainant in its CX-22 and referring to Figure 4 refers to a perimeter chamfer which is designated as "4." The administrative law judge is unable to find any such chamfer in said Figure 4.

The '615 Patent (CX-5)

The '615 patent, entitled "Vehicle Side View Mirror," has a claim to a generally rectangular side view mirror having an outer housing, a flat and contoured arm that attaches the housing to the sail panel, and a mirror that is truncated at a steep angle in the lower corner closest to the sail panel. See FIGs 1-6. The housing includes a contoured top, side, front and back portions. See FIGs 2 and 5. The housing is also rectilinear with very little curvature on the perimeter edges. See FIG. 2. From the top view, the mirror has a single curve at the outer edge of the housing. See FIG. 5. The contoured arm of the side view mirror has a top edge that, in rear view, is aligned with the truncated lower corner of the mirror and mirror housing. See FIG. 2. In addition, the '615 patent claims a mirror with a front surface contour that creates a curve that is uninterrupted along the front of the contoured arm and mirror housing. See FIG. 5. The mirror housing also contains a sail panel. See FIG. 5. The flat, contoured arm extends from the sail panel to the mirror housing. See id. In addition, the '615 patent claims the overall (outer) perimeter shape of the mirror. See FIGs. 2, 3 and 5.

The '890 Patent (CX-6)

The '890 patent, entitled "A Vehicle Grill," has a claim to a vehicle grille having a slightly-rounded, contoured outer frame and a contoured inner frame. See FIGs. 1 and 3. The grille also has a honeycomb mesh recessed in the inner frame so that it has both vertical and lateral contour and creates a lip on the inner frame. See FIGs. 3 and 4. The lateral contour has a constant sweep with a break (or bend) in the surface at either end. The two breaks divide the honeycomb mesh into three segments. See FIG. 3. The frame also has a particular perimeter (outer) shape that is illustrated in FIG. 2. In addition, the lateral contour of the grille surface

includes chamfers on the two sides and bottom of the outer frame of the grill. See FIGs. 1 and 4.

The '579 Patent (CX-7)

The '579 patent, entitled "Bumper Lower Valance," has a claim to a lower valance of a vehicle that has an upper and a lower contoured surface, with sides that wrap around the vehicle. See FIGs. 1 and 3. The lower surface is recessed. See FIG. 3. The '579 valance also has two vertically protruding contoured recesses in the upper, forward-facing section that extend above the top surface of the valance into the bumper. See FIGs. 1-3. From the front view, the lower edge of the recesses matches the ridge formed between the first and second contoured surfaces. See FIG. 3. In addition, FIG. 2 shows that the shape of the valance is characterized by the bends (or changes in angle) of the line of the valance. Those bends can be identified in terms of the open circles that appear on the top of the valance design in FIG. 2. For example, from the top view the left end of the valance curves downward toward the right, but changes angle at approximately the second open circle. There, the line of the valance straightens out as it angles downward toward the first recess. At the first recess, the line of the valance flattens as it sweeps across the front to the second recess. At the second recess, the valance angles upward towards the second open circle from the far right side. At that open circle, the valance once again curves back upwards. Thus the top view of the '579 claimed design shows four significant bends. The lower valance also has a particular perimeter (outer) shape as illustrated in FIGs. 2 and 3.

The '561 Patent (CX-8)

The '561 patent, entitled "Vehicle Tail Lamp", has a claim to a tail lamp whose side has an inclined top leading to a vertical side of the perimeter (outer shape) that is slightly inclined away from the back and then curves down to intersect with the horizontal bottom. See FIGs. 1,

4, 6. The surface of the lamp has a rounded contoured shape as shown in FIGs. 2 and 3. The '561 design has a longer surface running along the side of the vehicle as compared with the relatively short surface on the rear of the vehicle. See FIG. 2. The perimeter is chamfered on three of its four sides with rounded corners on the side of the tail lamp, but not the back. See FIGs. 2 and 3. The tail lamp also has a contoured band located approximately in the middle of the lamp and extending almost from side to side and dividing the lamp into three sections. See FIGs. 1 and 5. The top of the contoured band is at approximately the midline between the top and the bottom of the lamp. See id. The tail lamp also has a particular perimeter (outer) shape as illustrated in FIG. 1.

The '135 Patent (CX-9)

The '135 patent entitled "Bumper Lower Valance" has a claim to a lower valance of a vehicle having an upper and a lower contoured surface that wrap around the sides of the vehicle. See FIGs. 1, 3-5. The claimed design also has two decoratively-shaped, vertically protruding openings in the upper, forward-facing section that extend above the upper surface of the valance and slightly below the ridge between the contoured surfaces into the lower surface. See FIG. 3. The '135 patent also claims the perimeter (outer) shape of the valance as illustrated in FIG. 3. In addition, FIG. 2 shows that the shape of the valance is characterized by the bends (or changes in angle) of the line of the valance. Those bends can be identified in terms of the open circles that appear on the top of the valance design in FIG. 2. For example, from the top view the left end of the valance curves downward toward the right, but changes angle at approximately the second open circle. There, the line of the valance straightens out as it angles downward toward the first recess. At the first opening, the line of the valance flattens as it sweeps across the front

to the second opening. At the second opening, the valance angles upward towards the second open circle from the far right side. At that open circle, the valance once again curves back upwards. Thus, the top view of the '135 claimed design shows four significant bends which affects the overall configuration.

VIII. Validity Of The '890, '552, '135, '579, '561, '044 And '615 Patents Based On Prior Art

The administrative law judge has found that the Houston Event was a 35 U.S.C. § 102(b) public use. Respondents argued that the P221 and P273 vehicles and posters publicly used at the Houston Event “anticipate and/or render obvious” each of the '119, '979, '912, '552, '890, '135, '579, '561 and '044 patents.²¹ (RBr at 39-78.) It is also argued that each of the seven patents in issue lack “any point of novelty.” (RBr at 120-29.) Respondents further argued that each of the '890, '552, '135, '579, '561, '044 and '615 patents are anticipated or rendered obvious by prior art not connected with the Houston Event.²²

It is argued by respondents that to anticipate the claimed designs of the patents in issue, the administrative law judge must find that, to an ordinary observer, giving the attention of a purchaser, the claimed design and the prior art designs are substantially the same. (RBr at 40-1.) In addition for anticipation respondents argued that the administrative law judge must also find that a point of novelty test is satisfied and to do so it is necessary to determine whether the prior art contains the various features, i.e., whether the “novel” points exist in a single reference or

²¹ The administrative law judge has found the '119, '979 and '912 patents not valid. (see Section VI. A, supra.) Hence said three patents are not treated in this section. Also not included here by respondents is the '615 patent in issue.

²² Respondents also argued that the side view mirror on the P221 shown at the Houston Event “contains a number of Ford’s alleged points of novelty for the '615 patent.” (RFF 645.)

separately in different prior art references. (RBr at 40, 43.)

Respondents argued that a finding of obviousness of a claim of a design patent is compelled when there is a “basic” or “primary” prior art reference having the same basic design characteristics as the patented design, and that where the basic design reference itself is not sufficient to establish obviousness there may be other prior art references that bridge any remaining gaps between the basic prior art reference and the patented design provided there is some suggestion to modify the basic design with features from the additional references. It is also argued that the suggestion to combine need not be overt or literally expressed in words. (RBr at 46, 49.) Thus respondents argued that it has long been the law that prior art designs may be combined to establish obviousness when the designs are so related that the appearance of certain ornamental features in one would suggest the application of those features to the other. (RBr at 46.)

The staff argued that the ‘899, ‘552, ‘579, ‘135, ‘561, ‘044 and ‘615 patents in issue as well as the ‘119, ‘979 and ‘912 patents are anticipated under 102(b) based on the Houston Event or on other prior art.²³ The staff further argued that if the asserted patents are not so anticipated they are rendered “obvious by such art;” and that in light of secondary references, motivation to combine references may be inferred. (SBr at 48-63.)

Complainant argued that respondents have failed to prove, by clear and convincing evidence, that the prior art, including the Houston Event, anticipates or renders obvious “at least seven of the patented designs,” viz. the ‘044, ‘552, ‘615, ‘890, ‘579, ‘561 and ‘135 patents.

²³ The staff also argued that a panel of Federal Circuit has stated that the points of novelty test does not apply when determining validity. (SBr at 33.)

(CRBr at 24, CBr at 102-104.)²⁴ It also argued that court precedent rejects respondents' use of Ford's point of novelty for each of the design patents in issue "as a shopping list" proclaiming victory on finding some semblance of the points within each of said point of novelty in disparate (dissimilar) art. (CBr at 30.) Complainant further argued that to establish obviousness of a design patent, there should be a primary reference of similar design, a secondary reference containing the missing elements and a basis for a designer of ordinary skill to combine them. (CBr at 67.)

Complainant, in addition, argued that respondents cite no Federal Circuit case finding a design patent anticipated based on prior art not arising from the use/sale of the invention itself; and that the Federal Circuit has never found a design patent "identical in all material respects" to non-bar art but yet respondents say that every one of the seven asserted patents is "identical in all material respects" to the prior art and in some cases to three different items of prior art. It is argued that respondents are applying the wrong standard and it bears emphasis that respondents contend that their own copies do not infringe. (CRBr at 47-8.) Complainant further argued that respondents' "evidence" of anticipation consists entirely of the testimony of their expert Skalski; that Skalski did not translate any of the alleged prior art designs into words, did not use the word descriptions offered by Ford for the patented designs, and did not compare them; and that Skalski just repeatedly stated that the various designs are "substantially the same" as one another. (CRBr at 49-50.)

Complainant, on the allegation of obviousness, argued that respondents, apparently

²⁴ Complainant agreed with respondents that to establish anticipation of a design patent both the ordinary observer test and the point of novelty test must be satisfied. (CBr at 34.)

responding to Ford's statement at the hearing that it found no Federal Circuit case finding art invalidity, located two precedential cases and two non-precedential cases; and that in each of said four cases the challenger identified a primary reference that included every feature of the patented design except for one functional feature. It is argued that respondents failed to offer clear and convincing evidence of primary references that are "basically the same as the claimed invention"; and that they failed to offer any evidence, let alone clear and convincing evidence, why a designer of ordinary skill in the art would have changed the prior art to create the patented design. Complainants further argued that respondents made no effort to supply the rigorous proofs required for obviousness and that while a Graham analysis is required for design patent obviousness, respondents provided none. (CRBr at 50-51.)

The provisions of the Patent Act relating to validity for utility patents apply equally to design patents. Under the statute 35 U.S.C. § 171:

Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefore, subject to the conditions and requirements of this Title.

The provisions of this Title relating to patents of inventions shall apply to patents for designs, except as otherwise provided.

Thus design patents are subject to the "same conditions on patentability" as utility patents, including the nonobviousness requirement of 35 U.S.C. § 103. (citations omitted) (affirming obviousness rejection of design patent based on a combination of references). In re Borden, 90 F.3d 1570, 1574 (Fed. Cir. 1996). See also Litton Systems, Inc. v. Whirlpool Corp., 728 F.2d 1423, 1440 (Fed. Cir. 1984) ("The tests for determining the validity of a design patent issued pursuant to 35 U.S.C. § 171 are identical to those tests currently espoused by this court for determining the validity of a utility patent issued pursuant to 35 U.S.C. § 101. Section 171

mandates this rule: . . .”) (citation omitted).

As to whether both the ordinary observer test and the point of novelty test must be satisfied for anticipation, the Court in Bernhardt, L.L.C. v. Collezione Europa USA, Inc., 386 F.3d 1371, 1378 (Fed. Cir. 2004) made it clear that:

For design patent infringement, the comparison step requires satisfaction of both the ordinary observer and the point of novelty tests. Contessa Food Prods., Inc. v. Conagra, Inc., 282 F.3d 1370, 1377 (Fed. Cir. 2002) (noting that there are “two distinct tests, both of which must be satisfied in order to find infringement”); Catalina Lighting, Inc. v. Lamps Plus, Inc., 295 F.3d 1277, 1286 (Fed. Cir. 2002) (“As with utility patents, determining whether a design patent is infringed is a two-step process. First, the court must construe the design patent’s claim. Next, the fact-finder must compare the claim and the accused device, employing both the ‘ordinary observer’ test and the ‘point of novelty’ test.” (internal citation omitted)). The test for determining invalidity is the same. Thus, to invalidate a design patent based on a prior public use under 35 U.S.C. § 102(b), the fact finder must compare the claim and the prior public use, employing both the ordinary observer and point of novelty tests.

(emphasis added) Hence to find that a design patent is anticipated, the administrative law judge must find that to an ordinary observer the claimed design and the prior art design are substantially the same and also must find that any alleged point of novelty is in the prior art.

The Court in Door Master Corp., 256 F.3d at 1313-14, indicated that it compares the claim to the allegedly anticipating article and that for anticipation to be found:

two designs must be substantially the same. Gorham Mfg. Co. v. White, 14 Wall. 511, 81 U.S. 511, 528, 20 L.Ed. 731 (1871). Two designs are substantially the same if their resemblance is deceptive to the extent that it would induce an ordinary observer, giving such attention as a purchaser usually gives, to purchase an article having one design supposing it to be the other. Id. In making this comparison, the court must focus on the protected features of the design, and determine whether those common features would deceive the ordinary observer. OddzOn Prods., 122 F.3d at 1405.

In the ordinary observer test, the nonfunctional, or ornamental, aspects of the patented and prior art designs are compared to determine whether there is an overall visual similarity (the substantial similarity or Gorham test from Gorham Co. v. White, 81 U.S. (14 Wall) 511 (1871).) It is noteworthy, however, that the deception that arises is a result of similarities in the overall design, not of similarities in ornamental features considered in isolation. Amni Innovation Corp. v. Anthony California, Inc., 439 F.3d 1365, 1371 (Fed. Cir. 2006).

In Gorham, Gorham Manufacturing Company owned a patent on an ornamental design for the handles of silverware and alleged that White's 1867 and 1868 designs for tablespoons and forks infringed. Gorham, 81 U.S. (14 Wall.) at 521. The lower court found that White's designs did not infringe. Id. at 524. The Supreme Court, in reversing the lower court and finding infringement, began by framing the factual issue:

The sole question, therefore, is one of the fact. Has there been an infringement? Are the designs used by the defendant substantially the same as that owned by the complainants? To answer these questions correctly, it is indispensable to understand what constitutes identity of design, and what amounts to infringement? [Gorham 81 U.S. at 531.] [Emphasis added].

The Court then equated "identity of design" with "sameness of appearance" and noted that slight variances will not destroy substantial identity, id. at 524, if they are so insubstantial as to have no effect on the eye of the ordinary observer:

We are now prepared to inquire what is the true test of identity of design. Plainly, it must be sameness of appearance, and mere difference of lines in the drawing or sketch, a greater or smaller number of lines, or slight variances in configuration, if insufficient to change the effect upon the eye, will not destroy the substantial identity.

(Id. at 526-27) (emphasis added).) The Court thereafter arrived at an "ordinary observer"

standard for determining whether the designs are “substantially the same:”

[I]f, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other.

(Id. at 528). Thus the ordinary observer test examines whether, in the eye of the ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same. See Contessa, 282 F.3d at 1377. As stated in Contessa, whether two designs are “substantially the same” is to be determined from the viewpoint of “the eyes of men generally, of observers of ordinary acuteness, bringing to the examination of the article upon which the design has been placed that degree of observation which men of ordinary intelligence give.” Analysis under the “ordinary observer” test is to be conducted with the “ordinary observer”. (Id. at 1381-82). Moreover as set forth, supra, the Court in Gorham equated “identity of design” with “sameness of appearance” and noted that slight variations will not destroy substantial identity.

Equally clear is that the determination of whether two designs are substantially the same can be made by the administrative law judge based on his own visual comparison. See Certain Two-Handle Center Set Faucets, and Escutcheons and Components Thereof, 337-TA-422, ID at 8, 18, (March 17, 2000), non-review (June 19, 2000) (Publication 3332 (July 2000)) (Faucets.) As was noted in Faucets, “an ordinary observer is a hypothetical purchaser of faucets, which could include this administrative law judge but would exclude persons having expert knowledge of faucets” Id. The Commission in Certain Lens-Fitted Film Packages, Inv. No. 337-TA-406, however, in reversing this administrative law judge as to design patents that were in issue, determined that “the burden of proof on design patent infringement can be carried by expert

testimony.”²⁵ Specifically the Commission found:

The analysis of design patent infringement first requires the fact-finder to determine whether the patented design as a whole is substantially similar in appearance to the accused design. OddzOn Prod. Inc. v. Just Toys, Inc. 122 F.2d at 1405. Mr. Bellows [complainant’s expert] testified that he reviewed the drawings of the D’750, D’101, and D’722 patents and compared them to the accused cameras, and determined that the designs were substantially identical. His testimony was not challenged by respondents.

* * *

Based on our own observation of the accused LFFPs, the testimony of Mr. Bellows, and the failure of respondents to contest the allegations of design patent infringement, we determine that Fuji has carried its burden of proof in establishing infringement of its three design patents.

(Commission Opinion filed June 28, 1999 at 7, 8.) Faucets does make clear that verbal description of complainant on the designs in issue is not controlling over the administrative law judge’s own observation and comparison.

The administrative law judge does reject any argument that for a prior art reference to anticipate a design patent claim, it must be “identical” to the design patent claim. Gorham and Door-Master, citing to Gorham, make this clear. Thus, the law does not require absolute identity between the anticipating and patented designs, just substantial similarity to an ordinary observer. If a prior art design is substantially the same as the claimed design such that an ordinary purchaser would confuse the two, there is anticipation.

The administrative law judge however does conclude that anticipation requires a showing

²⁵ For design patent infringement, the comparison step also requires satisfaction of both the ordinary observer test and the point of novelty test as must be done in determining whether a design patent is anticipated. See Bernhardt, supra.

that a prior art reference is identical in all material respects to the claimed invention. Hupp v. Siroflex of Am. Inc., 122 F.3d 1456, 1461 (Fed. Cir. 1997) (Hupp). Also in determining anticipation “The novelty of a design patent . . . is tested by determining the impact of the design upon an ordinary observer. A design patent is novel when the ‘average observer takes the new design for a different, and not a modified already existing design.’” Clark Equip. Co. v. Keller, 50 F.2d 778, 799 (8th Cir. 1978). Also “[t]he standard of novelty is whether the design appears to the ordinary observer to differ from the prior art and not to be a mere modification of it.” Rains v. Cascade Indus., Inc., 402 F.2d 241, 247, (3d Cir. 1968). Moreover “[t]he degree of difference required to establish novelty is manifested when the average observer takes the new design for a different design, and not a modified already existing design.” Hygienic Specialities Co. v. H.G. Salzman, Inc., 302 F.2d 614, 617, (2d Cir. 1962). In addition “[t]he average observer . . . would inevitably take appellant’s design to be a different design from that shown in Sweet’s catalog, rather than a modification of the latter. The two appearances . . . are not only easily distinguished by the practiced eye but they make different overall impressions so that purchasers might very well have preferences for one over the other. In short, they do not look alike and the existence of statutory novelty is beyond question.” In re Bartlett, 300 F.2d 942, 944, (CCPA 1962). Also “[t]he degree of difference required to establish novelty occurs when the average observer takes the new design for a different, and not a modified already-existing design.” In re Johnson, 175 F.2d 791, (CCPA 1949). Significantly a “[n]ew design frequently involves only relatively small changes in the shape, size, placement, or color of elements of old designs. It is those changes in and departures from the old designs that constitute the ‘points of novelty’ in the patented new

design.” Lawman I 437 F.3d at 1386.²⁶

Regarding the point of novelty test in determining whether a design patent is anticipated, in Lawman I the Court confirmed that a patentee cannot satisfy the point of novelty test if all features the patentee alleged to comprise points of novelty are present in the prior art, regardless of whether the features are in one or more than one prior art reference. Thus in Lawman I, the patentee initially asserted eight separate points of novelty. The defendant, in turn, proved that various prior art references disclosed each point of novelty. Significantly, no prior art reference disclosed the points of novelty. However, because the features alleged to comprise Lawman’s point of novelty existed in the prior art, albeit in multiple references, the Court concluded that the patented design contained no point of novelty. Significantly, the Court itself stated that “[w]e have examined the patents that Winner cited and conclude that they disclose the eight ‘points of novelty’ that Lawman specified” Id. at 1385.

The plaintiff in Lawman I had claimed that the “novelty” of its invention resided in the way it had combined and arranged features found in the prior art. The Court, however, rejected Lawman’s premise that the point of novelty can be based on a mere combination of otherwise old features, found in the prior art references where no prior art references disclosed all the points of novelty. It further recognized that Lawman’s argument conflicted with, and would seriously undermine, the very premise of the “points of novelty” test. Id. at 1385. Moreover, the Court also rejected the patentee’s argument that to combine references to disclose the points of novelty, there must be a suggestion to combine the prior art references to achieve the claimed design.

²⁶ The full citation of Lawman I is Lawman Armor Corp. v. Winner Int’l 437 F. 3d 1383 (Fed. Cir. 2006) (Lawman I) clarified in supp. op., 449 F3d 1190 (Fed. Cir. 2006), reh’g denied, 449 F.3d 1192 (Fed. Cir. 2006), (Lawman II).

According to Lawman I, while such a suggestion may be relevant to an obviousness analysis, it has no application in a point of novelty infringement analysis as it relates to anticipation. Id.

Complainant relies on the following portion of Lawman II in apparently concluding that respondents cannot rely on more than one prior art reference to establish no point of novelty:

In our decision, we did not intend to cast any doubt upon our prior decisions indicating that in appropriate circumstances a combination of design elements itself may constitute a “point of novelty.” Such a combination is a different concept than the overall appearance of a design which, as indicated, our cases have recognized cannot be a point of novelty.

449 F.3d at 1192. The administrative law judge finds that said portion does not overrule what the Court found in Lawman I, viz. that if all the features alleged to comprise points of novelty are present in a plurality of prior art references where no such prior art reference disclosed all the points of novelty, the point of novelty test is satisfied; and that the plain language of said portion of Lawman II merely indicates that a combination of design elements may constitute a “point of novelty.”

In the design patent context, the ultimate inquiry under section 103 is whether the claimed design would have been obvious to a designer of ordinary skill who designs articles of the type involved. In re Rosen, 673 F.2d 388, 390 (C.C.P.A.1982). Moreover, the inquiry is whether the combination of a basic design reference when combined with closely related secondary references would suggest the claimed design in issue to a designer of ordinary skill.²⁷ In other

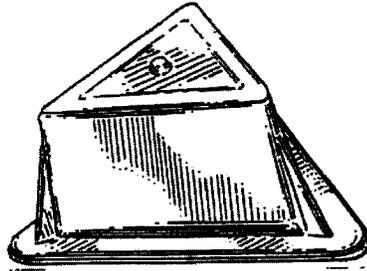
²⁷ With respect to a design, obviousness is determined from the vantage of “the designer of ordinary capability who designs articles of the type presented in the application,” and not from the vantage of an “ordinary intelligent man” or an “ordinary observer” In re Nalbandian, 661 F.2d 1214, 1216, 1217 (CCPA 1981).

words before one can begin to combine prior art designs one must find a single reference, i.e. something in the prior art in which “the design characteristics. . . are basically the same as the claimed design.” In re Rosen, 673 F.2d at 391. Once 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. See In re Harvey, 12 F.3d 1061, 1063 (Fed.Cir. 1993). Those secondary references may only be used to modify the primary reference if they are so related to the primary reference that the appearance of certain ornamental features in one would suggest the application of those features to the other. See In re Borden, 90 F.3d at 1574. Also if the combined teachings suggest only components of the claimed design but not its overall appearance, application of Section 103 is inappropriate. See In re Cho, 813 F.2d 378, 382 (Fed. Cir. 1987) (“The teachings of references can properly be combined in a design patent context if they are so related that the appearance of certain ornamental features in one reference would have suggested application of those features to another The relevant viewer for such suggestion is a designer of ordinary capability who designs articles of the type presented. . . . To support a rejection of a design patent application under 35 U.S.C. § 103, the teachings of references must be such as to have suggested the overall appearance of the claimed design. . . . Thus, if the combined teachings suggest only components of the claimed design but not its overall appearance, a rejection under Section 103 is inappropriate.”)

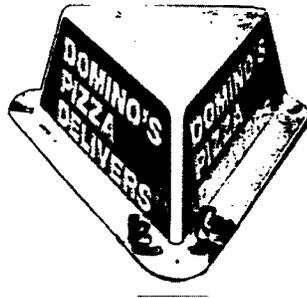
The scope of the prior art is not the universe of abstract design and artistic creativity, but designs of the same articles of manufacture or of articles sufficiently similar such that a person of ordinary skill would look to such articles for their designs. Hupp 122 F.3d at 1462.

As to what courts have done in evaluating design patents, in Elmer v. ICC Fabricating,

Inc. 67 F.3d 1571, 1577, 1578 (Fed. Cir. 1995), the patented design under review was as follows:



67 F.3d at 1575. The accused design lacked the corner ribs and top surface protrusion, as shown in the reproduced accused sign, immediately below:



Id. at 1576. In finding that the jury's verdict of design patent infringement was not supported by substantial evidence, the Court stated:

Next, we must visually compare the patented and accused designs to determine whether the jury reasonably could have concluded that they are substantially similar. The claimed design, as indicated above, is limited to a vehicle sign having, inter alia, triangular vertical ribs and an upper protrusion. ICC's [alleged infringer's] sign lacks these ornamental features and has a substantially different overall ornamental appearance. Furthermore, while, as HTH contends, ICC may have appropriated certain other ornamental features that distinguish the claimed design from the prior art, "unless the Gorham standard for finding infringement is met by the accused [device] there is no need for detailed analysis in terms of the prior art." Lee, 838 F.2d at 1189 n. 4, 5 USPQ2d at 1627 n. 4. Under Gorham, the focus is on the overall ornamental appearance of the claimed design, not selected

ornamental features. The overall ornamental appearance of the '620 design, as shown in the patent drawings, is too different from ICC's design for an ordinary observer to be induced into purchasing ICC's product thinking it was HTH's design.

(Id. at 1578 (emphasis added).)

It is the distinctness in overall appearance of the claimed design when compared with the prior art rather than small variations that is important. Thus in Application of Lapworth, 451 F.2d 1095 1096 (CCPA 1971), in affirming the Patent Office, which found a claimed design unpatentable, the Court stated:

The essence of the board's opinion is found in the following:

. . . upon a comparison of the subject design with that of the reference, we are inclined to agree with the Examiner that the average observer would take the two designs as mere manifestations of the same basic design, rather than characteristically different designs capable of supporting different patents. The detailed differences over the reference pointed out in the appeal brief, do not, in our opinion, affect the appearance of the design as a whole and the impression it makes to the eye of the average observer, which are still largely controlling of patentability of designs. It is distinctiveness in overall appearance of an object, when compared with the prior art, rather than minute details or small variations in configuration as appears to be the case here, that constitutes the test of design patentability.

(emphasis added) In In re Nalbandian, 661 F.2d at 1217, the Court in finding that the Patent Office had shown a prima facie case of obviousness of a claimed design concluded:

Applying the "ordinary designer" test of s 103 to the case at bar, the question is whether the changes made by appellant in the Johnson design for an illuminated tweezer would have been obvious to an ordinary designer of such implements. As noted, the claimed design is substantially identical in overall configuration to the design shown in Johnson for the same type of article. The differences in the finger grips of a slightly different shape and the straight, rather than slightly curved pincers, are de minimis. We also agree that it is well within the skill of an ordinary designer in

the art to make the modification of the fluting and that it would have been obvious to do so. Such changes do not achieve a patentably distinct design. In re Lamb, 48 CCPA 817, 286 F.2d 610, 128 USPO 539 (1961). We agree, therefore, that the PTO has shown a prima facie case of obviousness.

(emphasis added). However the Court in In re Harvey, 12 F.3d at 1064-66, found that the Patent Office had not shown a prima facie case of obviousness as to an ornamental base design because a basic reference must be more than a design concept; and that it must have an appearance substantially the same as the claimed design. Thus it stated:

Furthermore, the facts in In re Hopkins, [34 F.2d 1016 (CCPA 1929)] cited by the examiner, are distinguishable from those present here. First, the field of loud speaker design is much less crowded than that of ornamental vase design. Thus, the fact that a design patent for an octagonal outline loud speaker precludes issuance of a design patent for a circular outline loud speaker does not necessarily imply that a prior art vase formed by the intersection of a sphere and a cube precludes the later issuance of a patent for a vase design formed by the intersection of an egg-shaped hyperboloid with a truncated pyramid or an oblate ellipsoid with a pentagonal cylinder. Second, In re Hopkins involves the substitution of a single, simple, two-dimensional, geometric shape (an octagon) for another (a circle), whereas the present case involves the replacement of two, more complicated, three-dimensional figures (a sphere and a cube) with two highly complicated solids (an egg-shaped hyperboloid and a truncated pyramid or an oblate ellipsoid and a pentagonal cylinder).

(emphasis added). Moreover the administrative law judge finds the following language of the Court pertinent for determining whether a claimed design is obvious:

First, the Board misfound the combined suggestions of the prior art, reading far more into it than warranted. As a result of overinflating the reference value of the prior art, the Board necessarily, although only impliedly, concluded that any rotational solid intersected with any linear solid would be obvious, at least if a picture of each geometric solid could be found in the prior art, and perhaps even if not. Clearly, such a conclusion would be inconsistent with our case law on design patents.

Second, the Board erred in its determination of obviousness because there was no suggestion in the prior art to combine the references and their visual ornamental features (design characteristics). The CCPA held in In re Glavas, 230 F.2d at 451, 109 USPQ at 53, that the Board erroneously rejected an application for a design patent where the component features of the claimed design were all found in the prior art, but there was no suggestion in the prior art to combine the components. Thus, even assuming that all the design characteristics of Harvey's claimed designs were found in the respective pairs of prior art references (which they were not), the references and their design characteristics have not been shown to be combinable.

If we adopted the logic of the Board and concluded that the substitution of the Carder shapes for those in the Harvey prior art vase would render the '904 and '906 design applications obvious just because the Carder shapes were well-known and frequently used in vase designs, each and every prior art bowl or vase shape ever publicly disclosed would render obvious any generally similar vase shape. Clearly, this cannot be the case.

Third, the Board erred in its determination of obviousness because it improperly compared the visual impressions of selected, separate features of the prior art designs to the '904 and '906 designs, rather than the visual impression of the designs as a whole. In In re Rosen, 673 F.2d at 390, 213 USPQ at 349, as the Board acknowledged, the CCPA held that “[i]n determining the patentability of a design, it is the overall appearance, the visual effect as a whole of the design, which must be taken into consideration.” (Emphasis added). Similarly, in In re Jennings, 182 F.2d 207, 208, 86 USPQ 68, 70 (CCPA 1950), the same court held that

[i]n considering patentability of a proposed design the appearance of the design must be viewed as a whole, as shown by the drawing, or drawings, and compared with something in existence-not with something that might be brought into existence by selecting individual features from prior art and combining them, particularly where combining them would require modification of every individual feature, * * *. [emphasis here by Court]

Applying the foregoing principles, we held in Petersen

Manufacturing Co. v. Central Purchasing, Inc., 740 F.2d 1541, 1548-49, 222 USPQ 562, 567-68 (Fed.Cir.1984), that the district court erred in considering the appearance only of the jaw-portion of a wrench rather than the entire wrench, including jaw and handle portions, in its determination of design patent obviousness.

Accordingly, as in Petersen, here we must conclude that the Board, despite its citation to In re Rosen, ignored that court's holding, and thus erred in comparing the visual impressions of separate features in the '904 and '906 application designs with the prior art designs rather than viewing "the visual effect as a whole" of the application designs.

* * *

Even if there were a suggestion to combine, it would still be necessary to make several significant changes in the cited prior art designs in order to achieve each of the claimed designs. In the case of the '904 application, such material modifications include: (1) creating discontinuities at the top and bottom of the Carder 1982 shape to create an ellipsoid element and to provide for a top and bottom (the top of the claimed vase is not flat like the 1982 shape), and (2) changing the cube of the prior Harvey vase to a pentagonal cylinder. Similarly, in the case of the '906 application, it would be necessary to: (1) eliminate the lip from the Carder 2794 vase, (2) change the shape of the 2794 vase by making it more egg-shaped rather than ginger-jar-shaped, and (3) change the cube of the prior Harvey vase to a truncated pyramid.

The court in In re Carter, 673 F.2d 1378, 1380, 213 USPQ 625, 626 (CCPA 1982), implied that if prior art designs are to be modified in more than one respect to render a claimed design obvious, then those modifications must be "de minimis" in nature and unrelated to the overall aesthetic appearance of the design.FN1 See also In re Jennings, discussed above.

Such was not the case with the Harvey prior art design patent and the Carder references. It cannot fairly be said, as the Board did, that the differences between the pair of prior art references and each claimed design are "minimal," or "so minor that they have an insignificant impact on the overall visual impression." The ellipsoid of the '904 design does not look like a sphere as in the prior art Harvey vase, nor like a flattened ellipse as in the Carder 1982 reference. The egg-shaped cylinder of the '906 design does

not resemble the modified ginger jar with a lip as in the Carder 2794 reference, nor does the pentagonal cylinder of the '904 design resemble a cube. Accordingly, we must conclude that the Board's findings that the differences between the prior art and Harvey's applications were minimal, the necessary modifications de minimis, and the impact on overall visual impression minor, were all clearly erroneous.

* * *

Finally, our conclusion of nonobviousness in design patent cases finds support in our precedents. In several cases with facts similar to those present here, we held that the prior art did not render the claimed design obvious. For example, in Litton Systems, Inc. v. Whirlpool Corp., 728 F.2d 1423, 1443, 221 USPQ 97, 109 (Fed.Cir.1984), we held that the use of a three-stripe border, a door without a handle, and a latch release lever mounted on the control panel did not render a microwave oven design obvious when the basic prior art references depicted microwave ovens with handles on the door, without a striped border. Similarly, in In re Sung Nam Cho, 813, F.2d 378 (Fed. Cir. 1987) we held that the overall appearance of a design for a crown-type bottle cap having a small, cylindrical depression at the center of the cap's surface did not support rejection for obviousness even though the prior art reference showed a crown-cap with a relatively large cylindrical depression at the cap's center. 813 F.2d at 382, 1 USPQ2d at 1664. Also, in Pacific Furniture Manufacturing Co. v. Preview Furniture Corp., 800 F.2d 1111, 1113, 231 USPQ 67, 68 (Fed.Cir.1986), the Court held that the claimed design for an upholstered armchair was not obvious in light of the prior art because, unlike the prior art chairs, the claimed design had: (1) distinctive sewn seams, (2) overhangs at the top of the back of the chair, (3) an overhang extending outwardly from the top of the arm chair, and (4) a unique combination of pleats which appear on the arm, the back and the seat cushion.

(Id. 12 F.3d at 1064-66 (footnote omitted) emphasis added.)

In Avia Group International, Inc. v. L.A. Gear Calif., Inc., 853 F.2d 1557, 1564 (Fed. Cir. 1988), the Court, affirming the lower court in ruling that Design Patent Nos. 284,420 and 287,301 were valid, stated:

LAG argues that the designs would have been obvious because they are “traditional ones consisting of features old in the art.” That some components of Avia’s designs exist in prior art references is not determinative. “[I]f the combined teachings suggest only components of the claimed design but not its overall appearance, a rejection under section 103 is inappropriate.” In re Cho, 813 F.2d 378, 382, 1 USPQ2d 1662, 1663 (Fed.Cir.1987). There is no evidence that the overall appearances of the ‘420 and ‘301 designs would have been suggested to ordinary shoe designers by the references.

LAG does not contest the commercial success of Avia’s shoes manufactured according to the patented designs, but argues the success is attributable to factors other than the designs themselves, such as advertising. Although commercial success is relevant only if a nexus is proven between the success of the patented product and the merits of the claimed invention, see, e.g., Simmons Fastener Corp. v. Illinois Tool Works, Inc., 739 F.2d 1573, 1575, 222 USPQ 744, 746 (Fed.Cir.1984), cert. denied, 471 U.S. 1065, 105 S.Ct. 2138, 85 L.Ed.2d 496 (1985), Avia did present evidence tending to prove nexus and LAG’s conclusory statements to the contrary fail to create a genuine factual dispute. In addition, the trial court referred to the accused products as “copies” of the patented designs. Pensa, Inc., 4 USPQ2d at 1021. Copying is additional evidence of nonobviousness. See, e.g., Windsurfing Int’l, Inc. v. AMF, Inc., 782 F.2d 995, 1000, 228 USPQ 562, 565 (Fed.Cir.), cert. denied, 477 U.S. 905, 106 S.Ct. 3275, 91 L.Ed.2d 565 (1986). LAG’s conclusory characterization of the evidence as “speculative” is insufficient to create a genuine factual dispute.

In Door-Master Corporation v. Yorktowne, Inc., 256 F.3d at 1311-12, the Court allowed the jury findings of validity of a 718 design patent to stand. In so determining the Court stated:

During trial, Conestoga and Yorktowne asserted Conestoga’s CRP-10 door and a corresponding CRP-10 end panel as prior art against the 718 patent. Cabinet dealers have inset mounted the CRP-10 door within a beaded cabinet frame. When the inset-mounted CRP-10 door is closed, the front view of the combined door and frame looks very similar to the front view of the 718 patent design shown in FIG. 1 above, except that the hinges of the CRP-10 are visible from the front. When the CRP-10 door is opened, the rear of the door becomes visible. The rear of the CRP-10 door lacks the outer border of the rear of the

718 patent design, as shown in FIG. 2.

The front of the CRP-10 end panel looks like FIG. 1 of the 718 patent. The rear of the end panel is fixed to a substrate at the end of a cabinet to simulate a door and frame that matches the adjacent doors and frames. Because the end panel is fixed to a substrate, it does not have a rear view that corresponds to the rear view shown in FIG. 2 of the 718 patent.

At trial, the jury made several findings: the 718 patent was not anticipated; the novel features of the 718 patent were primarily ornamental; the 718 design would not have been obvious at the time of filing; . . .

(emphasis added.) As seen from the foregoing reference to FIG. 1 and FIG. 2, invalidity was not established by comparing only one figure of a multi-figure patent drawings.

In Durling, 101 F.3d at 103, the Court, in reversing the judgment of the district court that a '243 patent is invalid as obvious under 35 U.S.C. § 103, stated:

A proper interpretation of Durling's claimed design focuses on the visual impression it creates. This visual appearance is that of a contiguous three-piece sectional sofa group containing two sofa sections at approximately right angles to each other with a triangular corner table at their juncture. On the sides away from the corner table, each sofa section has rounded corners and includes a bolster pillow as an armrest. In addition, each sofa section has a double front rail that begins at the end adjacent to the corner table, follows along the bottom of the sofa towards the other end, and curves upwardly (i.e., sweeps upward) through a 90° angle to truncate at a horizontal plane upon which the end table rests.

The visual appearance created by the Schweiger model is that of a three-piece contiguous sofa sectional group. Two linear sofa sections are placed at approximately right angles to each other, as in Durling's design. Instead of having a triangular corner table at their juncture, however, the Schweiger model contains a third, curved sofa section that lies between the other two sofa sections. When the three sofa sections are joined, the appearance is that of a rounded right angle. As in Durling's design, the Schweiger model has rounded ends, bolster pillows, and a double front rail. In the Schweiger model, however, the double front rail curves upward

slightly, and then curves outward in a horizontal direction to wrap around the end tables.

From these two verbal descriptions, it is readily apparent that the Schweiger model does not create the same visual impression as does Durling's claimed design. The Schweiger model does not have a corner table, as does Durling's design. More significantly, the front rail in the Schweiger model curves upward and then around the end table. In contrast, the front rail in Durling's claimed design simply curves upwardly until it is truncated at a horizontal plane. If not for the truncating, the front rail in Durling's design would continue vertically; that in the Schweiger model would continue horizontally. Because of these significant differences, the Schweiger model does not create basically the same visual impression as does Durling's design, and therefore cannot suffice as a primary reference.

(emphasis added) (footnote omitted)

In OddzOn Products, Inc. v. Just Toy, Inc., 122 F.3d 1396, 1404 (Fed. Cir. 1997), the Court, in concluding that the district court did not err in holding that a cited reference would not have rendered the patented design obvious, stated:

We agree with the district court that none of the cited designs, including the two confidential disclosures, render the patented design obvious, either individually or in combination. According to familiar law, a design patent only protects the ornamental aspects of the design. Because the presence of a tailshaft and fins has been shown to be necessary to have a ball with similar aerodynamic stability to OddzOn's commercial embodiment, such general features are functional and thus not protectable as such. Invalidating prior art must show or render obvious the ornamental features of a patented design. The existence of prior art simply showing a ball with a tailshaft and fins, without more, is not sufficient to render the patented design obvious. Just Toys does not dispute the fact that the fins of the confidential disclosures lack the ornamental features of the patented design. They do not appear to protrude from the ball while gently flaring outwardly. Because none of the prior art cited by Just Toys exhibits ornamental characteristics that are the same as or similar to OddzOn's design, we conclude that the district court did not err in holding that the cited references would not have rendered the patented design

obvious.

(emphasis added).

In Litton Systems, 728 F.2d at 1443, the Court, in affirming a district court's finding of validity of a '990 design patent, stated:

We . . . note that there are a large number of similarities between the Litton design and that of the prior art. The fact that similarities exist, however, does not, and cannot, control our decision. It is the difference between the subject matter sought to be patented and the prior art which matters. Since differences do exist, we hold that Whirlpool has failed to convince us that the trial court committed reversible error in holding that a person of ordinary designer skill would not have found the design, as a whole, obvious.

(emphasis added.) Moreover, the Court, in reversing the district court's finding of infringement of the design patent, stated:

We recognize that minor differences between a patented design and an accused article's design cannot, and shall not, prevent a finding of infringement. In this case, however, "while there is some similarity between the patented and alleged infringing designs, which without consideration of the prior art might seem important, yet such similarity as is due to common external configuration is no greater, if as great, between the patented and challenged designs as between the former and the designs of the prior art." Applied Arts Corp. v. Grand Rapids Metalcraft Corp., 67 F.2d 428, 430 (6th Cir. 1933). Where, as here, a field is crowded with many references relating to the design of the same type of appliance, we must construe the range of equivalents vary narrowly.

Id. at 1444 (emphasis added).

In Catalina Lighting, Inc. v. Lamps Plus, Inc. 295 F.3d 1277, 1288 (Fed. Cir. 2002) the Court, in affirming the district court's ruling denying a motion for judgment that a '904 design patent is obvious, stated:

The '904 patent is presumed to be valid and Catalina needed to present clear and convincing evidence of obviousness in order to

prevail. We do not believe the record contains such clear and convincing evidence. Catalina points to nothing in the trial record that shows where it introduced evidence of a suggestion or motivation to combine these references. Gambro Lundia AB v. Baxter Healthcare Corp., 110 F.3d 1573, 1578-79, 42 USPQ2d 1378, 1383 (Fed.Cir.1997) (“[T]he record must provide a teaching, suggestion, or reason to substitute.... The absence of such a suggestion to combine is dispositive in an obviousness determination.”). Lamps Plus, on the other hand, presented evidence of secondary considerations supporting nonobviousness. Id. at 1579, 110 F.3d 1573, 42 USPQ2d at 1384 (“[O]bjective indicia may often be the most probative and cogent evidence of nonobviousness in the record.”).

(emphasis added). In L.A. Gear, Inc. v. Thom McAn Shoe Company, 988 F.2d 1117, 1124

(Fed.Cir. 1993), the Court, in affirming the district court’s holding that a ‘081 design patent is not invalid under 35 U.S.C. § 103, stated:

When the patented design is a combination of selected elements in the prior art, a holding of obviousness requires that there be some teaching or suggestion whereby it would have been obvious to a designer of ordinary skill to make the particular selection and combination made by the patentee. In re Cho, 813 F.2d 378, 382, 1 USPQ2d 1662, 1663-64 (Fed.Cir.1987). The first step in the analysis, when the subject is design, is whether there is “a reference to something in existence, the design characteristics of which are basically the same as the claimed design, in order to support a holding of obviousness”. In re Rosen, 673 F.2d 388, 391, 213 USPQ 347, 350 (CCPA 1982); In re Jennings, 182 F.2d 207, 208, 86 USPQ 68, 70 (CCPA 1950). Thus not only the individual elements, but the ornamental quality of the combination must be suggested in the prior art. Rosen, id. at 390, 213 USPQ at 349.

Melville offered twenty-two references that were asserted to show or suggest various features of the ‘081 design, and argues that the ‘081 design is readily reconstructed from elements found in the prior art. The district court found that all of the elements of the design of the ‘081 patent were known, but that these particular elements had not previously been combined in a single shoe design. A reconstruction of known elements does not invalidate a design patent, absent some basis whereby a designer of ordinary

skill would be led to create this particular design. The district court concluded that there was no teaching or suggestion in the prior art of the appearance of the claimed design as a visual whole. We discern no error in this conclusion or the premises on which it rests. The undisputed commercial success of the patented design, and Appellants' copying thereof, are also relevant to analysis of the obviousness of a design. Rosen, 673 F.2d at 391 n. 6, 213 USPQ at 350 n. 6.

(emphasis added)

However, in In re Certain Steel Toy Vehicles, 197 USPQ 873, 875, 884 (1978), the Commission "assuming for the sake of argument" that U.S. design patent 225, 251 ('251 patent) was infringed found said patent invalid as obvious on the ground that the "overall impression" of the '251 patent configuration" is clearly not 'different' enough either to a designer or an ordinary observer." In so finding, the Commission concluded that the issue of obviousness of a given design is ultimately resolved subjectively according to the visual perception of the judge who finds himself cast in the sole of the ordinary observer. Id. at 885. It further found that the design patent, was not infringed under the following rationale:

(1) The '251 patent [in issue] was allowed to issue over the prior art of the '825 patent.

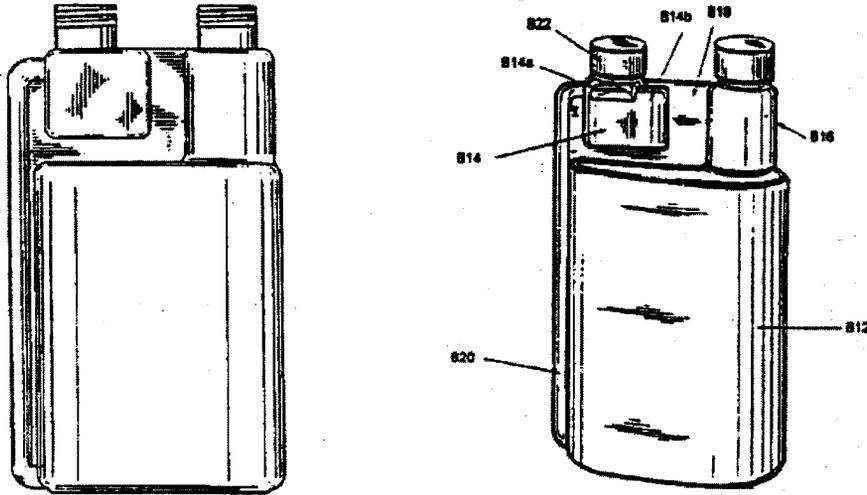
(2) Therefore, the '251 patent must have been different enough from the '825 design patent to be patentable.

(3) However, the [accused] Buddy-L truck, represented by CX-37, is even more different from the '251 design patent than was the '825 design patent.

(4) Therefore, a priori if the '825 design patent does not infringe (it couldn't, since the examiner believed the '251 design was patentably different enough from the '825 design patent to issue the new '251 patent design), the Buddy-L truck (CX-37) also could not infringe the newer '251 patent.

Id. (emphasis added).

In In re Borden, the claimed design in issue and the primary reference design were



90 F.3d at 1572-73 with the claimed design on the left and the primary reference on the right.²⁸

The Court, in affirming the Patent Office which found the claimed design unpatentable, stated:

In this case, . . . the basic design reference is closely akin to Borden's claimed design, and the secondary references provide the two design elements necessary to bridge the small gap between the Bettix container and Borden's claimed design. Moreover, the two missing design elements are not taken from unrelated references, but are found in other dual-chamber containers. The Board found the secondary references to be so closely related to the Bettix design as to suggest to a container designer of ordinary skill that the small chamber of the Bettix container could be modified in a manner that would make it identical to Borden's design. The Board therefore found that the prior art references did not simply provide a general approach to creating new designs. . . but taught the two specific design elements that would convert the Bettix reference into appellant's claimed design, and did so in a setting that would suggest the combination to one of skill in the art.

90 F.3d at 1575. (emphasis added).

²⁸ A Freshn Tea reference and a Costa reference were identified as secondary references.
Id.

A preliminary issue is whether there is public use of the designs displayed at the Houston Event in posters. Complainant argued that to anticipate, prior art must include all views of a three-dimensional patented design, citing Door-Master, 256 F. 3d at 1314. (CBr at 103.)

Respondents argued that the P221 and P273 posters displayed at the Houston Event represent a public use of Ford's designs. (RRBr at 51-54.)

The staff argued that Ford's argument that there is no public use of the designs displayed at the Houston Event in posters is not the law. (SRBr at 18-19.)

The administrative law judge rejects complainant's arguments that posters displayed at the Houston Event cannot be treated as prior art.²⁹ In Cont'l Plastic Containers, 141 F.3d at 1078, the Federal Circuit affirmed summary judgment finding a design patent for a plastic beverage container invalid under Section 102(b) and rejected the patentee's arguments that certain article drawings were not prior art. In Hupp, 122 F. 3d at 1461, the Court although finding that the claimed design in issue was not anticipated, treated an advertisement as prior art.

Another preliminary issue is whether certain components which respondents rely on are prior art. Thus complainant argued, referencing a table (CBr at 32-33), that respondents were required to prove that the components from the 2003 Ford Expedition XLT Bumper Assembly, the 2002 Chevrolet S10 Pick-up, the 2003 Ford Expedition, the 2003 Mack Granite Series, the 2002 Ford Ranger, the 2003 Ford Econoline and the 2002 Ford Explorer XLT are prior art and failed to so prove. (CBr at 31-33.)

Respondents argued that they had identified a number of prior art vehicle parts that

²⁹ Whether a poster anticipates a claimed design of course will depend on what the particular claimed design is and what the poster shows.

disclose Ford's alleged points of novelty and/or render the patents-in-issue invalid; that those parts were introduced as respondents' physical exhibits RPX-1 to RPX-46 and RPX-54 to RPX-77; that respondents also presented photographs of those parts in documentary and demonstrative exhibits; and that while Ford, at CBr at 31, stated that it "does not agree that any non-patent 'prior art' raised by Respondents is prior art," respondents' cited parts unquestionably are prior art. (RRBr at 65-6.)

Respondents listed each of their prior art parts on their Exhibit List as being a part for specific prior art vehicle identified by make, model, and model year and each of those parts was admitted into evidence, with no objection from complainant before admitting said exhibits into evidence, with said descriptions. Hence, the administrative law judge finds that complainant had waived any objection to said exhibits. Moreover, as to the merits of complainant's argument, and with respect to the parts from vehicle model years 2002 and 2003, Ford's parts table (CBr at 32-33) contains a column providing a so-called "critical date" of the patents-in-issue which refers to a date one year before the applications for the patents were filed. However, the administrative law judge finds that those parts can be prior art under 35 U.S.C. § 102(a), as well as under § 102(b) because the only dates Ford has relied on as invention dates for the claimed designs in issue are the filing dates of the patent applications. See Mahurkar v. C.R. Bard, Inc., 79 F.3d 1572, 1576-77 (Fed. Cir. 1996) (patentee failed to carry its burden of proving a date of invention prior to the publication date of prior art reference published three months before the patent application's filing date).

The administrative law judge further finds that there is evidence that respondents' cited 2003 and 2002 parts were in use, or on sale, or shown in publications prior to December 2, 2002,

the earliest filing date of any of the patents in issue. Thus, five of the parts listed in Ford's table as "Not Prior Art" are from model year 2002 vehicles (2002 Chevrolet S10 Tail Lamp; 2002 Mack Granite Series Headlamp; 2002 Ford Ranger Grille; 2002 Ford Explorer XLT valance; 2002 Chevrolet S10 Pickup valance). It is industry custom that new model year vehicles are sold by the fall in the previous calendar year. (Skalski, Tr. at 2058-2060.) Also the copyright date of 2001 for Ford's own sales brochures for the 2002 Explorer XLT and 2002 Ranger confirm that Ford's own 2002 model year vehicles were available in 2001. (RX-202 at R01-1793; RX-204 at R01-1959.) Consequently, the administrative law judge finds that the five model year 2002 vehicles are prior art to all the patents-in-issue.

Two of the other vehicles listed in Ford's table as "not Prior Art" (2003 Ford Expedition and 2003 Ford Econoline) are model year 2003 vehicles. The administrative law judge finds that those vehicles are prior art at least by the fall of 2002. Thus, the copyright date of 2002 in Ford's own sales brochures for said vehicles reaffirms this conclusion. (RX-206 at R01-2019; RX-205 at R01-1979.)³⁰ The 2003 Expedition was also shown in an Automotive News article dated July 30, 2001. (RX-165, 165.1.) Thus, the administrative law judge finds that the 2003 Expedition and 2003 Econoline pre-date the relevant patents, the earliest of which was filed in December of 2002, at the very end of the year, beyond the date when the 2003 vehicles were advertised. (Skalski, Tr. at 2060.)

Based on the foregoing, the administrative law judge rejects complainant's argument that

³⁰ Ford's website (http://media.ford.com/newsroom/release_display.cfm?release=11844#commercials) contains a press release dated May 6, 2002, referring to the introduction of television ads for the 2003 Expedition, complete with downloads for six ads and three television commercials that it states were released on May 6, 2002.

certain components on which respondents rely on are not prior art.

The '552 Patent (CX-3)

Respondents argued that the headlamp designs of the '552 patent and the P221 shown at the Houston Event are substantially the same as can be seen by a comparison of RDX-12 (Figure 2 of the '552 patent) and poster RDX-13C. (RBr at 60.)

Respondents also argued that an ordinary observer would consider the headlamp design for the 2003 Ford Expedition to be substantially the same as that of the '552 patent and to the extent that there are any differences in the designs, the differences are more of an "adjustment to the same design rather than distinct designs." Thus it is argued that although the 2003 Expedition does not have the three horizontal lines, as claimed in the '552 patent, an ordinary observer would not see those lines as a significant design feature. It is argued that the headlamp for the 2003 Ford Expedition has basically the same design characteristics as the claimed design of the '552 patent, including a wrap-around shape, a dominant lamp and a subdominant lamp in the same relative location as the claimed design; and that a designer of ordinary skill would have found it obvious to add the three horizontal lines above the subdominant lamp of the 2003 Ford Expedition headlamp because skilled designers would know to use such lines to fill in open space on a headlamp, as was known in the prior art Mack Granite Series headlamp or U. S. Patent No. D357,213. Respondents further argued that "[a]lternatively, a designer of ordinary skill in the art would have found the '552 patent design to have been obvious in view of the prior art." (RBr at 141-3.)

The staff also relying on RDX12 and RDX-13C, argued that design of the head lamp on the full-scale P221 exhibited at the Houston Event is substantially the same as the design of the

'552 patent, and that to the extent that differences exist between the head lamps on the full-scale P221 displayed at the Houston Event, such differences are not substantial enough to preclude a finding of anticipation. (SBr at 51.) It is argued that the differences in appearance between the head lamp on the P221 and the figures of the '552 patent which Ford identifies are so minor that an ordinary observer would believe the head lamp on the P221 and the designs in the '552 patent are substantially the same and to the extent that "the head lamp on the P221 does not anticipate, it renders the '552 patent obvious." (SRBr at 20.)

Complainant argued that the horizontal bars placed as shown in FIG. 2 of the '552 design did not exist in the P221 head lamp (CDX-85) and that the use of the three horizontal bars shown in Figure 2 of the '552 patent affects the overall appearance by proportioning the overall mass and shape of the head lamp. (CRR273B.) It is also argued that the relation between the dominant and subdominant lamp are different in the '552 design versus the P221 model in that the P221 model employed a dominant/subdominant lamp at about the same axis, whereas in the '552 design, the subdominant lamp is considerably lower to create more of a dynamic visual quality in the front view; that the lamps in the claimed design are also offset in a side view to enhance the top view of the five distinct sides of the front end; that the side turn indicator lamp is dramatically different in that in the P221 model, the side marker literally is just an extrusion laid on a surface, whereas in the '552 design, the side marker is much larger and is created on a plateau. (CRRFF273C; CRRFF273D; CRRFF273 E.)

Complainant further argued that the three horizontal bars of the '552 design do not exist in the 2003 Expedition head lamp; that the relationship between the dominant and subdominant lamps is different in the '552 design versus the 2003 Ford Expedition design in that the two head

lamps overlap in the Ford Expedition and do not in the '552 design; and that in the Ford Expedition , the bottom of the subdominant lamp is set below the bottom of the dominant lamp, whereas in the '552 design, the bottoms of the two head lamps are generally aligned. (CRRFF 503C; CRFF 503D.)

Complainant also argued that the side turn indicator lamp is dramatically different on the two designs in that in the Ford Expedition lamp, the side turn indicator is a large mass of orange facing forward that is tangential to the dominant lamp while in the '552 design the turn signal lamp is much less visible from the front view and not tangential to the dominant lamp.

Complainant further argued that the overall appearance of the 2003 Expedition lamp is bio-morphic/organic with much softer surfaces relative to the '552 design while the '552 design creates a precision appearance, like a camera lens, i.e. a very precise machined part, and that respondents' expert admitted that the design of the headlamp is exceedingly important to the character and presence of the vehicle. Complainant also argued that while respondents' expert admitted that proportions are important to aesthetic design and that the proportions in the 2003 Ford Expedition are different from the proportions in the '552 design, he ignored all size, placement and shape identification from the corresponding patent figures, contrary to respondents' own admission that the claims of a design patent are defined by the drawings.

(CRRFF 503E; CRRFF 503F, CRRF 503G.)

As to whether the headlamp design of the '552 patent (CX-3) is anticipated by the P221 (RDX-13C), the administrative law judge finds that the P221 (RDX-13C) does not have the three horizontal bars that are placed in a vertical stack having the thickness roughly equal to the spacing between the bars and with increasing length moving up the stack as found in the overall

configuration of the claimed design in issue. He further finds that the shape and placement of the dominant and subdominant lamps and the location of the contoured marker different in the claimed design in issue as compared with what is shown in P221, all of which affect the overall configuration of the two designs. Furthermore, the administrative law judge finds that the side marker lamp of the P221 design does not sit on the plateau of the cylinder that defines the dominant lamp as in the '552 design. Nor is P221 side marker lamp roughly 2/3 the overall height of the dominant lamp as in the '552 design. Rather, in viewing CDX-85, it appears that the side marker lamp of the P221 poster is roughly half the height of the dominant lamp in the P221 design. In addition, the administrative law judge finds that the side marker lamp of the P221 design follows the curve of the cylinder into which the dominant lamp is set. In contrast the side marker lamp of the '552 design does not. Rather the side marker lamp of the '552 design is generally rectangular and remains separated from the dominant lamp which in turn affects the overall configuration of the claimed design in issue. See CX-3 ('552 patent) at Figure 2. All of those differences the administrative law judge finds affects the overall configurations of the two designs.

Respondents relied on their expert Skalski's testimony in support of the argument that RDX-13C is substantially the same as the design claimed in the '552 patent. (RFF 273.) However, with respect to FIGS. 3 and 4 of the '552 patent, RDX-13C does not appear to show the top or side views of the headlamp displayed at the Houston Event and there is no testimony from Skalski on this point.³¹ See Door-Master Corp. v. Yorktowne, supra where the Court in

³¹ While respondents' expert Skalski was accepted as an expert in industrial design, including transportation design and automotive design, he testified that he has never been retained as a consultant for the automotive industry (Tr. at 1602); and that he never worked in an

allowing the jury verdict of validity of a design patent stand indicated that invalidity cannot be established by comparing only one figure of a multi figure design patent. Moreover Skalski, referring to the 2003 Ford Expedition and the claimed design in issue, admitted that the claimed design has “esthetic adjustments.”³² Thus he testified as to a comparison shown in RX-36, which depicts certain FIGS. of the ‘552 patent and parts of the 2003 Ford Expedition, as follows:

Q. Based upon your comparison shown here in RX-36, do you have an opinion regarding the designs of the ‘552 patent and the 2003 Ford Expedition?

A. Yeah. It’s my opinion that the ordinary observer would see these as being substantially the same design.

Q. You testified earlier that there was a question regarding the three lines above the subdominant lamp. Does that have an impact on your substantial similarity opinion?

A. No, it doesn’t. I -- the ordinary observer just would not see those as being that significant. It would still be -- see these as being substantially the same design.

Q. With respect to the designer of ordinary skill --

JUDGE LUCKERN: Now, for example, with the

automotive design studio. (Tr. at 1597-98.) Moreover in his testimony regarding his background there is no indication that he was ever employed as an automotive designer. See Tr at 1587-97. Also when the administrative law judge asked Skalski whether he would consider the designers of Ford of ordinary skill, he answered that they are probably “from hearing from them and experience they have, I would consider them designers of extraordinary skill.” (Tr. at 1734.)

³² The word “esthetic” which is a variation of “aesthetic” is defined as “relating to the beautiful as distinguished from the merely pleasing, the moral, and esp. the useful and utilitarian” See Webster’s 3rd New International Dictionary (1981) at 34, 778.

2000 -- my eyes -- 2003 Ford Expedition, if you look at figure 2, you don't see the same alignment with respect to the two lamps. But you're still saying, Professor, that that's an insignificant distinction? Do you understand my question?

THE WITNESS: Yes. I understand your question, Your Honor. Again, I -- I -- I feel that the -- the ordinary observer would see these as being substantially the same design.

And I even think a designer of ordinary skill would see these as being substantially the same design. They would see the differences, and they would notice them, but they would still see these as being the same -- substantially the same design.

JUDGE LUCKERN: Again, even though this is overlapping; is that your testimony?

THE WITNESS: Yeah. Again, the -- the rule, as I understand it, for substantial similarity is that there can be differences, as I've seen in the Gorham examples, and still have substantial similarity.

JUDGE LUCKERN: And those differences are meaningless with respect to the designer of ordinary skill to consider such differences? I see, for example, in figure 2 as against the 2003 Ford Expedition, a designer of ordinary skill would consider them meaningless?

THE WITNESS: I don't think that they would consider them meaningless. They might consider them enhancements to the same design. One can make changes to a design, adjustments we'll call it to a design, you still have the same design. You've made esthetic adjustments for whatever reason. I don't know what reason they did that. I don't know why they overlapped them or didn't. But it's still substantially the same design.

(Tr. at 1785-87 (emphasis added).) Also Skalski later testified :

Q. You have no factual knowledge of anything that happened in the design of the F-150, correct?

A. I was not there.

Q. If these things are so straightforward and such subtle, insignificant variances on the past, what is your explanation of why they spent so much time doing it?

A. You mean developing the design?

Q. Correct.

A. It takes a lot of design, once you have a design and you've got it set, it takes a lot of time to make the adjustments. Which, you're still adjusting the same design. There's a difference between changing a design and adjusting a design.

That's what car designers spend probably most of their time. They lock into a design and they make adjustments.

Q. Why would you adjust it?

A. You adjust it for esthetic reasons. You have the design, the appearance of this thing, the theme, they call it. Then we get into the esthetics of it, where they talk about highlights, et cetera, you're adjusting surfaces.

Q. So these small changes are the adjustments for esthetic purposes, correct?

A. For esthetic purposes.

Q. And that's what design patents cover, isn't it?

A. The design patent covers the design of the object.

(Tr. at 1922-23 (emphasis added).) Moreover Skalski admitted that the 2003 Expedition does not have at least the "[t]hree horizontal lines." (Tr. at 1789.)

Contrasting the testimony of Skalski with the testimony of complainant's expert Olsen,

Olsen³³ testified:

- A. A point of novelty for the '552 design is the combination of horizontal bars. They occur in the top right-hand area of the interior surface of the lamp. Placed as shown, a dominant lamp 1 -- by dominant it means the lamp with the largest diameter. A subdominant lamp 2, which is placed slightly below the center line of the dominant lamp and is a much smaller diameter. And a contoured marker 3, shown in green, shaped -- the dominant lamp 1 and the subdominant lamp 2 are generally circular, and the marker is contoured in two dimensions, this way and then laterally, sized and placed, the contoured marker 3, placed on the cylinder that defines the dominant lamp as shown in the patent figures, especially figure 2.

³³ In contrast to the background of respondents' Skalski, complainant's expert Olsen's first job upon graduation from Pratt was at General Motors as a car designer from 1956 through 1960 where he worked mainly on automobile interiors. (Tr. at 1209.) In 1960 he took a leave of absence to work in Denmark to do product design. Thereafter he joined a General Motors' subsidiary in England called Ogle Design Limited where he designed sports-type cars and stayed there until 1967. (Tr. at 1210-11.) Thereafter Olsen established his own design consultancy based on doing coach design in Great Britain and that continued for ten years. In 1977 Olsen returned to Ogle and became director of design where he was involved with automobile passenger cars, mainly sporting type cars. In 1982 Olsen was headhunted by Citroen, the French automobile manufacturer, to become their chief of style, and where he worked on automobiles and minivans. In 1987, Olsen came back to the United States where he was made professor and chair of transportation design at what was then called the Center for Creative Studies in Detroit and which is now called the College for Creative Studies. Olsen retired from there in 2000. Thereafter he did consulting work for Toyota for four years on designing products for the American market. (Tr. at 1212-15.) There is also testimony that respondents called the College for Creative Studies and spoke to the Dean and that the Dean called Olsen and asked if he would like to appear as an expert witness in a case concerning parts of automobiles; that Olsen's assumption was that it was an expert witness for the manufacturer of parts; that he called Washington and spoke to someone whose name he forgot and Olsen was asked if he would like to appear as an expert witness in this investigation; and that when he heard what the parameters of the investigation was, i.e. copying parts from a manufacturer, Olsen told them that he was not interested in acting on their behalf. (Tr. at 1374.)

Q. Now, let's start -- do you find the horizontal bars, the first element, in the 2003 Expedition headlamp that's below the '552 figure?

A. No. They don't exist in the Expedition lamp.

Q. And then what we've done is overlay all elements. And how would you compare the dominant/subdominant verbiage and the side marker between the patent drawing and the 2003 contended to be anticipatory?

A. As you can see, in the Expedition headlamp, the subdominant lamp intersects the dominant lamp. It interrupts the surface.

And it appears, at least in this photograph, which we can't be sure it's to scale, that the subdominant lamp is a larger diameter than the subdominant lamp in the 11 -- '552 patent.

You can see with the overlapped position that the -- it implies that the width, the frontal width of the '552 patent is considerably wider than the frontal width of the Expedition lamp, because the style features, three bars, as well as the subdominant lamp, actually come outside dimensionally the width of the Expedition lamp.

Another feature that is dramatically different is the side turn indicator lamp. Here you see in the frontal view a large mass of orange.

Q. In the Ford Expedition?

A. That is the Ford Expedition lamp, a large mass of orange facing forward.

The side marker -- this turn signal lamp actually is tangential to the dominant lamp; whereas, on the '552 patent, the lamp is only legal. It's legal, but it's much less visible in front view. And it is not tangential to the dominant lamp.

Q. If you were to use this as a teaching example, does it represent -- how would it fall in the scale of discretion or options available for a designer in your opinion, all of the differences between these two headlights?

Do you understand my question?

A. I'm a little bit confused by it.

Q. Okay. Well, do they -- if you -- do designs make statements to those they impact?

A. Most certainly, yes.

Q. And do these say the same thing, in your opinion, if you were using it as teaching examples?

A. No. They don't say the same thing. If I can describe the '552 patent lamp beyond what we see on the board as a -- the patent drawing. The flavor of the Expedition lamp is sort of biomorphic/organic. The surfaces are much softer. You can even see the surfaces inside the reflector in the lamp. You can see this is a very soft curve.

Whereas, the lamp as presented by the young designers who have actually worked on it, and which I agree with, they have attempted to get a precision look. That precision can be best described as a camera lens look, sort of like a Leica camera rather -- which is a very precise machined part.

And that precision is what they were trying to express. And they are trying to express in the '552 patent of a precision part with very high performance as opposed to a more organic part which integrates esthetically in an overall more organic form.

(Tr. at 1245-48 (emphasis added).)³⁴

While slight variations in the configurations of two designs will not destroy substantial identity, anticipation does require that a single prior art reference be identical to the claimed design in all material respects. See Hupp, supra. Moreover new designs frequently involve only relatively small changes. See Lawman I, supra. In addition the fact that there are a large number of similarities between the claimed design and the prior art should not control a decision on validity. See Litton Systems, supra.

The administrative law judge finds that to an ordinary observer the overall configuration of the claimed vehicle headlamp of the '552 patent is not identical in all material aspects to what is shown in RDX-13 (P221) or in the 2003 Ford Expedition; and that an ordinary observer would conclude that the claimed design is a different design, and not a modified design of the prior art. See Clark Equip. Co. v. Keller, supra.

Respondents argued that to the extent that complainant's expert Olsen offered any opinion on the prior art, none of those opinions were based on how an ordinary observer would view the prior art designs as compared to the patented designs. (RFF 230.) However, it is a fact that Olsen testified:

Q. Well, perhaps you can answer my question. And then you can elaborate. You're not -- you didn't give an opinion over the last several hours on whether the designs you were comparing were substantially the same in the eyes of an ordinary observer; isn't that true?

A. Well, I don't believe that's true, no. I think

³⁴ The administrative law judge finds that the overlay CDX-46 emphasizes the substantial differences of the claimed design of the '552 patent over the prior art.

everything that we discussed and presented would be visible to an ordinary observer.

Q. You've just testified that you cannot put yourself in the shoes of an ordinary observer because you're an expert designer?

A. Well, I wanted to elaborate on the question and you stopped me from elaborating.

Q. You can elaborate now.

A. The role of a designer is to anticipate what the general public is going to like, an ordinary observer. So from that point of view, the whole rationale, the whole orientation of the designer is to create designs that the ordinary observer will see, think it's different, and buy.

Q. So it's your position that, unless two designs are identical, an ordinary observer would consider them to be substantially different?

A. Sorry. Can you repeat that.

Q. If two designs are not identical, would an ordinary observer consider them to be substantially different?

A. Not necessarily, no.

Q. So an ordinary observer could take two designs that are identical and believe they are substantially the same design; isn't that true?

A. I believe that depends on what you're showing the ordinary observer. I don't think you can make a generic statement is that true or false.

Q. You can't make a generic statement one way or the other; isn't that true?

A. Right.

* * *

Q. Let me ask another question. Perhaps that was confusing.

It's not your -- it's not your opinion, sitting here today, that ordinary observers might not believe that two different designs are substantially similar in appearance?

A. Well, if I can use an example that occurs in your respondents' presentation, I just think that the Ford nostril grille and the Econoline grille would never, ever be confused by an ordinary observer.

(Tr. at 1318-20 (emphasis added).)

Referring to respondents' argument that the claimed design is obvious, even respondents' expert Skalski, with reference to CDX-70, CDX-71 and CDX-72 each of which relates to respondents' alleged combinations, testified:

Q. All right. My question is: If you gave your students the two references, 1 and 2, 2003 Ford Expedition and this D357,213, is it your opinion that they would all come up with the design of the '552 design patent in suit, CX-3?

A. I think I can probably get many different designs. Some of them would use those three lines. They might put them someplace in there where there was a place to put them.

Q. Do you think any of them would come up with the design of CX-3?

A. They might come up with something pretty close.

Q. I thought -- well. All right. You would agree that the way we combine it has a different visual appearance anyway, as shown in CDX-70; is that fair?

A. Yes.

Q. You had a second combination, the 2003 Ford Expedition and the 2002 Mack Granite series?

A. Yes.

* * *

Q. I'll ask you the same question. If you gave your students the 2003 Ford Expedition and the 2002 Mack Granite series -- is that a sketch or a photograph? What is it?

A. Are you talking about the --

Q. The 2002 Mack Granite series?

A. That's a photograph.

Q. This is on CDX-71. If you gave them those two photographs -- both of those are photographs, right?

A. Yes, they are.

Q. If you gave them those two photographs, do you think they would come up with CX-3, '552 headlight?

A. I doubt it, unless one of the students were trying to make a joke.

Q. Do you agree that the way we combined them on CDX-71, as shown on CDX-72, that the visual appearance is not the same as CDX-3; is that fair?

A. I would agree.

(Tr. at 1892-85 (emphasis added).) In addition, from the prior art cited in the '552 patent (CX-3), the field of vehicle headlamps is in a crowded field and that does weigh in favor of the patentee in determining whether a claimed design is obvious. See In re Harvey, supra. Moreover as for any Graham v. John Deere Co., 383 U.S. 1 (1966) (Graham) secondary considerations, respondents have copied the design of the '552 patent. See Section XII infra. It is also a fact that

the Ford 150 was commercialized. Hence the administrative law judge finds that respondents have not established that the claimed design of the '552 patent is obvious.

Based on the foregoing and considering the presumption of validity that the '552 patent has, the administrative law judge finds that respondents have not established, by clear and convincing evidence, that the '552 patent is not valid.

The '044 Patent (CX-2)

Respondents argued that to the ordinary observer, the design of the tail lamp on the P273 poster shown at the Houston Event (RDX-44 C-, RX-768) would appear to be “substantially the same” as that of Figure 2 of the '044 patent (RDX-43); and that minor differences, such as the extension of the contoured band around the side of the tail lamp would not be seen as a “significant difference” to the ordinary observer. (RBr at 75-6.) It was also argued that a designer of ordinary skill in the art of automotive design would have found it obvious to continue the contoured band around the entire side of the tail lamp because such contoured bands were known in the art, including Ford’s own 1997 Ranger tail lamp (RDX-48). (RBr at 77.) Respondents further argued that to the extent there are differences between the P273 tail lamp and the tail lamp of the '044 patent, a designer of ordinary skill in the art would have found those differences obvious given what was “already conventionally known in the tail lamp art” (RBr at 54-5.) Respondents also argued that based on the comparison of the 1996 Volkswagen Passat Tail Lamp to the '044 patent seen on RX-47 an ordinary observer would find the designs to be substantially the same. (RFF 263.)

It is also argued by respondents that all of complainant’s alleged points of novelty for the '044 patent are found in the prior art, including the 1996 Volkswagen Passat tail lamp and

consequently complainant's '044 patented design is anticipated by the prior art. (RBr at 155-56.) Respondents, in addition, argued that the '044 patent design would have been obvious to an automotive designer of ordinary skill in the art because the 1996 Volkswagen Passat Sedan and the '044 patent design have basically the same design characteristics, namely, wrap-around designs with angled corners and a horizontal band near the center of the tail lamp. It is further argued that to the extent there are differences between the designs, they are minor and would have been well within the level of skill of an ordinary designer to make such modifications. Respondents, for example, argued that to the extent complainant argued that there are differences in the degree or shape of the wrap-around, an ordinary designer looking at the 1996 Volkswagen Passat Sedan would have found it obvious to modify the tail lamp to have the shape and degree of wrap around of either the 1999 Ford F-150 Flareside tail lamps, or the 2002 Chevy S-10 Fleetside tail lamps so as to create a design having the same overall visual appearance as the claimed design. (RBr at 156-57.) Respondents argued that while complainant's expert testified that none of the prior art cited by respondents, whether alone or in combination, rendered the '044 patent invalid, he admitted that he was looking to see if any of the prior art cited was identical to the '044 patent and also given his "admission" that he does not believe any design could be obvious, it is clear that he must have misunderstood the law of obviousness as well. (RBr at 158.) Respondents further argued that the 1998 Kia Sportage tail lamp contains "one or more of Ford's challenged points of novelty" for the '044 patent. (RFF 533.)

The staff argued that an ordinary observer would consider the appearance of the flare-side tail lamp on the prototype Ford Ranger depicted on RDX-44 to be substantially the same design as figure 2 of the '044 patent; that the main difference between the two is that the contoured band

on the prototype Ranger does not completely extend to the perimeter of the lamp while the contoured band in the '044 patent does; and that this difference is so slight that it does not negate a finding of anticipation. (SBr at 56-7.)

The staff further argued that the '044 patent (CX-2) contains two figures each for the left and right sides of a vehicle; that one of the figures provides the rear view and the other the side view; that RDX-44 is a photograph of a poster displaying a prototype Ranger Flareside truck in three-quarter view that provides rear and side views of the tail lamp on the vehicle and thus RDX-44 provides the same views that the '044 patent does, viz. side and rear; that none of those figures of the '044 patent discloses two parallel lines at the perimeter of the lamp, which are indicative of a chamfer and hence the '044 patent does not disclose a chamfer; and that in view of the foregoing, the tail lamp depicted on the P273 in the poster anticipates the '044 patent, and if it does not anticipate, it renders obvious the '044 patent. (SRBr at 19-20.)

Complainant, responding to the staff's argument that a designer of ordinary skill would consider the '044 design to be obvious in view of the P273 (SFF 375), argued that a combination of the Houston P273 model and the 1997 Ford Ranger do not yield a design which includes a "perimeter chamfer . . . or the contoured band. . . shaped and placed as shown in FIG. 1 of the '044 patent" (CRSFF 375G) and that the 1997 Ford Ranger band is positioned "far lower in the overall tail lamp design than in the '044 patent." (CRSFF 375H.)

Complainant further argued that the 1998 Kia Sportage tail lamp does not include the '044 patent point of novelty as it does not include an angled edge as shown in FIG. 2, does not include a contoured band sized and placed as shown in the '044 patent drawing and does not include the perimeter chamfer of the '044 point of novelty. (CRRFF 533B; CRRFF 533C;

CRRFF 533D.) It was also argued that the size, shape and placement of the 1998 Kia Sportage center band is different than a contoured band that is part of the '044 patent point of novelty as shown in FIGS. 3 and 4 of the '044 patent. (CRRFF 543A; CRRFF 543B.)

Complainant, referring to the 2002 Chevy S10 tail lamp, argued that said lamp does not include a contoured band sized and shaped as the '044 patent and does not include a perimeter chamfer as shown in the '044 patent figures. (CRRFF 535D; CRRFF 535E.) It was also argued that the size, shape and placement of the angled edge feature of the '044 tail lamp, shown in FIG. 2, is not the same as the angled edge feature in the 2002 Chevy S-10. (CRRFF 542B.)

Complainant, referring to the 1999 Ford F-150 Flareside tail lamp, cited to the Patent Office during the '044 prosecution (CX-2), argued that even respondents acknowledged that it does not include a contoured band sized and shaped as the '044 design; and that it does not include a perimeter chamfer as shown in the '044 patent figures. (CRRFF 537C; CRRFF 537D.)

Complainant, referring to the 1995 Jeep Grand Cherokee tail lamp, argued that said lamp does not include an angled edge as shown in FIG. 2 of the '044 patent, does not include a contoured band sized and placed as shown in the patent drawings, and does not include a perimeter chamfer. (CRRFF 539C; CRRFF 539D; CRRFF 539E.) Complainant also argued that the 1995 Jeep Grand Cherokee has at least four distinct bands; and that starting from the top, it has a red band (which could be considered two separate red bands), a white band, a yellow band and another red band while the design of the '044 tail lamp has three bands which differences create aesthetic appearances in the '044 design and the 1995 Grand Cherokee design. (CRRFF 543C.)

It is further argued by complainant that neither the 1999 F-150 flare side (RDX-132), the

2002 Chevy S10 (RDX-131), the 1995 Jeep Grand Cherokee (RDX-133) nor the 1996 Volkswagen Passat sedan include a lamp sized so that it is larger from the side view than from the back view, as shown in FIGS. 1 and 2 of the '044 patent and that none of the art includes a perimeter chamfer or contoured band sized and placed as shown in the drawings of the '044 patent. (CRRFF 541 B.)

Respondents have argued that to the ordinary observer, the design of the tail lamp on the P273 poster (RDX-44C)³⁵ would appear to be substantially the same as that of the '044 patent (RDX-43) which is FIG. 2 of the '044 patent. (RFF 328.) From the point of view of the ordinary observer, however, the administrative law judge finds that there is not an overall visual similarity between the P273 and the tail lamp design claimed in the '044 patent. Thus, in the '044 patented design one's eye is immediately drawn to the length of the side portion of the tail lamp in comparison to the much shorter rear portion which affects the overall configuration. In contrast, in the P273 the rear and side views appear to be the same length. Also, the administrative law judge finds that the P273 tail lamp has much steeper angles in contrast to the gently sloping angled edge in the side view of the '044 patented design which the administrative law judge finds also serves to accentuate the horizontal dimension of the side portion of the '044 tail lamp and again affecting the differences in the overall configurations of the two designs. In addition, the administrative law judge finds that RDX-44C does not show the P273 tail lamp to have a contoured rectangular band that separates the lamp into three general sections with an approximate dimensional ratio of 2-1-3 from top to bottom. To the contrary, though the

³⁵ The image of the P273 vehicle appearing in RDX-44C corresponds to RX-768 C, and is a screen shot of a poster captured from the 41 minutes and 21 seconds mark of the DVD of the Houston Event marked as RPX-78C. (RFF 340 (undisputed).)

contoured band of the P273 does divide the P-273 tail lamp into three general sections, those sections appear to have an approximate dimensional ratio of 1-1-2. Moreover with respect to Skalski's reliance on RDX-44C and his conclusion that the P273 is substantially the same as the claimed design, it is not seen by the administrative law judge how invalidity can be established by Skalski in comparing only one figure of a multi-figure patent. The administrative law judge finds no testimony by Skalski on this point.

Referring to the 1996 Volkswagen Passat tail lamp, as complainant's expert Olsen testified:

- Q. And what we've put on CDX-40 is a 1996 Volkswagen Passat sedan tail lamp in the lower quadrant, lower quarter of the slide, which is held out by respondents to be anticipating. And I would like you to compare concerning the elements in the point of novelty that have been highlighted in color and overlaid on the Passat. And tell us whether, in your opinion, there's anticipation. If not, why not?
- A. I certainly don't see anticipation. And this drawing shows that the Passat lamp is virtually horizontal when it turns the corner.
- Q. That is the top line of the Passat lamp?
- A. The top line of the Passat lamp in the left-hand view of the Passat lamp in this drawing.
- Q. So we have a blue line in the slide representing the top line of the Passat lamp. Is that your understanding?
- A. Yes.
- Q. And then the green is the overlaid shape of the '044 design?

- A. That's right. Now, in design, generally one of the things that we are teaching students is proportional relationships. And the way we express that is by saying if you have three areas, elements, we would say they're in this particular lamp, in the side view of the left -- that's the left-hand drawing of the '044 patent. One would say about the banding that you have a 2-1-3 relationship. The 2-1-3 is based on the dimension, i.e., the 3 is the dominant element, the largest element. The 1, the band in the center, is the smallest element.

So the relationship is stated from the largest through the smallest and whatever is in between.

- Q. How does that compare to the Volkswagen Passat?

- A. Well, the Volkswagen Passat is a 1-1-1 relationship. They are virtually equal, the three bands that make up the light.

The '044 patent is a little bit tricky because on the side elevation of the vehicle you have a 2-1-3 relationship. But on the rear of the vehicle, you have almost a 2-1-2 relationship.

It's almost equal, the top and bottom proportions.

Not called out, but for me serious differences between the two lamps is the fact that the rear -- the face of the Volkswagen Passat lamp that faces the rear of the vehicle is sloped forward to marry with the rear surface of the Passat. Whereas the '044 patent is dead vertical because the tailgate of the vehicle is vertical.

- Q. Now, if you were to use these two lamps as a teaching example in a class at CCS, would you use them to point out differences or similarities?

A. The differences.^{36]}

(Tr. at 1233-35 (emphasis added).)

Based on the foregoing, the administrative law judge finds that to an ordinary observer the overall configuration of the claimed exterior of vehicle tail lamp of the '044 patent is not identical in all material aspects to what is shown in RDX-44C (the P273) or the 1996 Volkswagen Passat sedan tail lamp. (CPX-40.)

As to whether the claimed design in issue is obvious, it is not denied that the 1997 Ford Ranger tail lamp and the 1999 F-150 Flare Side tail lamp were before the Patent Office in the prosecution of the '044 patent (see CBr at 32).³⁷ Moreover, any holding of obviousness requires that there be some teaching or suggestion in the prior art whereby it would have been obvious to a designer of ordinary skill to make the particular selection and combination made by the patentees. The administrative law judge however finds lacking in the evidence a suggestion in the prior art of the appearance of the claimed design as a visual whole. See L. A. Gear, Inc. v. Thom McAn supra. Thus the administrative law judge finds that respondents have not

³⁶ The administrative law judge finds that the overlay outline CDX-40 emphasizes the substantial differences of the claimed design of the '044 patent over prior art.

³⁷ Respondents argued that “the majority of references that it [Ford] submitted to the PTO are simply illegible [and that] [t]he quality of the submitted references was nowhere close to the clarity needed by an Examiner, especially in light of the minute distinctions of highlights, chamfers, feature lines, etc. that Ford now uses in an attempt to distinguish its patented designs” Respondents further make reference to the “mountain of poor quality photocopies that Ford dumped on the PTO.” (RRBr at 67.) Respondents also argued that the “table provided in RRCFF 18.2A provides a side-by-side comparison of Respondents’ photographs of parts and the respective art that Ford says was provided to the PTO.” (*Id.*). Respondents, in effect, are arguing that the Patent Office did a poor job in its examination of the applications that led to the design patents in issue. However the design patents in issue have a presumption of validity. Also the record does not establish that the Patent Office was only given “poor quality photocopies.”

established, by clear and convincing evidence, a teaching in the prior art for the alleged combinations. For example respondents, relying solely on Skalski's testimony argued that to the extent

"Ford argues there are differences in the degree or shape of the wrap-around, an ordinary designer looking at the 1996 Volkswagen Passat Sedan would have found it obvious to modify the tail lamp to have the shape and degree of wrap-around of either the 1999 Ford F-150 Flareside tail lamps, or the 2002 Chevy S-10 Fleetside tail lamps [as shown in RX-50 and RX-51]. . . so as to create a design having the same overall visual appearance as the claimed design."

(RFF 627.) Skalski's referenced testimony, Tr. at 1822-23, which presumably should have included Tr. at 1824, reads as follows:

Q. Can we pull up RX-51, please. Can we compare that to CX-2, figure 4, please. RX-51, page 2, I'm sorry. RX-51, page 2, and CX-2, figure 4.

Professor, looking on the left-hand side, what do you see in that image?

A. On the left-hand side we see a photograph, I think it's a side view of a tail lamp for a 1999 Ford F-150 flareside.

Q. And if you can compare that to figure 4 of the '044 patent, what do you see?

A. The design -- the designs are substantially the same designs.

Q. Is there a difference?

A. And the only -- the major difference is the -- is the stripe that comes around the lamp as depicted in figure 4 does not come around the tail lamp on the flareside.

Q. Would a designer of ordinary skill in the art know to

extend the -- the band in the 1999 Ford F-150?

A. Yeah. Yeah. Bands are common in truck headlights. A designer of ordinary skill would know to extend that band all the way around the side of the vehicle.

Q. You mean taillights.

A. Taillight. Did I say headlight again?

Q. Yes.

A. Whew.

* * *

BY MR. WRIGHT:

Q. Can we have RX-50, please. I believe page 2?

* * *

BY MR. WRIGHT:

Q. Page 2, please. Thank you. Can we also compare that to CX-2, figure 4, please.

And, again looking at figure 4 of the '044 patent as compared to the 2002 Chevy S10 light, what do you see?

A. The -- you know, the two designs are substantially the same designs except for the band. The band on the Chevy is down at the bottom.

And, again, a designer of ordinary skill, I mean there are bands all around -- all the way around taillights on all sorts of taillights. And a designer of ordinary skill would know to put that band anywhere on the taillight, including the -- a little above center.

(Tr. at 1822-24.)³⁸ As seen from the foregoing testimony respondents' expert arrived at his conclusion of obviousness simply on the basis that bands are common in truck taillights and a designer of ordinary skill would know to put a band anywhere on the taillight. The patents in issue, however, are not utility patents. Rather, they are design patents. There was no testimony by Skalski as to the visual impressions the prior art designs and the claimed designs created nor the visual impressions of the designs as a whole. See In re Harvey supra. There was no testimony by respondents' expert that the overall appearances of the '044 claimed design would have been suggested to ordinary automotive parts' designers by any prior art. See Avia Group International, Inc., supra. In addition, respondents' Graham analysis is lacking. As with the '552 patent (CX- 3), the record has evidence of copying (see Section XII infra) and commercial success (referring to the Ford 150) with respect to the '044 patent. (CX-2.) Hence, the administrative law judge finds that respondents have not established that the claimed design of the '044 patent is obvious.

Based on the foregoing and considering the presumption of validity that the '044 patent has, the administrative law judge finds that respondents have not established, by clear and convincing evidence, that the '044 patent is not valid.

The '890 Patent (CX-6)

Respondents argued that during the Houston Event, in addition to displaying the P221 fiberglass vehicle, Ford also displayed a series of posters that showed variations on the exteriors and interiors of the P221 fiberglass vehicle; that one of those posters, labeled "QQ" at the

³⁸ It is unclear what Skalski considers the basic reference and the secondary references to be. See In re Borden, supra, where the basic reference and secondary references were clearly identified.

Houston Event, showed a grille design that anticipates the '890 patent; that an ordinary observer would consider the grille design seen in poster QQ (RDX-22C; RX-745C) substantially the same as the '890 grille design (RDX-21); and that although the mesh shown in poster QQ differs from the '890 patent, i.e. an egg-crate pattern versus a honeycomb pattern, an ordinary observer would not distinguish between the two mesh types. (RBr at 62-3.) As to complainant's allegation that neither an inner lip nor contours (lateral or vertical) are visible from the poster exhibited at the Houston Event, respondents argued that the poster did show the inner lip and that the lateral contour was implied; and that a designer of ordinary skill in the art would have known to substitute a honeycomb mesh in the grille shown in "poster QQ" (RDX-22) because honeycomb grilles were known "Ford DNA" and have been used extensively in Ford's own prior art grille designs. (RRBr at 55.)

Respondents also argued that the grilles for the 1999 Ford F-150, the 2001 Ford Ranger Edge and the 2001 Ford Crown Victoria (Police Model) each are substantially the same design as the '890 claimed design from the perspective of an ordinary observer. It is further argued that to the extent that there are any differences compared to the '890 patent design, a designer of ordinary skill in the art would have found any differences to have been minor, and would have found it obvious to modify said prior art designs to arrive at the claimed design. (RBr at 144-48.)

The staff argued that ordinary observers would consider the design of the grille in RDX-22 and the '890 patent to be substantially the same in appearance, and that, to the extent that a lattice mesh differs from a honeycomb mesh, such difference is so slight that consumers would still be confused by seeing one and thinking that it was the other. (SBr at 50.)

Complainant argued that the Houston Event Poster QQ does not include a honeycomb

“surround” like the ‘890 design; that it does not illustrate the lateral contour and vertical contour claimed in the ‘890 patent as admitted by respondents; that said poster does not have the inner lip shaped in accordance with the recessed nature of the honeycomb “surround” and the lateral contour formed by the outboard chamfer back; and that the lateral contour defined by outboard chamfers or levels creates an important visual effect, viz. increasing the perception of power to the ‘890 grille. (CRRFF284A; CRRFF284B; CRRFF284D.) It is argued that respondents’ expert Skalski is incorrect when he states: “an ordinary observer or a designer of ordinary skill wouldn’t see [the lateral and vertical contours] as being that significant,” and the fact that respondents copy the lateral and vertical contours of the ‘890 design shows they are significant; that Skalski testified that what he characterized as differences were “esthetic adjustments” and made for appearance reasons, that Skalski admitted that each detail was created for a purpose by Ford’s artistic staff; and that respondents’ copying illustrates that those features are important to an ordinary observer/purchaser. (CRRFF284C.)

Complainant also argued that a visual comparison of the ‘890 patent and the 2001 Crown Victoria police model illustrates that there is a major difference in the aspect ratio between the height and width of those grilles; and that the ‘890 design includes an inner lip that increases dimensionally and dramatically toward the outer edge while the 2001 Ford Crown Victoria grille does not have an inner lip as shown in the ‘890 patent. It is argued that this difference is a very important effect because the deeper the lip, the more the perception of power of the grille increases and that respondents’ expert admitted that the depth of the honeycomb surround, and thereby the creation of the inner lip, is noticeably different between the 2001 Ford Crown Victoria grille and the ‘890 patent. Complainant also argued that the ‘890 patent includes a

dramatic inner frame while the 2001 Ford Crown Victoria grille does not have an inner frame; that the 2001 Ford Crown Victoria grille has a curvature in the vertical dimension and has substantially more crown and curvature than the vertical contour claimed in the '890 patent; and that the lateral contour of the honeycomb grille surface or surround in the '890 patent includes chamfers on the outer edges while the 2001 Ford Crown Victoria grille does not. (CRRFF 509B; CRRFF 509C; CRRFF 509D; CRRFF 509E; CRRFF 509F.) Complainant argued that specifically the 2001 Ford Crown Victoria grille does not include the separate inner frame, the inner lip, the lateral contour or the vertical contour as shown in the figures of the '890 patent. It is argued that respondents' expert testified that what he characterized as differences were "esthetic adjustments" and made for appearance reasons; that he admitted that each detail was created for a purpose by Ford's artistic staff, and that respondents' copying illustrates that those features are important to an ordinary observer/purchaser. (CRRFF 509G; CRRFF 509H.)

Complainant, referring to the 1999 Ford F-150, argued that the '890 design has a defined grille frame while the 1999 Ford F-150 does not; that respondents' expert admitted the 1999 F-150 grille includes large and dominant headlamp frames that are not part of the '890 design and as a result the 1999 Ford F-150 presents a substantially different image, as it frames the headlamps in addition to the grille; that the '890 design has a visible inner frame and the 1999 F-150 does not; that the '890 design has a lateral contour as shown in FIG. 3 with a constant sweep and a break in the surface at either end and the 1999 Ford does not. (CRRFF 511B; CRRFF 511C; CRRFF511D; CRRFF 511E.) Specifically it is argued that the 1999 F-150 grille does not include the separate inner frame, outer frame and the lateral contour shown in the figure of the '890 patent. (CRRFF 511F.)

Complainant, referring to the 2001 Ranger Edge grille, argued that a visual comparison of the '890 patent and the 2001 Ford Ranger Edge grille demonstrates that the '890 design has an inner frame and the Ford Ranger does not (CRRFF 513B); that a visual comparison demonstrates that the '890 design has a frame on the top of the grille and the 2001 Ford Ranger Edge does not; that the 2001 Ford Ranger Edge grille has outboard wings, and the '890 design does not; that the lateral contour of the honeycomb grille surface or surround in the '890 design includes chamfers on the outer edges and the 2001 Ranger Edge does not; and that as respondents' expert admitted, the 2001 inner frame of the '890 patent has a greater depth creating an inner lip, which the 2001 Ranger Edge does not. (CRRFF 513B; CRRFF 513C; CRRFF 513D; CRRFF513E; CRRFF513F.) Specifically it is argued that the 2001 Ford Ranger Edge grille does not include the outer frame, inner frame, inner lip or lateral contour as shown in the figures of the '890 patent. (CRRFF 513G.)

Respondents have argued, as their expert Skalski testified, that the poster RDX-22C from the Houston Event anticipates the '890 vehicle grille design patent (CX-6) because an ordinary observer would consider the designs to be substantially the same. However the administrative law judge finds that looking at the FIGs of the '890 patent and RDX-22C, the ordinary observer would observe material differences in the egg-crate mesh (RDX-22C) and honeycomb mesh. (CX-6) of the "surround" which would effect the overall visual configurations of the two designs. In addition, he finds that the overall configurations would be affected in that RDX-22C does not in fact show, as does the claimed design, the lateral contour which has a constant sweep and breaks at the end such that three segments exist and the vertical contour that are seen in the claimed design.

With respect to the lateral and vertical contour shown in FIGs 3 and 4 of the '890 patent and respondents' expert's reliance on RDX-22C, it does not appear that RDX-22C shows said contours and respondents' expert gave no testimony on this point. Hence the administrative law judge rejects Skalski's conclusion that the RDX-22C anticipates the '890 patent.

Respondents further contend that the 2001 Ford Crown Victoria, 2001 Ford Ranger Edge and 1999 F-150 grille designs each anticipate the '890 patent. (RBr at 65.) With respect to the 2001 Ford Crown Victoria, complainant's expert Olsen testified that the Crown Victoria does not have an inner frame. See Olsen Tr. at 1264-66. Furthermore, the lateral contour of the '890 design includes breaks in the flow of the contour of the "surround" of the grille near the ends. The Crown Victoria does not contain this feature. See Olsen, Tr. at 1269. Instead, the "surround" of the Crown Victoria has a constant sweep. See Olsen, Tr. at 1269. Finally, the vertical contour of the '890 patented design is more subtle than that of the Crown Victoria. Id. at 1269-70.

With respect to the 2001 Ford Ranger Edge, which was cited to the Patent Office during the prosecution of the '890 patent, the administrative law judge finds that this prior art does not anticipate the '890 patent in that the Ranger Edge does not have a visible inner frame which affects the overall configuration. Instead what frame is there does not actually complete the top of the grill. See Olsen, Tr. at 1300. Furthermore, there are no bends in the lateral contour of the surround such that there are three segments to the "surround." Id. at 1301.

Finally, respondents allege that the 1999 Ford F-150 XLT grille (F-150) anticipates the '890 design. The F-150 is a design that includes large and dominant headlamp frames in addition to the grille which the administrative law judge finds represent a significant difference from the

overall visual design of the '890 patent. See RDX-122; RX-67 at 4. A close comparison also shows that the F-150 does not have a visible inner frame like the '890 patent. See Olsen, Tr. at 1302. Also it does not have a lateral contour with a constant sweep and a break in the surface at either end. See id. at 1273-74; 1302.³⁹ Those differences the administrative law judge finds affects the overall configurations of the two designs.

Respondents' expert, when asked by the administrative law judge whether a designer of ordinary skill would come to the conclusion that there is not substantial identity between what is shown in RDX-25C and the '890 patent, testified that "those curves are so minor that an ordinary observer or a designer of ordinary skill would still see them as being substantially the same design" (Tr. at 1713.) However the fact that respondents copied the lateral and vertical contours (see Section XII infra) is an indication that the contours are not de minimis and that an ordinary observer would consider them significant in the overall visual appearance gained from the claimed design in issue.

Based on the foregoing the administrative law judge finds that to an ordinary observer the overall configuration of the claimed vehicle grille of the '890 patent (CX-6) is not identical in all material aspects to what is shown in the identified prior art and that an ordinary observer would consider the claimed design in issue to be a different design and not a modified design of what respondents alleged is in the prior art.

Respondents, without any citation to the evidentiary record, argued that to the extent that there are any differences in the '890 patent design compared to the designs for the 1999 Ford F-

³⁹ The administrative law judge finds that each of the overlay outlines CDX-59, CDX-60 and CDX-61 emphasizes substantial differences between the claimed design of the '890 patent and the cited prior art.

150 XLT, the 2001 Ford Ranger Edge, and the 2001 Ford Crown Victoria (Police Model), a designer of ordinary skill in the art would have found any differences to have been minor, and would have found it obvious to modify the designs of said prior art to arrive at the claimed design. See RFF 608. Respondents, in their RFF 291 in arguing that even if the egg-crate grille illustrated in the poster were noticeable to an ordinary observer, a designer of ordinary skill in the art would have found the '890 patent design obvious, rely on their experts' testimony at Tr. 1705-06. That testimony reads:

Q. Separate from the ordinary observer test we just considered, Professor, do you have a view regarding what the ordinary designer would consider in looking at the poster QQ of the grille and the egg crate grille?

A. Can we bring those figures back up?

Q. Yeah. We can. Not the video clip, but I will bring it up.

A. I remember them. But maybe for everybody else.

Q. 22C, please. And 21. RDX-22C and RDX-21.

A. Can you run that question by me again.

JUDGE LUCKERN: The question is as follows: From the ordinary observer test we just considered, Professor, do you have a view regarding what the ordinary designer would consider in looking at the poster QQ of the grille and the egg crate grille?

THE WITNESS: Yeah. An ordinary designer -- an ordinary designer knows that egg crates -- egg crate grilles and honeycomb grilles, they're on grilles on all sorts of vehicles.

Especially at Ford, Ford uses honeycomb grilles and egg crate grilles extensively. So a designer of

ordinary skill would know they could interchange those two and they could -- a designer of ordinary skill would have no trouble putting a honeycomb grille in place of that egg crate grille.

As seen from the foregoing, respondents' expert arrived at his conclusion that the claimed design of the '890 patent is obvious in view of the poster because "egg crate grilles and honeycomb grilles, they're on grilles on all sorts of vehicles." However a utility patent is not in issue. Rather the '890 patent is a design patent. As with the '044 patent, there was no testimony by respondents' expert regarding the overall visual impressions the prior art designs and the claimed design in issue created nor how the ornamental quality of the combination was suggested in the prior art. Also, as indicated by the references cited in the '890 patent (CX-6) the field is crowded. Moreover it is not denied that the references cited during the prosecution of the '890 patent included the 1999 Ford F-150 XLT grille as well as the 2001 Ford Ranger Edge grille. See CBr at 33. Moreover, as with the '552 patent and the '044 patent there is evidence of copying (see Section XII infra) and commercial success of the '890 patent through the Ford 150. Hence the administrative law judge finds that respondents have not established that the claimed design of the '890 patent is obvious.

Based on the foregoing and considering the presumption of validity that the '890 patent has, the administrative law judge finds that respondents have not established, by clear and convincing evidence, that the '890 patent is not valid.

The '135 Patent (CX-9) And '579 Patent (CX-7)

Respondents argued that because the lower valances in the P221 posters shown at the Houston Event are substantially the same design as the '135 and '579 patents, and because all of Ford's alleged points of novelty are found in the prior art, the '135 and '579 patents are

anticipated; and that a designer of ordinary skill in the art would have found the '135 and '579 patents obvious in view of the P221 and related prior art. (RBr at 71.)

Respondents also argued that the 2003 Ford Expedition bumper assembly includes a number of components, including a valance that embodies the designs of the '135 and '579 patents; and that RX-22 and RX-24 compare the 2003 Expedition bumper assembly to the figures of the '135 and '579 patents, illustrating how the lower valance portion of the assembly is substantially the same design, even though it is part of a larger assembly. (RBr at 148-9.) It is also argued that the bumper assembly for the 2002 Ford Explorer also has a lower valance with a design that is substantially the same as the '135 and '579 patents, as seen in RX-21 and RX-23; and that the valance portion of each of the 2003 Ford Expedition and 2002 Ford Explorer bumper assemblies contained all of complainant's alleged points of novelty for both the '135 and '579 patents. (RBr at 150-51.) In addition, it is argued that to the extent that it would be appropriate to consider the patented valances detached from the vehicle, such a design would have been obvious to a designer of ordinary skill in the art; that a designer of ordinary skill would recognize the '135 patent design and the '579 patent design in the valance/lower bumper portion of either the 2002 Ford Explorer XLT or the 2003 Ford Expedition XLT; and that it would have been obvious to design a valance as a separate piece because it was known to manufacture a valance separate from the bumper structure and having either completely framed vertically protruding two hook openings or completely frame vertically protruding recesses as part of the valance, as shown in RDX-32 and RDX-36. (RBr at 151.)

The staff argued that an ordinary observer comparing the design described in the '579 patent (RDX-33) to the valance that's shown on the P221 poster exhibited at the Houston Event

(RDX-29) would consider them to be substantially the same design; and that, to the extent that differences exist between the head lamps on the full-scale P221 and P273 displayed at the Houston Event, such differences are not substantial enough to preclude a finding of anticipation. (SBr at 52.) Regarding the '135 patent, the staff argued that the evidence of record demonstrates that an ordinary observer would see the appearance of the lower bumper valance on the P221 depicted on a poster (RDX-29) at the Houston Event as being substantially the same design as that disclosed in the '135 patent; and that to the extent that differences in appearance exist, such differences are not substantial enough to preclude a finding of anticipation. (SBr at 53.)

Complainant argued that the lower valance of the '135 patent includes vertically protruding two hook openings that extend up into the bumper, whereas the lower valance depicted in the Houston P221 poster does not and that the surface of the '135 design includes five distinct subsurfaces as shown in FIG. 2 while the lower valance depicted in the Houston P221 poster does not show five distinct subsurfaces. (CRRFF302C; CRRFF302D.)

Complainant, referring to the '579 patent, argued that the lower valance of the '579 patent includes contoured recesses that extend up into the bumper whereas the lower valance depicted in the Houston Event P221 poster does not and that the surface of the '579 design includes five distinct subsurfaces as shown in FIG. 2 whereas the lower valance depicted in the Houston P221 poster does not show five distinct subsurfaces and in fact respondents' expert Skalski admitted that he did not even know whether said poster has a valance or has some 8-foot long piece under the vehicle. (CRRFF 302I; CRRFF302J.)

Complainant also argued that the 2003 Ford Expedition XLT is sold as an integral part of the overall bumper assembly and the valance piece cannot be separately purchased which

difference alone causes the 2003 Expedition bumper assembly to fail the ordinary observer test. (CRRFF 609D.) Moreover, it is argued that the '579 and '135 designs have a surface with five distinct subsurfaces while the bottom edge of the 2003 Ford Expedition XLT bumper assembly creates a gentle S-curve with a three-surface sweeping curvature in plan view; and that the 2003 Ford Expedition does not have upwardly protruding tow hook frames as in the '135 patent and similarly the 2003 Ford Expedition does not have recesses, let alone upwardly protruding recesses. (CRRFF 609E; CRRFF 609F.)

Complainant argued that a casual comparison of the '579 design and '135 design and the 2002 Ford Explorer XLT shows that the claimed designs in issue are dramatically different (CDX-52; CDX-43.) It is argued that the 2002 Ford Explorer XLT shown is not a separate valance part, but is an entire bumper assembly and based on this difference the 2002 Explorer XLT bumper assembly fails the ordinary observer test. (CRRFF 610C.) Complainant also argued that the '579 and '135 valance designs include a surface with five distinct subsurfaces while the 2002 Ford Explorer XLT bumper assembly does not include the five distinct subsurfaces; and that the '579 and '135 designs include the decorative and distinctive vertically protruding recesses/openings while the 2002 Ford Explorer XLT assembly does not. (CRRFF 610D; CRRFF 610E.) Complainant further argued that neither the 2002 Ford Explorer XLT nor the 2003 Ford Expedition XLT bumper assemblies are "basically the same" as the '579 or '135 valance designs and therefore neither is a "primary reference" required for an obviousness defense. (CRRFF 613E.) Complainant, in addition, argued that neither the 2002 Chevy S-10 or 2000 GMC Sierra show "vertically protruding" tow hook frames and as illustrated in RDX-32, both references include a raised center section, so there is no vertically protruding tow hook frames as set forth in

the point of novelty for the '135 patent; and that none of the art cited includes two vertically protruding recesses as set forth in the point of novelty of the '579 patent with the Chevy S-10 including cross-bars, not recesses. (CRRFF 613F; CRRFF 613G.)

Respondents argued that the '579 and '135 patents are anticipated by the P221 poster (RDX-29C) shown at the December 2000 Houston event. (RBr. at 67.) However, the P221 lower valance does not have either tow hook openings or recesses that extend up into the bumper, which are prominent features of the claimed designs in issue. For this reason, the administrative law judge finds that the overall visual impression of the P221 and the designs of the '579 and '135 patents are not substantially identical.

Also, the overall configuration of the '579 patent includes a lower valance with vertically protruding recesses that has a combination of two contoured surfaces, the upper of which follows certain bends (or changes in angle) of the line of the valance as shown in Figure 2 and all of which affects the overall configuration. For the '135 patent, the administrative law judge finds the overall configuration includes a lower valance with vertically protruding tow hook frame openings that include a combination of two contoured surfaces one of which follows certain bends (or changes in angle) of the line of the valance as shown in FIG. 2 again affecting the overall configuration. In addition to the missing vertically protruding recesses or openings, the administrative law judge finds that the P221 also does not depict the same bends (or changes in angle) as depicted in Figure 2 of each of the '579 and '135 patents. Specifically RDX-29C (P221) does not show a lower valance which, from the top view, has four significant bends in its shape. Instead, at best RDX-29C shows a lower valance from which only two significant bends where the lower valance wraps around from the front to the two sides of the truck can be

discerned.

Respondents also argued that the 2003 Ford Expedition XLT valance (RX-22 and 24) anticipates the '579 and '135 patented designs. (RBr at 149.) Complainant responds noting first that because the 2003 Ford Expedition XLT valance is sold only as part of the overall bumper assembly, that that "difference alone causes the 2003 Expedition bumper assembly to fail the ordinary observer test." See CFF 17.27.

The administrative law judge finds that because the 2003 Ford Expedition XLT does not have decoratively shaped openings/recesses or what is delineated as four significant bends in the valance as shown in FIG. 2 of the '135 and '579 patents, there are material differences in the overall visual impressions of the claimed designs and the prior art design. See Olsen, Tr. at 1256-58.

In addition, respondents argued that the 2002 Ford Explorer XLT bumper assembly (RX-21, 23) anticipates the '135 and '579 patents. (RBr. at 150.) The administrative law judge finds that the Explorer, however, like the 2003 Ford Expedition XLT, lacks the bends (or changes in angle) as shown in FIG. 2 of the '135 and '579 patents and does not include the contoured surface which contains said bends.

Respondents, in referring to RDX-29C for anticipation, rely on Skalski's testimony that "a comparison of Figure 3 from both the '135 patent and the '579 patent . . . to the poster shown at the December 2000 Houston event illustrates how the designs would be seen by an ordinary observer as being substantially the same." (RFF 302.) An examination of RDX-29C shows that the poster does not appear to have a side view and does not appear to show the lower lip or the features shown in Figures 3 and 4 of each of the '579 and '135 patents. There was also no

testimony by Skalski on this point. Hence, the administrative law judge rejects the conclusion made by Skalski that the poster anticipates the claimed design.

Based on the foregoing, the administrative law judge finds that to an ordinary observer the overall configurations of the claimed designs of the '135 and '579 patents are not identical in all material aspects as to what is shown in the identified prior art and that an ordinary observer would consider the claimed designs in issue to be different designs and not modified designs of what respondents alleged is in the prior art.⁴⁰

Respondents, in support of their obviousness allegation, argued that as Skalski noted, raised tow hook openings or recesses are known in the art of vehicle valances as shown, for example, in both the 2002 Chevy S-10 pickup truck and the 2000 GMC Sierra which have valances with tow hook hole frames that extend above the upper surface of the valance, and the Chevy S-10 pickup has an alternative valance with recesses that extend above the valance surface. (RFF 308.) Skalski's testimony relied on by respondents reads:

Q. Can you call up RDX-32, please.

Now, Professor, you said that you believe that the P221 poster that we just had up was substantially the same to an ordinary observer. If you look at the RDX-32, what do we have in this demonstrative?

A. RDX-32 shows a valance -- a lower bumper -- a tow hook valance from a 2002 Chevy S10 pickup and a tow hook valance from a 2000 GMC Sierra.

Q. And for the record, the upper image is from RX-25.

⁴⁰ The administrative law judge finds that the overlay outlines CDX-52 and CDX-54 ('579 patent) and the overlay outlines CDX-43 and CDX-45 ('135 patent) emphasize substantial differences between the claimed designs of the '579 and '135 patents in issue and the cited prior art.

The lower image is from RX-27.

- A. I guess I ought to point out the next thing, that these protrude above the plane of the valance in each case, the tow hook holes.
- Q. And do you have an opinion regarding whether or not a designer of ordinary skill in the art would know that there are bumper valances available that have tow hook openings that protrude above the top surface of the valance?
- A. Yeah. I think that a designer -- a designer of ordinary skill in the art would be aware that there are tow hook valances that protrude above the surface. And they would -- they would realize that these could be applied to another valance to have tow hook holes that raise above the upper surface of the valance.
- Q. Why would an ordinary designer seek to modify a valance and add protrusions above the plane of the upper part of the valance?
- A. Well, knowing of these valances where the tow hook holes are above the edge of the valance, a designer would see these as being the same kind of design. And would know that they could use this feature in another one of their designs.
- Q. These valances, both that we see in RDX-32, the 2002 Chevrolet S10 and the 2000 GMC Sierra, are they both valances that go on trucks?
- A. Yes, they are. They are valances that go on trucks.
- Q. Do both of these valances -- how many surfaces do they have? How did they -- how can you describe their overall basic characteristics?
- A. Both of them are valances that -- they're lower valances. They go down on the bottom, below the bumper. They protrude up into the bumper. They're curved. The ends are curved around

towards the side the vehicle. So they're -- they're the same -- the ornamental features of these are -- the ornamental features of these two are -- these have similar ornamental features that the valance for the '135 patent describes.

* * *

Q. Can we pull up RDX-36, please.

Professor Skalski, what do we see in RDX-36?

A. RDX-36 is a lower valance for a 2002 Chevrolet S10 pickup with recesses as opposed to holes.

JUDGE LUCKERN: Just let me get back to when I asked that question. The answer was:

Would you like me to talk about it? That's all you said. Did you say anything else?

THE WITNESS: No, I did not, Your Honor.

JUDGE LUCKERN: But it does -- your testimony earlier applies to this, too.

THE WITNESS: It would apply for all three of those, the upper bumper and the two valances.

JUDGE LUCKERN: All right. So it was a yes, then.

THE WITNESS: Yes, it was, Your Honor.

I'm sorry I wasn't clear.

* * *

Q. Looking at the 2002 Chevrolet S10 pickup truck with recesses, this shows -- what would -- from the standpoint of an ordinary designer looking at this, if you were to consider the '579 patent as having recesses, and I understand you said that you couldn't tell, but if you it did, would it have been

obvious for a designer to form a lower valance with recesses that protruded above the upper surface of the valance?

- A. Yes. The design of this -- if this -- the ornamental features of this design for the S10 pickup truck and the ornamental features of the '579 valance are so similar that an ordinary designer would see that he could use this feature where the recesses rise above the edge of the valance, he could use that feature in the -- he would see it as an alternative and could use that feature in the valance that's on the P221 that was shown at the Houston show.

(Tr. at 1719-21, 1728-29 (emphasis added).) The administrative law judge finds said testimony confusing in that it appears to compare improperly the visual impressions of selected, separate features of prior art designs to the claimed designs in issue rather than the visual impression of the designs as a whole. See In re Harvey supra. Also, as the references cited in each of the '135 and '579 patents show, the field is a crowded field. Moreover it is not denied that in the prosecution of the '135 patent the 2000 GMC Sierra was cited. See CBr at 32. In addition, as with the '552, '044, and '890 patents, there is evidence of copying (see Section XII infra) and commercial success through the Ford 150 of the designs of the '579 and '135 patents. Hence the administrative law judge finds that respondents have not established that the claimed designs of the '579 and '135 patents in issue are obvious.

Based on the foregoing and considering the presumption of validity that the '579 and '135 patents have, the administrative law judge finds that respondents have not established, by clear and convincing evidence, that said patents are not valid.

The '561 Patent (CX-8)

Respondents argued that the '561 tail lamp patent design is anticipated and/or rendered

obvious by the design of the tail lamp on the P273 Ranger vehicle shown at the Houston Event. It was argued that minor differences regarding contoured bands in tail lamps would not have been noticed by an ordinary observer; that with respect to the contoured band, a designer of ordinary skill in the art would have found the '561 patent obvious because it was well known in the art of automotive tail lamps that such contoured bands could extend all the way around the side of a lamp as seen for example in RDX-42, which is Ford's 1997 Ranger tail lamp; that a designer of ordinary skill would recognize that the tail lamp of the P273 shown in the Houston Event and that of the 1997 Ford Ranger, as well as the '561 design, are similar in appearance and have the same basic characteristics, viz. all are tail lamps for pickup trucks having contoured bands; that therefore, a designer of ordinary skill would have found it obvious to continue the contoured band in the P273 all the way around the side of the tail lamp because it is suggested by the prior art 1997 Ranger tail lamp; and that the obviousness would have been particularly apparent to Ford's designers, given that the 1997 Ranger tail light is Ford's prior art design. (RBr at 72-3.)

Respondents also argued that the tail lamp designs for the 1997 Ford Ranger Style side and 1995 Jeep Cherokee are, to an ordinary observer, substantially the same design as the '561 design and that the prior art contains all of Ford's alleged points of novelty. It was further argued that to the extent that there are any differences in the shape or placement of the contoured band, a skilled designer would have known that such bands are well known in prior art tail lamps and would have had the incentive to put such a band anywhere on the lamp as reflected by the numerous variations of bands in the prior art. (RBr at 152-5.)

The staff argued that the appearance of the tail lamp on the full-size Ford Ranger

prototype displayed at the Houston Event is substantially the same design as that depicted in FIG. 6 of the '561 patent; that as to the sole difference in appearance between the tail lamp and the figure, the contoured band on the Ford Ranger prototype does not extend completely to the perimeter of the lamp, and the one in the patent FIGs. do, an ordinary observer would not see that difference as making the design substantially different and hence this difference is so slight that it does not negate a finding of anticipation. (SBr at 55-56.)

Complainant argued that the tail lamp on the P221 model does not anticipate the '561 patent because it lacks the placement and shape of the contoured band and the perimeter chamber as shown in the '561 drawings. (CBr at 104.) It is argued that a visual comparison of the '561 design (CX-8) and the P273 tail lamp of the Houston Event shows the P273 Model tail lamp did not include the middle band sized and positioned as shown in the drawings of the '561 patent; and that additionally the forward lower edge of the P273 comes to a point in contrast to the rounded edge of the '561 design; that the '561 design includes a middle stripe going from one end wrapped around to the other end and in contrast, the P273 tail lamp does not include the middle stripe shown in the '561 drawings, as also admitted by respondents' expert; and that the '561 design further includes a perimeter chamfer, while the image of the P273 tail lamp on which respondents rely does not show any chamfer, let alone the chamfer claimed in the '561 design. (CRRFF320B; CRRFF320C; CRRFF320D.)

Complainant argued that a visual comparison of the '561 design (CX-8) and the 1997 Ford Ranger (RX-42) shows that the middle band is positioned far differently in the two designs; and that in the '561 design, the middle band is positioned approximately in the center of the tail lamp while the band in the 1997 Ford Ranger is positioned far lower in the overall tail lamp

design. (CRRFF 527B; CRRFF 527C.) It is also argued that the 1997 Ford Ranger includes a distinct lower band (yellow) not present in the '561 design and that a visual comparison of the '561 design and the 1997 Ford Ranger design shows that the surface contour of the two lamps in plan view (i.e. from the top, shown in FIG. 2) is far different; and that as shown in FIG. 2, the '561 design has a very long surface running along the side of the vehicle (the top portion of FIG. 2) as compared with the relatively short surface on the rear of the vehicle (the right portion of FIG.2) and thus the “wrap-around” on the Ford Ranger is much less than the wrap-around in the '561 patent. (CRRFF 527D; CRRFF 527E.) Complainant further argued that the 1997 Ford Ranger lacks the perimeter chamfer of the '561 design which perimeter chamfer is an intentional, important design element designed to provide a highlight or “light catcher.” (CRRFF 527F.) Complainant argued that specifically the 1997 Ford Ranger style side tail lamp does not include a perimeter chamfer, the surface contour (shown in FIG. 2) nor the placement and shape of the contoured band shown in FIG. 1 of the '561 patent. (CRRFF 527G.)

Complainant, referring to the 1995 Jeep Grand Cherokee tail lamp, argued that the 1995 Grand Cherokee has at least four distinct bands in that starting from the top, it has a red band (which could be considered two separate red bands), a white band, a yellow band and another red band. In contrast it is argued that the design of the '561 tail lamp has three bands which differences create different aesthetic appearances in the '561 design and the 1995 Cherokee design. (CRRFF 529B.) It is also argued that the '561 design has a much more pronounced wrap-around, shown from the top or plan view by the surface contour than the Jeep Grand Cherokee and thus a portion of the tail lamp on the side of the vehicle is much longer in the '561 design than in the 1995 Jeep Grand Cherokee design. (CRRFF 529C.) Complainant further

argued that the 1995 Jeep Grand Cherokee lacks the perimeter chamfer for the '561 design. (CRRFF 529D.) Specifically, it was argued that the 1995 Jeep Grand Cherokee tail lamp does not include the contoured band shaped and placed as shown in the '561 patent, nor does it include the perimeter chamfer, nor does it include the surface contour of the '561 design as shown in the drawings. (CRRFF 529E.) It was also argued that respondents' expert testified what he characterized as differences were "esthetic adjustments" and made for appearance reasons; that he admitted that each detail was created for a purpose by Ford's artistic staff; and that respondents' copying illustrates that those features are important to an ordinary observer/purchaser. (CRRFF 529F.)

Respondents argued that the '561 patent is anticipated by the P273 tail lamp shown at the Houston Event because to the ordinary observer, the design of the tail lamp of the '561 patent (RDX-37) would appear to be substantially the same as that of the P273 (RDX-38C; RX-766C). (RBr. at 72.)

The administrative law judge finds that RDX-38C shows that the contoured band of the P273 does not go around the tail lamp nearly from side to side nor is said band placed in the same location as the band in the '561 patented design. Also the P273 appears not to have the perimeter chamfer of the '561 patent. In addition, the P273 does not have the lower, rounded corner of the '561 design where the vertical edge of the side portion of the tail lamp curves downward to intersect with a horizontal bottom edge. See FIG. 4. Instead, the P273 has a sharp angle where the vertical edge meets the bottom on the side portion of the tail lamp. (See RDX-38C.) Thus, he finds that the overall configurations of the two designs are not so similar that an ordinary observer would mistake one for the other.

Respondents argued that the claimed design of the '561 patent is anticipated by the 1997 Ford Ranger Styleside and 1995 Jeep Grand Cherokee and that that prior art is substantially the same as the patented design. (RBr at 152.) However, the administrative law judge finds that the 1997 Ford Ranger Styleside is lacking the claimed surface contour of the '561 design and does not have the claimed band in approximately the middle of the lamp or the perimeter chamfer. The chamfer provides a highlight that is missing from the Ranger Styleside. Furthermore, the band of the '561 design has a dimensional ratio of 3-1-2, whereas the Ranger Styleside has a dimensional ratio of 3-1-1. See Olsen, Tr. at 1389. Because of those differences, he finds that the ordinary observer would not find the overall visual configurations of the tail lamps to be substantially similar.

With respect to the overall visual design of the 1995 Jeep Grand Cherokee lamp, it has five bands rather than three. See CDX-50. Furthermore, the Grand Cherokee lamp does not have a perimeter chamfer and has a very different surface contour than the '561 patented design. In addition, the contoured band of the 1995 Jeep Grand Cherokee varies from the '561 patented design. Specifically, the contoured band extends from side to side of the tail lamp which band extends farther than the patented design and has a different placement than in the patented design. See CDX-50. Thus, the administrative law judge finds that the overall configurations of the two designs are not so similar that an ordinary observer would mistake one for the other.

Respondents rely on Skalski's testimony for their conclusion that to the ordinary observer the design of the tail lamp of the '561 patent would appear to be substantially the same as that of the P273 (RDX-38) (RFF 320.) Said RDX-38 however does not appear to show the top view of the tail lamp and hence it is not understood how it shows the chamfer or surface contour in FIGs.

2 and 5 of the '561 patent. Moreover, the administrative law judge finds no testimony by Skalski on this point. Thus, the administrative law judge, for another reason, rejects respondents' argument that RDX-38C anticipates the claimed design.

Based on the foregoing, the administrative law judge finds that to an ordinary observer the overall configuration of the claimed design of the '561 patent is not identical in all material aspects as to what is shown in the identified prior art, and that an ordinary observer would consider the claimed design in issue to be different and not a modified design of what respondents alleged is in the prior art.⁴¹

Respondents, in support of their obviousness argument, argued that their expert testified that a designer of ordinary skill in the art would have found the '561 patent obvious because it was well known in the art of automotive tail lamps that such contoured bands could extend all the way around the side of a lamp as seen in RDX-42, for example, which is Ford's own 1997 Ranger tail lamp. (RFF 324.) The testimony which respondents relied on (Tr. at 1730-32) reads:

Q. If we could put up RDX-37 and RDX-38, please, split.

And on the right-hand side, you have a demonstrative that shows what?

A. That's RDX-37 -- wait a minute.

Q. Right-hand side.

A. On the right-hand side is RDX-38C. And that shows the rear of the P273 truck model that was shown at the Houston event.

⁴¹ The administrative law judge finds that the overlay outlines CDX-48 and CDX-50 emphasize substantial differences between the claimed design of the '561 patent in issue and the cited prior art.

On the left-hand side, which is RDX-37, is figure 6 from the '561 patent.

Q. And the -- and RDX-38C, the P273, that's the Ranger prototype?

A. Yes, it is.

Q. And for the record, that's from that -- that is a screen shot taken from the Houston DVDs, the actual DVD is RPX -- it looks like 79C at 15:53, I believe.

Based on your comparison of the figure 6 on the left RDX-37, and P273 on the right, which is RDX-38C, do you have an opinion regarding those designs?

A. Yes, I do. The ordinary observer would see these as being substantially the same design.

Q. Looking at the contoured band in RDX-38C, do you have an opinion on how an ordinary designer would view that contoured band versus the contoured band shown in the '561 patent?

A. There are examples of all sorts of headlights that have contoured bands that go all the way around. They have them at the top, the bottom, the middle. There are so many examples that any designer of ordinary skill would know that he could put a contoured band all the way around.

Q. You said a headlamp. I think you meant a tail lamp.

A. A tail lamp. I'm sorry. There are so many examples of tail lamps with contoured bands that go all the way around.

Q. Can we put up RDX-42, please.

RDX-42 is what?

A. That is a picture of a tail lamp from a 1997 Ford

Ranger.

Q. And does this indicate to you -- what does this indicate to you?

A. I mean, it -- it shows a contoured band that goes -- it shows a contoured band that follows all the way around the headlamp from the rear to the front.

Q. You mean the tail lamp?

A. Tail lamp. I keep saying headlamp.

Q. Why would a designer of ordinary skill take the contoured band and continue it all the way around the side -- the tail lamp are?

A. Well, both of these tail lamps are for pickup trucks. And they're both very similar in appearance. And a designer of ordinary skill would see these as being -- see the features of these as being similar. And they would -- they would -- a designer seeing these as being similar products and similar designs would take one of the features -- would naturally see one of the features applied to the other.

The fact that there are examples of all sorts of tail lamps that have contoured bands that go all the way around, as Skalski testified, is found irrelevant on whether the ornamental quality of the claimed combination in issue of a design patent (which is not a utility patent) is suggested by the prior art and whether there was a suggestion in the prior art of the appearance of the claimed design as a visual whole. See L.A. Gear, Inc. v. Thom McAn, supra.

As with the other patents in issue, the field of art for the '561 patent is crowded as shown by the references cited during the prosecution of the '561 patent. Moreover it is not denied that the 1997 Ford Ranger was cited during the prosecution of the '561 patent. (CBr at 33.) Also for any secondary considerations of Graham, there is evidence of copying of the claimed design (see

Section XII infra) and commercial success via the Ford 150.

Based on the foregoing and in view of the presumption of validity the '561 patent has, the administrative law judge finds that respondents have not established, by clear and convincing evidence, that said patent is not valid.

The '615 Patent (CX-5)

Respondents, as to anticipation, argued that an ordinary observer would find the design of the side-view mirrors for the 1997 Toyota Land Cruiser, referring to RDX-136,⁴² as well as the side-view mirror of the 2001 Ford Explorer Sport, to be substantially the same as that of the '615 patent. (RBr at 158.) It is also argued that an automotive designer of ordinary skill in the art also would have found the '615 patent design obvious in view of either the mirrors from the 1997 Toyota Land Cruiser or the 2001 Ford Explorer Sport; that both of those mirrors have the same overall visual appearance as the patented design; that to the extent that there are any differences, the differences were minor and would have been obvious modifications for a designer of ordinary skill in the art; and that for example, to the extent there are any differences in the shape, contours, or angles of any of the mirror features, the numerous configurations known in prior art side view mirrors demonstrate that such modifications are obvious and conventional design characteristics for side view mirrors. (RBr at 160-61.)

The staff, referring to the 1997 Toyota Land Cruiser, argued that an ordinary observer would consider the design of the 1997 Toyota Land Cruiser side view mirror to be substantially the same design as the mirror described in the '615 patent; that a designer of ordinary skill would

⁴² The images of the 1997 Toyota Land Cruiser side-view mirror that appear in RDX-136 were taken from RX-58 at page 5 and RX-61 at page 7. (RFF547 (undisputed).)

consider the design of the 1997 Land Cruiser side view mirror to be substantially the same design as the mirror described in the '615 patent; that a designer of ordinary skill would see the side view mirror of the 1997 Land Cruiser as being the same design as the mirror described in the '615 patent although they might say there are some slight differences; that the top surface of the side view mirror of the 1997 Land Cruiser (RPX-56) above the mirror housing is rounder than the top surface on one of Ford's replacement side view mirrors (CPX-5.2); and that while the side view mirror of the Land Cruiser is smaller than the Ford replacement mirror, one has greater or lesser radii than the other because the comparison is between a small mirror and a large mirror and therefore a direct comparison between the two mirrors is meaningless in that the '615 patent does not include measurements to show the size and radii change with increases in scale and the patent does not specify any scale. (SBr at 58-9.)

The staff, referring to the 2001 Ford Explorer Sport, argued that an ordinary observer would consider the design of the 2001 Ford Explorer Sport to be substantially the same design as the mirror described in the '615 patent; and that a designer of ordinary skill would see the side view mirror of the 2001 Ford Explorer Sport as being the same design as the mirror described in the '615 patent and they might say there are some slight differences. (SBr at 58-9.)

Complainant argued that as shown in CDX-56 which refers to the '615 patent and the 1997 Toyota Land Cruiser, the patented side mirror of CX-5 is not substantially identical to the 1997 Toyota Land Cruiser (power) mirror relied upon by respondents for anticipation; and that as shown in CDX-58, which refers to the '615 patent and the 2001 Ford Explorer Sport, the patented side mirror of CX-5 is not identical to the 2001 Ford Explorer Sport mirror. (CBr at 43.) It is argued that the '615 mirror has a long flat contoured arm extending from the sail panel to the

mirror housing and in contrast, in the 1997 Land Cruiser mirror, the mirror housing starts with a fillet radius off the sail panel, and it does not have the contoured arm of the '615 design; that the outer perimeter shape of the 1997 Toyota Land Cruiser is substantially different than the '615 perimeter shape in that the while '615 mirror's perimeter shape is rectilinear with very little curvature on the perimeter edges, the 1997 Land Cruiser mirror's perimeter shape is on a strong diagonal, about twenty degrees off vertical; that the 1997 Toyota Land Cruiser mirror has curves at the top and bottom, and the patented '615 design is more square; that, in terms of the angle cuts, there is a more flowing cut at the left hand side of the 1997 Toyota Land Cruiser mirror, as compared to the sharper cuts in the '615 design shown in CPX-5.2; that the 1997 Toyota Land Cruiser mirror has a more rounded surface on the mirror housing above the top of the mirrored surface, compared to the flatter top surface above the top of the mirrored surface in the '615 patented design; and that the 1997 Toyota Land Cruiser mirror has a smaller radius from the back of the mounting on the side opposite the mirror than the '615 patented design. (CRRFF546C; CRRFF546D; CRRFF546E; CRRFF546F; CRRFF546G; CRRFF546H.)

Respondents argued that complainant's alleged points of novelty for the '615 patent is contained in the P221 (RX-52C),⁴³ the 1997 Toyota Land Cruiser side-view mirror and the 2001 Ford Explorer Sport side-view mirror. (RDX-137.) (RBr at 128-29.)

With respect to RDX-52C (the P221), which Skalski testified has a number of Ford's alleged points of novelty which are on the left of RDX-52C with the right of RDX-52C having "the exterior side view – rearview mirror that was on the P221 truck model," Skalski testified

⁴³ Respondents did not argue that the P221 and P273 vehicles and posters at the Houston Event "anticipate and/or render obvious" the '615 patent. See RBr at 39-78.

(“Yeah, I cannot make that determination on substantial similarity Because I don’t have the other view of the mirror [truncated lower corner detail]” (Tr. at 1745-46). Respondents, however, also rely on testimony of Skalski (Tr. at 1744 -53, 1756-57) in their conclusion that the ‘615 patent is invalid because it is “anticipated or rendered obvious” by certain prior art.⁴⁴

In that testimony Skalski stated:

Q. While we’re on the ‘615 patent, why don’t we take a look at RX-58, please.

Can we split pages 1 and 2, please.

This is RX-58. That’s a multi page document. Pages 1 and 2 of the document are here, Your Honor.

JUDGE LUCKERN: All right.

BY MR. WRIGHT:

Q. Professor Skalski, can you explain what’s on the screen right now?

A. RX-58 shows 1, 2, 3 and 4 from the -- from the 496,615 design patent.

And on the right-hand side -- on the right-hand side of both pages there is a photograph of a mirror from a 1997 Toyota Land Cruiser. These photographs were taken at my direction to be used for this comparison.

Q. So for both of these pages, this RX-58.

Page 1 on the left and page 2 on the right.

Looking at just page 1, which is on the left right

⁴⁴ The staff relies on Skalski’s testimony at Tr. 1750-52. (SFF403, SFF 407.)

now, you have on the left-hand side of that page figures from the '615 patent --

A. Correct.

Q. -- figures 1 and 2.

And you have a comparative photograph from the 1997 Toyota Land Cruiser on the right-hand side of that page; is that correct?

A. Yes, I do.

Q. And they compare to ---those photographs of the Toyota Land Cruiser are taken at the same angles as the figures, figures 1 and 2 of the '615 patent?

A. Yes. As close to the same angle as I can determine.

Q. Looking at the page on the right of RX-58 of the screen, that's figures 3 and 4 from the '615 patent?

A. Yes, they are.

Q. And similar photographs from the Toyota Land Cruiser on the right-hand side of the page?

A. Yes. Those were taken for comparison also.

* * *

BY MR. WRIGHT:

Q. Can we put back up pages 1 and 2 again, please, from RX-58, the first two pages of the exhibit.

So now you've taken the photographs of the 1997 Toyota Land Cruiser and compared them to the '615 patent figures; is that correct?

A. That's correct.

Q. And do you have an opinion about the -- whether or not these are substantially similar designs?

- A. It's my opinion that, according to the -- in the view of the ordinary observer, the 1997 Land Cruiser mirror would be substantially the same as the mirror that's described in the patent.

JUDGE LUCKERN: And so you don't need anything else as far as saying that it's the same.

In other words, you're just relying on this?

THE WITNESS: Yes, Your Honor. I'm saying this is -- that the ordinary observer would see this as being substantially the same design.

JUDGE LUCKERN: What about a designer of ordinary skill? Would he also consider it the same.

THE WITNESS: Do you know what --

JUDGE LUCKERN: Substantially the same.

THE WITNESS: When a designer looks at a design like this, now they can say that this design -- they would say that this is the same design and they might say there are some slight differences. But they would see this as being the same design.

This is a very common design for a mirror. If you walk down the street, it's a very common design.

- Q. If we could put up RX-59, please. Pages 1 and 2.

And now, Professor, RX-59 is, again, a split screen. What is RX-59?

- A. This is a comparison between different views of a mirror for a 2001 Ford Explorer Sport and the views that are shown in the '615 patent.

- Q. And if we could take a look briefly at RX-59, page 3. That is the fifth figure --

- A. That's the top view figure from the patent. And that is the top view of the 2001 Explorer Sport mirror.

- Q. And based on your comparison of the 2001 Ford Explorer Sport mirror to the figures of the '615 patent, do you have an opinion regarding those designs?
- A. Yeah. It's my opinion that the ordinary observer would see these as being substantially the same design.
- Q. Judge Luckern mentioned a couple seconds ago, as a skilled designer, if there were any differences. Do you have an opinion regarding whether or not those differences would be obvious to a designer of ordinary skill?
- A. Any differences in here are minor. And a designer of ordinary skill would be able to make those changes with no trouble.

(Tr. at 1747-52 (emphasis added).)

It is not understood what Skalski meant by his conclusion that “[t]his is a very common design for a mirror. If you walk down the street, it’s a very common design.” It appears that he is improperly considering the visual impression of selected, separate features of the prior art designs rather than the impression of the designs as a whole in his conclusion that the claimed design is obvious. See In re Harvey, supra. Also the administrative law judge finds the fact that a designer of ordinary skill would be able to make changes with no trouble irrelevant to issues before him.

Respondents argued that the 1997 Toyota Land Cruiser and the 2001 Ford Explorer Sport also anticipate the '615 design. The administrative law judge finds that each of those designs, however, varies substantially in the overall visual impression from the '615 claimed design. Specifically, the Land Cruiser mirror does not have a contoured arm, but rather has a fillet radius off of the sail panel. See Olsen, Tr. at 1395-96. Further, the shape of the front face of the

housing of the '615 design is rectilinear with very little curvature on the perimeter edges. In contrast, the Land Cruiser mirror is much rounder at the edges. In addition, the bottom edge of the housing of the Land Cruiser mirror inclines away from the vehicle. The '615 claimed design does not have that incline. See CRX-58 (Figure 2). Moreover, the vertical edges of the housing of the Land Cruiser mirror are not straight up and down as in the '615 claimed design but rather the side closest to the sail panel appears to be angled away from the vehicle. See Id. at Figure 4. Thus, the Land Cruiser mirror also does not have the same perimeter shape as the '615 design. He finds that those differences make the overall appearance of the 1997 Toyota Land Cruiser and the '615 claimed design substantially different such that an ordinary observer would not confuse the two designs. See Olsen, Tr. at 1395-98.

Finally, he finds that the 2001 Ford Explorer Sport is significantly different in the overall visual impression than the '615 design. Immediately, one notices that the Explorer Sport design is much rounder than the '615 design. The Explorer Sport mirror also appears to be more elongated than the '615 mirror because of the angle of the truncated corner. In addition, the contoured arm of the Explorer Sport is not as wide as that of the '615 design. See Olsen , Tr. at 1259-60. The Explorer Sport he finds also lacks the perimeter shape of the '615 patent, as well as the contoured arm.⁴⁵ Thus, he finds that the 2001 Ford Explorer Sport would not meet the ordinary observer test.

As with the other design patents in issue, the references cited in the prosecution of the '615 patent indicates that the field is crowded. See CX-5. Moreover, it is not denied that 2001

⁴⁵ The administrative law judge finds that the overlay outlines CDX-56 and CDX-58 emphasize substantial differences between the claimed design of the '615 patent in issue and the cited prior art.

Ford Explorer Sport and 1999 Toyota Land Cruiser were before the Patent Office in the prosecution of the '615 patent. See CBr at 32. In addition, as for the Graham secondary considerations, there is evidence of copying (see Section XII infra) and commercial success via the Ford 150.

Based on the foregoing and considering the presumption of validity that the '615 patent has, the administrative law judge finds that respondents have not established, by clear and convincing evidence, that said patent is not valid.

IX. Validity Of The '579 And '135 Patents (Indefiniteness)

Respondents argued that complainant Ford obtained and asserted the '135 patent (CX-9) allegedly containing tow hook holes, and the '579 patent (CX-7) "supposedly" not containing them; that as respondents' expert Skalski testified, one looking at the said patents simply cannot tell one from the other; that Blake, a named inventor on said patents, could not tell which was which; and that Blake was "flummoxed" when presented with said patents at his deposition. (RBr at 162.) Respondents further argued that Blake required considerable time and effort to tell which of said patents were which; that complainant's expert Olsen agreed that an ordinary observer "probably" could not distinguish between said two patents; that the testimony of a named inventor of said patents and of Ford's own design expert make clear that Ford's designs set forth in said patents contain inadequate visual disclosures, "cry out for conjecture," and fail to particularly point out and distinctly claim the subject matter applicants regard as their inventions; and that accordingly the '135 and '579 patents are invalid as indefinite under 35 U.S.C. § 112, second paragraph. (Id. at 162-3.)

Complainant, citing Metabolite Labs, Inc. v. Laboratory Corp. of America Holdings, 370

F.3d 1354, 1366 (Fed.Cir. 2004), argued that “[o]nly when a claim remains insolubly ambiguous without a discernable meaning after all reasonable attempts at construction must a court declare it indefinite”; and that respondents have no clear and convincing proof of indefiniteness for the ‘579 and ‘135 patents. (CRBr at 52.) It is argued that respondents’ evidence is that inventor Blake did not recognize immediately the difference between the two patents; that there is no record of what drawings Blake was looking at when he made his initial mistake, and he corrected himself almost immediately; that respondents also rely on testimony from complainant’s expert Olsen stating that an ordinary observer probably could not distinguish between the ‘135 and ‘579 patents; that this testimony is irrelevant because definiteness is assessed relative to a person of ordinary skill in the art; that the Federal Circuit has considered indefiniteness in the context of a design patent one time, and in an unpublished decision rejected the defense; that Olsen testified that a person of ordinary skill could understand the differences between the ‘579 and ‘135 designs; and that respondents’ expert Skalski offered contrary testimony, but he is not even a person of ordinary skill in the art. (Id. at 52-3.)

The staff argued that the evidence of record demonstrates that the ‘135 and ‘579 patents are indefinite under § 112, ¶ 2; that the ‘135 patent discloses openings/apertures through which tow hooks would extend, and the ‘579 patent discloses recesses instead of openings/apertures; that however, neither patent contains any information from which an ordinary observer would be able to determine whether openings/apertures or recesses are disclosed in either patent; that for example, inventor Blake was confused at his deposition when asked to identify which of the ‘135 and ‘579 patents “discloses” openings and which “discloses” recesses at his deposition; and that complainant’s expert and respondents’ expert agreed that neither the ‘579 nor the ‘135 patent

provides any information that would inform an ordinary observer that “recesses” in the valance of the ‘579 patent are recessed areas in the valance and not holes or openings in the valance, or that the “holes” in the valance of the ‘135 patent are holes or openings and not recesses. (SBr at 64.)

Section 112, ¶ 2 provides that “[t]he specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.” A patentee’s failure to do so renders the patent indefinite and invalid. See Default Proof Credit Card Sys., Inc. v. Home Depot U.S.A., Inc., 412 F.3d 1291, 1298 (Fed. Cir. 2005).

A decision on whether a claim is invalid under 35 U.S.C. § 112, requires, inter alia, a determination of whether those skilled in the art would understand what is claimed when the claim is read in light of the specification. Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565, 1576 (Fed. Cir. 1986). A determination of claim indefiniteness is a legal conclusion that is drawn from the court’s performance of its duty as the construer of patent claims. Id. citing Atmel Corp. v. Information Storage Devices, 198 F.3d 1374, 1378 (Fed. Cir. 1999).

With respect to design patents, the Manual of Patent Examination and Procedures (MPEP) provides:

[S]ince the drawing disclosure and any narrative description in the specification are incorporated into the claim by the use of the language “as shown and described,” any determination of the scope of protection sought by the claim is also a determination of the subject matter that must be enabled by the disclosure. Hence, if the appearance and shape or configuration of the design for which protection is sought cannot be determined or understood due to an inadequate visual disclosure, then the claim, which incorporates the visual disclosure, fails to particularly point out and

distinctly claim the subject matter applicant regards as their invention, in violation of the second paragraph of 35 U.S.C. 112.

MPEP § 1504.04(I) (8th Ed, August 2005.)

Complainant's expert Olsen testified that the lower valance design of the '579 patent is different from the lower valance design of the '135 patent. Thus, Olsen testified:

Q. All right. I have another question for you. And I'm going to give you the drawings. And I'm going to ask them to turn on the ELMO, and you can drive. That has to do with whether there are holes shown in the two patents or not. I'll give you CX-7 [the '579 patent], the entire patent, a copy of it, and CX-9 [the '135 patent], a copy, and ask you which one has holes and why you believe that.

A. Okay.

* * *

Q. Mr. Olsen, let me put that on the ELMO.

JUDGE LUCKERN: You're looking now at figure 2 [of the '579 patent], is that correct, Mr. Olsen?

THE WITNESS: I'm looking at figure 2, yes.

JUDGE LUCKERN: You started out saying if you look at the plan view, the top view of figure 2, you will see that there is a shape drawn which -- go ahead. Which what?

THE WITNESS: Looking at figure 2, in the area of the tow hook openings or closures, you will see that there is a line that forms backward across the bumper and then forward on both hooks. That line represents the closure that you find on the valance panel tow hook, where it's not an opening, but simply a decorative recess. I would like to point out that Mr. Tyler Blake, when asked this question by the respondents, was able to point out that that was the part -- he accurately described the difference between the valance drawing

patent -- patent drawing, the one with the tow hook opening, and the one without.

BY MR. BROOKS:

* * *

Q. Figure 2 of the '135 patent, CX-9 is on top on the ELMO, Your Honor. Figure 2 of the '579 patent, CX-7, is right below it, for comparison purposes.

A. Now, looking at the '135 patent, you can see a very clear difference between what I just described on the '579 patent i.e. the enclosed shape and the aperture opening. Here you've got the reverse of what you have here of the --

JUDGE LUCKERN: In other words, you're looking now at figure 2 of the --

THE WITNESS: Figure 2 right now of the --

JUDGE LUCKERN: -- '579 patent.

THE WITNESS: -- '579 patent.

JUDGE LUCKERN: All right.

THE WITNESS: Now move up to figure 2 on the '135 patent. And you can see that line is basically the reverse of this line, which is going rearward.

JUDGE LUCKERN: And this line is figure 2 of the '579, correct?

THE WITNESS: Excuse me.

JUDGE LUCKERN: Going rearward.

THE WITNESS: Yes.

JUDGE LUCKERN: All right.

THE WITNESS: And that is a clear indication, looking at the drawing, which is which. The one with the aperture opening and the one with the aperture closed.

JUDGE LUCKERN: And which one is the aperture opening, figure 2 of which patent?

THE WITNESS: Figure 2 on the '135 patent, where the line -- pardon? Where the line -- you can see the line is coming forward and the line is coming forward again. On the '579 patent, that line is going rearward, it's the best way I can describe it, on both tow hook openings. And when I first saw this drawing I read it correctly.

* * *

Q. All right. So the '579 is closed and the '135 is open; is that correct?

A. That's correct.

(Olsen, Tr. at 2105-09 (emphasis added).) Thus, Olsen testified that looking at Figure 2 of the '579 patent, there is a line that forms backward across the bumper and then forward on to the front that represents the closure, where it's not an opening, but simply a decorative recess on the '579 patent, whereas Figure 2 of the '135 patent shows the "reverse" of what is shown in Figure 2 of the '579 patent.

Further, correlating the corresponding physical parts to the '579 and '135 patents, Olsen testified:

Q. All right. Start with CPX-7.

A. '579.

Q. '579 patent, the one with closed.

A. This is the closed tow hook aperture. You can see the line is there.

* * *

Q. Is it the perimeter of the closure of the tow hook opening, what would have been an opening?

A. Well put.

Q. And what does that correlate to on the '579 patent, figure 2?

A. You can see that shape there.

Q. That shape being the same perimeter outline?

A. That's the perimeter outline for the closure of the patent drawing.

Q. All right. The --

JUDGE LUCKERN: The closure in the figure 2 of the '579 patent is the one sort of in the bottom.

THE WITNESS: That's right.

JUDGE LUCKERN: The rectangles, there's two of them toward the bottom; is that correct?

THE WITNESS: That's correct, Your Honor.

* * *

Q. Draw the correlation between CPX-9, the physical lower valance with tow hook holes, draw the correlation of this tow hook hole -- tow hook opening with figure 2 of the '135 patent, the corresponding patent.

A. Looking at the open tow hole version, you can see this edge.

JUDGE LUCKERN: And this is edge -- when you say see this edge, you're looking at what edge?

THE WITNESS: I'm looking at the edge of the --

BY MR. BROOKS:

Q. Back side of the perimeter; is that fair?

A. Yes. The edge that forms -- the bottom edge of the

back side of the perimeter. It's what forms the sides of the opening. I'll point to the sides, what I mean by sides here. I don't know how you --

* * *

- Q. It runs -- let me try. It's the perimeter. But it has depth. It runs perpendicular to the front surface of the valance and it has depth in the physical exhibit, it's an inch or inch and a half in extent that defines that -- it's that edge of that surface. Is that where you were pointing?
- A. That's correct. And that's a visual thing. You don't want to see anything in behind the tow hooks that are unattractive.
- Q. How does that correlate to figure 2 in the '135 patent?

* * *

- A. Here it occurs twice. On the left-hand and right-hand side, tow hook openings. The line that comes forward here is the line that I was describing on the actual part. And you can see it exists on both sides of the part.
- Q. That's the wall of the tow hook opening that gives it its physical depth, perpendicular to the front surface of the valance?
- A. That's correct.

JUDGE LUCKERN: And you're pointing to what, Mr. Brooks? What exhibit again? CPX-9?

MR. BROOKS: This is CPX-9, Your Honor.

(Olsen, Tr. at 2110-14 (emphasis added).) Thus, Olsen testified, correlating the physical parts CPX-7 and CPX-9 to the '579 and '135 patents, respectively, that the physical part CPX-7 with contoured recesses can be seen by the perimeter of the closed tow hook aperture, which

correlates to Figure 2 of the '579 patent. Further, Olsen testified that for the physical part CPX-9 that embodies the '135 patent, the bottom edge of the backside of the perimeter forms the sides of the tow hook openings that correspond with Figure 2 of the '135 patent.

Hence, based on the figures of the '135 and '579 patents, the administrative law judge finds that there is a difference between the lower valences shown in each of Figure 2 of the '579 patent and Figure 2 of the '135 patent, i.e., the '579 patent discloses a closed valence and the '135 patent discloses an open valence.

Respondents and the staff relied on inventor Blake's misidentification of the '579 and '135 patents at his deposition for their contention that said patents are indefinite. It is uncontroverted that at the hearing Blake testified that the "'579 does not have tow hook holes. And the '135 has tow hook holes.'" (Tr. at 1189.) As to Blake's deposition, Blake testified at the hearing that "I just hadn't looked at it close enough". (Tr. at 1189.) Moreover, at the deposition, while Blake first incorrectly identified which valance patent corresponded with which valance design, it is a fact that after misidentifying the correlation, in his deposition, Blake at his deposition corrected his answer and explained why from reviewing the patent drawings the '579 patent was directed to the contoured recess valance version and the '135 valance design was directed to the tow hook opening version. (Blake, Tr. at 1193-96.)

Based on the foregoing, the administrative law judge finds that respondents have not met their burden in establishing, by clear and convincing evidence, that the '579 and '135 patents are indefinite under section 112, ¶ 2.

X. Inequitable Conduct

Respondents argued that Ford's failure to disclose the Houston Event to the Patent Office

renders all of the patents in issue unenforceable for inequitable conduct. (RBr at 78-115.) It is argued that the materiality of the withheld information concerning the Houston Event could not be any higher; that had Bejin, Kelley, Artz, Schiavone, Metros, and/or Blake disclosed the Houston Event to the Patent Office as Rule 56 requires, nine out of the ten patents at issue would not have issued, and the tenth patent (the mirror patent) could well have faced a rejection for obviousness under § 103, in light of the P273 mirror, which disclosed as well two of Ford's asserted points of novelty for the mirror patent; that the inventors knew about the Houston Event, and thus knew or should have known about its materiality; that Ford's attorneys' "carefully cultivated" ignorance about the Houston Event is contrary to Ford's written policy of learning about all disclosures of inventions to non-Ford personnel; and that given this high materiality, intent to deceive must be inferred. (RBr at 114-115.)

The staff argued that while each of the inventors testified that the Houston Event was confidential, at least two of them knew that the respondents had disclosed information to third-parties, an apparent breach of the alleged confidentiality agreement; that none of the inventors conducted any investigation (or asked that one be conducted), testifying that security was not their responsibility; that Ford should not be allowed to profit from having cultivated ignorance or to ignore evidence of actual disclosures to third parties; and that thus Ford has committed inequitable conduct. (SBr at 72-3.)

Complainant argued that respondents' inequitable conduct defense is meritless; that the Houston Event was confidential; that respondents do not offer any evidence, let alone clear and convincing evidence, that any attorney even had knowledge of the Houston Event; and that respondents' attempt to create a duty to investigate is baseless. (CBr at 30-9.)

To establish unenforceability due to inequitable conduct, a respondent must prove, by clear and convincing evidence, that a patentee failed to disclose material information during prosecution of a patent with an intent to mislead the Patent Office. Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer, Inc., 326 F.3d 1226, 1233 (Fed. Cir. 2003). Affirmative misrepresentation of material fact or submissions of false material information to the Patent Office can also form the basis of an inequitable conduct defense. Id. Within the context of an inequitable conduct analysis, “[i]nformation is deemed material if there is a substantial likelihood that a reasonable examiner would consider it important in deciding whether to allow the application to issue as a part.” Brasseler, U.S.A. I.L.P. v. Stryker Sales Corp., 267 F.3d 1370, 1380 (Fed. Cir. 2001); accord Baxter Int’l Inc. v. McGaw, Inc. 149 F.3d 1321, 1327, (Fed. Cir. 1998). In a case involving an omission of a material reference to the Patent Office, there must be clear and convincing evidence that the applicant made a deliberate decision to withhold a known material reference. Baxter Int’l, Inc., 149 F.3d at 1329, citing Molins PLC v Textron, Inc., 48 F.3d 1172, 1181 (Fed. Cir. 1995). Thus respondents must establish by clear and convincing evidence three distinct elements:

One who alleges inequitable conduct arising from a failure to disclose prior art must offer clear and convincing proof of [1] the materiality of the prior art, [2] knowledge chargeable to the applicant of that prior art and of its materiality, and [3] the applicant’s failure to disclose the prior art, coupled with an intent to mislead the PTO.

Molins PLC v. Textron, Inc., 48 F.3d 1172, 1178 (Fed. Cir. 1995) (bracketed numbers added).

The administrative law judge has found that the Houston Event was a public use under 35 U.S.C. § 102(b). It is uncontroverted that the Houston Event was material prior art. Thus, complainant conceded that the ‘119 patent, the ‘979 patent and the ‘912 patent are not valid if the

“Houston Clinic is deemed a use under 35 U.S.C. § 102(b).” See CRRFF238B, CRRFF 248B, CRRFF255C. Hence the issues are whether knowledge of the prior art status of the Houston Event were chargeable to the applicants for the patents in issue and whether said applicants failed to disclose said prior art to the Patent Office coupled with an intent to mislead the Patent Office.

As to whether the inventors on the ten design patents in issue had knowledge of the prior art status of the Houston Event, Craig Metros, a named inventor on the ‘119 patent (CX-1), ‘044 patent (CX-2), ‘552 patent (CX-3), ‘979 patent (CX-4), ‘645 patent (CX-5), ‘890 patent (CX-6), ‘579 patent (CX-7), ‘561 patent (CX-8), ‘135 patent (CX-9) and ‘912 patent (CX-10), testified that he believed the Houston Event was confidential as seen from the following:

- Q. Did you see anything that indicated to you that a confidentiality agreement was used at the Houston Clinic?
- A. I saw people filling out forms on clipboards before they entered the room. And I saw people filling out forms with clipboards as they exited the facility.
- Q. What did you understand those forms to be?
- A. Confidentiality forms.
- Q. Why did you think they were confidentiality forms?
- A. Because we -- that's the process.
- Q. Are there any leaks after these clinics?
- A. Not to my knowledge.
- Q. At what point does the design actually become public?
- A. Usually - - usually maybe, I don't know, 5, 6 months before we launch the vehicle or we -- our job starts.

Q. And at that time, is the media invited?

A. Absolutely.

Q. So is it obvious to everyone when the design becomes public?

A. Yes.

(Tr. at 365-66.) Tyler Blake, a named inventor on each of patents in issue, with the exception of the '119 patent (CX-1), also testified that he believed the Houston Event was confidential as seen from the following:.

Q. And you never saw confidentiality agreements being signed, right?

A. No. But I -- again, I saw a line of people at a table. And I just assumed that that's what they were doing. And I understood that it was confidential. But it was just something I knew about researchers. I didn't see them -- I didn't go up and watch them sign anything, no.

* * *

Q. But your reason for being there was to watch and hear what the consumers had to say, right?

A. Get a general idea about that particular market, yeah.

Q. You didn't have anything to do with security, right?

A. No.

Q. And for all you know, the line would have been for people to show their ID and sign in to indicate that they had arrived, right?

A. My assumption, it was that they were signing in for confidentiality. But, yes, it could have been the case.

- Q. Well, you didn't see any forms, right?
- A. I didn't look and read any form that they were signing.
- Q. It wasn't your concern, right? That was somebody else's problem, right?
- A. Yes.
- Q. You don't know what they were signing?
- A. No. I just assumed it was confidentiality agreements.
- Q. But what did confidentiality mean to you when you assumed that?
- A. They can't talk about what they've seen.
- Q. They can't bring cameras in. You know, things like that.
- A. I wouldn't word it that way.
- Q. So you assumed that they were going to be forbidden from leaving and breathing a word of what they had seen to anyone for the rest of all time?
- A. I wouldn't word it that way.
- Q. What would -- how would you word it?
- A. I would word it that they are supposed to keep what they saw confidential and not take any pictures or have any cameras. That's what I knew. That's what I assumed. That's what I -- the premise was that I understood.
- Q. And by keeping confidential, you understood that meant that they couldn't tell their friends or spouses or family about what they had seen?
- A. Right.

- Q. And you know that in the showroom there weren't just advanced properties of Ford Motor Company, right?
- A. Right.
- Q. That there were trucks that were commercially available that very day, right?
- A. Yes.
- Q. So was it your understanding that these consumers, because they had taken part in the event, were then forbidden from going home and telling their friends and family that they had seen a Chevy S10 that day?
- A. I assume they weren't supposed to speak about anything they saw, even if it was a production vehicle.
- Q. So let me get this straight. You actually assumed that?
- A. Yes.
- Q. In December of 2000?
- A. Yes.
- Q. And not because you're involved in this litigation where there's an allegation of public use, right?
- A. No.

(Tr. at 1166-69.)

Pat Schiavone, a named inventor on each of the ten patents in issue, testified as to the alleged confidential nature of the Houston Event as seen from the following:

- Q. How many research clinics have you attended in your career?
- A. In my career?

Q. Yes.

A. 50 maybe, maybe more.

Q. And do these research clinics generally have advance vehicles displayed?

A. Yes.

Q. What measures does Ford take to protect those vehicles at these clinics?

A. We obviously are -- everything has to be highly confidential in any of the work that we do. So not that I could tell you exactly what papers are filled out, but I do know that this is a highly confidential event.

Q. Are you responsible for running these clinics?

A. No, I'm not.

* * *

Q. How do you know they are confidential then?

A. Everything we do is confidential.

Q. Why do you say that?

A. It is the nature of our business. To be -- it is our competitive advantage. If General Motors or Toyota could catch a glimpse of what we were doing before the vehicle came out, it could be disastrous to the Ford Motor Company.

* * *

Q. Has there ever been a leak at any of these clinics?

A. Not in the 18 years that I have been at Ford Motor Company has there ever been a leak, not in the buff magazines, no one has ever -- I have never seen a sketch or anyone able to duplicate any type of --

anything that we show at any research clinic.

(Tr. at 595-97.) Thus, inventors named on the patents in issue, who are not lawyers or patent agents, had the mistaken belief that the Houston Event was confidential.

Regarding any attorneys, who were involved in the filing and/or prosecution of the patents in issue, Gigette Bejin, who was involved in the filing of at least two of the patents in issue (Tr. at 1421), testified:

Q. . . . And your testimony is they didn't mention one word about disclosure at the Houston event in December 2000?

A. I have no memory about a disclosure of a clinic.

Q. They didn't mention anything whatsoever?

A. No.

JUDGE LUCKERN: Move on.

THE WITNESS: I don't remember.

JUDGE LUCKERN: She says she didn't remember. She doesn't have anything on it. Move on.

(Tr. at 1482.) David B. Kelley, involved in helping to get the application for the ten design patents in issue (Tr. at 1487), testified:

JUDGE LUCKERN: Mr. Kelley, before this investigation started, do you have any knowledge about this December 2000 Houston clinic? Did you even know about it? Or the first time you knew about it is when this investigation started, and they got into this Houston December 2000 clinic?

THE WITNESS: I didn't know about it before. I don't believe I did, Your Honor. And the first time I remember hearing about it is when this investigation was started.

JUDGE LUCKERN: All right. Move on.

(Tr. at 1532.) John Artz, the attorney who was retained outside Ford to prepare and file the applications that led to the ten patents in issue (Tr. at 1542), testified:

Q. . . . So you're aware that there are also market research events where consumers are brought in to look at advanced properties, aren't you?

A. I have not been aware of that, sir, no.

Q. You're not aware of that?

A. I stand by my answer. No.

Q. And sitting here today, you can't tell us definitively that Patrick Schiavone didn't tell you about any disclosures of his designs outside of the Ford Motor Company; isn't that true?

A. As I said before, I don't recall any such discussions with Mr. Schiavone.

Q. And sitting here today, you can't tell us definitively that Craig Metros didn't tell you about a disclosure of his designs to persons outside of Ford Motor Company?

A. I don't recall any such discussions.

Q. And the same would be true of Tyler Blake, right?

A. That's correct, sir.

(Tr. at 1551-52.) The administrative law judge finds that the testimony under oath, supra, of attorneys involved with the ten design patents in issue establishes that said attorneys had no knowledge of 35 U.S.C. § 102(b) public disclosure of the claimed designs in issue during the filing and prosecution of the design patents in issue. Hence, the administrative law judge finds no intent to deceive the Patent Office.

Based on the foregoing, the administrative law judge finds that respondents have not

established, by clear and convincing evidence, that the ten patents in issue are unenforceable due to any inequitable conduct.

XI. Domestic Industry

There can be a violation of section 337 “only if an industry in the United States, relating to articles protected by the patent ... exists or is in the process of being established.” 19 U.S.C. § 1337(a)(2); see also Certain Methods of Making Carbonated Candy Products, Inv. No. 337-TA-292, USITC Pub. 2390, (Mar. 1990). The existence of a domestic industry is measured at the time the complaint is filed. See Bally/Midway Mfg. Co. v. U.S. Int’l Trade Comm’n, 714 F.2d 1117, 1121-22 (Fed. Cir. 1983).

The Commission has established a two-prong test for determining whether a complainant has satisfied the domestic industry requirement. The technical prong considers “whether the complainant is exploiting or practicing the patent in controversy,” while the economic prong addresses “whether there is significant or substantial commercial exploitation.” Certain Microsphere Adhesives, Process for Making Same, and Products Containing Same, Including Self-Stick Repositionable Notes, Inv. No. 337-TA-366, USITC Pub. 2949 (Jan. 1995). As complainant, Ford bears the burden of proving that it has satisfied both the technical prong and the economic prong.

Only the technical prong of domestic industry remains relevant in this investigation, as complainant has satisfied the economic prong of the domestic industry requirement through a summary determination motion granted by the administrative law judge. See Order No. 11 which issued on July 19, 2006.

Complainant argued that regarding the technical prong of the domestic industry, each of

the ten patents in issue is embodied in an F-150 replacement part (CFF 6.1, CFF 6.5); that the design of CX-1 is embodied in CPX-1.1, the design of CX-2 is embodied in CPX-2.1 and 2.2, etc. (CFF 6.1, CFF 6.5); that respondents have not identified any difference between any patented design and the corresponding F-150 component (CFF 6.4); and that thus, it is undisputed that the F-150 components embody the patented designs — meeting the technical prong of the domestic industry requirement. (CBr at 22.)

Respondents argued that for the same reasons that respondents' products do not infringe the patents in issue due to their lack of any points of novelty, complainant's products are not protected by said patents; and thus, the technical prong of the domestic industry requirement is not satisfied. (RBr at 163.)

The staff argued that although the evidence of record demonstrates that each of the asserted design patents is used on Ford's F-150 series trucks, since none of the alleged points of novelty are, in fact, novel, Ford does not practice any of the patents at issue. (SBr at 32.)

Reference is made to the following table which summarizes the exhibit numbers for (1) each patent in issue; (2) the corresponding Ford F-150 part(s) embodying the patented design and made in the United States; (3) the corresponding accused replacement parts embodying the patented design; (4) the charts showing identity between the patent, the Ford part and the accused part(s); and (5) respondents' admissions of identity.⁴⁶

⁴⁶ Said table is identical to the table of CFF 6.5 undisputed by the staff except that (1) CX-130, Int. 59 for CX-8, and CX-141, Int. 75 for CX-9 have been deleted because the administrative law judge finds that they are not "admissions of identity"; (2) CX-125, Ad 5 and CX-127, Ad 20 now correspond correctly to CX-7, not CX-9; and (3) CX-125, Ad 6 and CX-127, Ad 21 now correspond correctly to CX-9, not CX-7.

Patent No.	Part Type	Ford Part(s)	Accused Part(s)	Identity Chart	Admission(s) of Identity
D491,119 (CX-1)	Exterior of Vehicle Front Bumper	CPX 1.1	CPX 11.1 CPX 21.1	CX-21	CX-125, Ad 7 CX-127, Ad 11 CX-140, Ad 6 CX-141, Int. 72
D492,044 (CX-2)	Exterior of Vehicle Tail Lamp	CPX 2.1 CPX 2.2	CPX 12.1 CPX 12.2 CPX 22.1 CPX 22.2	CX-22	CX-125, Ad 16, 17 CX-127, Ad 18, 19 CX-132, Int. 72, 73
D493,552 (CX-3)	Vehicle Headlamp	CPX 3.1 CPX 3.2	CPX 13.1 CPX 13.2 CPX 23.1 CPX 23.2	CX-23	CX-125, Ad 3, 4 CX-127, Ad 7, 8 CX-133, Ad 63, 64 CX-132, Int. 70, 71 CX-138, Int. 60, 64
D495,979 (CX-4)	Vehicle Grill	CPX 4.1 CPX 4.2	CPX 14.1 CPX 14.2 CPX 24.1 CPX 24.2	CX-24	CX-125, Ad 19, 20 CX-127, Ad 3, 4 CX-140, Ad 5 CX-141, Int. 68
D496,615 (CX-5)	Vehicle Side View Mirror	CPX 5.1 CPX 5.2	CPX 15.1 CPX 15.2 CPX 25.1 CPX 25.2	CX-25	CX-125, Ad 8 CX-127, Ad 9
D496,890 (CX-6)	Vehicle Grill	CPX 6	CPX 16 CPX 26	CX-26	CX-125, Ad 21, 22, 23 CX-127, Ad 5 CX 128, Ad 82, 83 CX-140, Ad 3, 4 CX-142, Ad 45 CX-141, Int. 60, 64
D497,579 (CX-7)	Bumper Lower Valance (With Recesses)	CPX 7	CPX 17 CPX 27	CX-27	CX-125, Ad 5 CX-127, Ad 20 CX-140, Ad 8 CX-141, Int. 80
D502,561 (CX-8)	Vehicle Tail Lamp	CPX 8.1 CPX 8.2	CPX 18.1 CPX 18.2 CPX 28.1 CPX 28.2	CX-28	CX-125, Ad 14, 15 CX-127, Ad 16, 17 CX-129, Ad 3, 4 CX-130, Int. 59, 64
D503,135 (CX-9)	Bumper Lower Valance(With Openings)	CPX 9	CPX 19 CPX 29	CX-29	CX-125, Ad 6 CX-127, Ad 21 CX-140, Ad 7

Patent No.	Part Type	Ford Part(s)	Accused Part(s)	Identity Chart	Admission(s) of Identity
D503,912 (CX-10)	Vehicle Fender	CPX 10.1 CPX 10.2 CPX 10.3 CPX 10.4	CPX 20.1 CPX 20.2 CPX 20.3 CPX 20.4 CPX 30.1 CPX 30.2 CPX 30.3 CPX 30.4	CX-30	CX-125, Ad 10-13 CX-127, Ad 12-15 CX-134, Ad 4 CX-135, Int. 64

The administrative law judge has visually examined and compared each of the Ford OEM parts to the corresponding design patent as set forth in the table. Thus, with respect to the '119 patent, the administrative law judge finds that CPX 1.1 establishes the identity of the front bumper shown in Figures 1-4 of the '119 patent. Regarding the '119 patent, inventor Metros testified:

Q. If you could look at Exhibit CX-1, which is US Design Patent D491,119.

A. Yes.

Q. Is this for a vehicle front bumper?

A. Yes.

Q. And was this the final part that was the result of the design work that was done by the F-150 design team?

A. Yes, it is.

Q. Is this bumper on the commercial 2004 F-150 vehicle?

A. Yes.

(Metros, Tr. at 343 (emphasis added).)

With respect to the '044 patent, the administrative law judge finds that CPX 2.1

establishes the identity of the left flareside tail lamp shown in Figures 1 and 2 of the '044 patent. Likewise, the administrative law judge finds that CPX 2.2 establishes the identity of the right flareside tail lamp shown in Figures 3 and 4 of the '044 patent. Regarding the '044 patent, inventor Metros testified:

Q. US Design Patent 492,044, which is marked as Exhibit CX-2, is that for a vehicle tail lamp?

A. Yes, it is.

* * *

Q. Was this part designed as part of the F-150 design program?

A. Yes.

Q. Was it individually designed?

A. Yes.

Q. So there's independent design work that was done for this part?

A. Yes. This is the flareside lamp.

Q. The work that was done, the design work that was done independently to this part, is that reflected in the figures that are part of this patent, '044?

A. Yes.

(Metros, Tr. at 343-44 (emphasis added).)

Referring to the '552 patent, the administrative law judge finds that CPX 3.2 establishes the identity of the right head lamp shown in Figures 1-5 of the '552 patent. Likewise, the administrative law judge finds that CPX 3.1 establishes the identity of the left head lamp shown in Figure 6 of the '552 patent. Regarding the '552 patent, inventor Metros testified:

Q. Exhibit CX-3, which is US Design Patent 493,552, does that depict the vehicle headlamp that was part of the -- that is part of the 2004 F-150 truck?

A. Yes.

Q. Was this specifically designed by the -- by your F-150 design team?

A. Yes, it was.

Q. Was it independently designed? Does it have independent design features?

A. Yes.

Q. From the vehicle as a whole?

A. Yes.

(Metros, Tr. at 345-46 (emphasis added).)

Referring to the '979 patent, the administrative law judge finds that each of CPX 4.1 and CPX 4.2 establishes the identity of the bar-type grille shown in Figures 1-4 of the '979 patent.

Regarding the '979 patent, inventor Metros testified:

Q. Exhibit CX-4, which is US Design Patent 495,979, do the figures here represent a vehicle grille that is one of the grilles that is a part of the 2004 F-150 truck?

A. Yes, it is.

Q. And for this grille, is there an independent design effort that took place?

A. Yes, there was.

* * *

Q. Was the independent design work that was done to this grille that you mentioned earlier, is that -- can you see that from these patent figures?

A. I can.

(Metros, Tr. at 346-47 (emphasis added).)

With respect to the '615 patent, the administrative law judge finds that CPX 5.2 establishes the identity of the right side view mirror shown in Figures 1-5 of the '615 patent. Likewise, the administrative law judge finds that CPX 5.1 establishes the identity of the left side view mirror shown in Figure 6 of the '615 patent. Regarding the '615 patent, inventor Metros testified:

Q. Next I would like you to look at Exhibit CX-5, which is US Design Patent 496,615, is this design patent for a vehicle side-view mirror?

A. Yes.

Q. Is this the side-view mirror that is on the commercial 2004 F-150 truck?

A. Yes, it is.

Q. Is this the side-view mirror that the design team that you referred to designed?

A. Yes, it is.

Q. Was there an independent design effort that went into designing just this side-view mirror?

A. Yes, there was.

(Metros, Tr. at 347-48 (emphasis added).)

Referring to the '890 patent, the administrative law judge finds that CPX 6 establishes the identity of the honeycomb grille shown in Figures 1-4 of the '890 patent. Regarding the '890 patent, inventor Metros testified:

Q. If you can look at Exhibit CX-6, which is US Design Patent 496,890, is this a different vehicle grille design for the 2004 F-150 truck?

A. Yes, it is.

Q. Was there a separate design effort that went into designing this particular grille component?

A. Yes, there was.

Q. And do you see that -- the details of those designs in these patent figures?

A. Yes.

(Metros, Tr. at 348 (emphasis added).)

With respect to the '579 patent, the administrative law judge finds that CPX 7 establishes the identity of the bumper lower valance with recesses shown in Figures 1-5 of the '579 patent.

Regarding the '579 patent, inventor Metros testified:

Q. If you could look at CX -- what's been shown here as CX-7, Design Patent 497,579, is this patent for a bumper lower valance?

A. Yes.

Q. Is that bumper lower valance the bumper lower valance that's part of the 2004 F-150 truck?

A. Yes, it is.

Q. Was there an independent design effort for this part also?

A. Yes.

Q. And can you see the design work that's unique to this part in the patent figures?

A. Yes.

(Metros, Tr. at 348-49 (emphasis added).)

Referring to the '561 patent, the administrative law judge finds that CPX 8.2 establishes the identity of the right styleside tail lamp shown in Figures 1, 2, 4 and 5 of the '561 patent. Likewise, the administrative law judge finds that CPX 8.1 establishes the identity of the left styleside tail lamp shown in Figures 3 and 6 of the '561 patent. Regarding the '561 patent, inventor Metros testified:

Q. Next I would like you to look at Exhibit CX-8, which is patent D502,561, is this the tail lamp that was specifically designed for the 2004 F-150 truck?

A. Yes, it is.

Q. Which model was this tail lamp specifically designed for?

A. This is for the styleside.

(Metros, Tr. at 350 (emphasis added).)

Referring to the '135 patent, the administrative law judge finds that CPX.9 establishes the identity of the bumper lower valance with openings shown in Figures 1-5 of the '135 patent.

Regarding the '135 patent, inventor Metros testified:

Q. Are there two valances?

A. Yes, there is.

Q. What -- what -- what's the distinction between the two valances?

A. One valance houses the -- or the tow hooks protrude out of the one lower valance. And the other lower valance is what you get when you -- you do not choose the tow hook option. So the -- the opening that allows the tow hook to protrude is blanked out. It's filled in.

* * *

Q. If you could next look at Exhibit CX-9, D503,135, is this the other designed bumper lower valance?

A. Yes, it is.

Q. Which option does this go to on the 2004 F-150 truck?

A. This is -- you get this lower valance when you get the tow hooks.

Q. This is specifically designed for a truck that had tow hooks?

A. Specifically designed for the F-150 with tow hooks.

(Metros, Tr. at 349-50 (emphasis added).)

With respect to the '912 patent, the administrative law judge finds that CPX 10.2 establishes the identity of the right fender shown in Figures 1-5 of the '912 patent. Likewise, the administrative law judge finds that CPX 10.1 establishes the identity of the left fender shown in Figure 6 of the '912 patent. Regarding the '912 patent, inventor Metros testified:

Q. Next if you could look at Exhibit CX-10, which is US Design Patent 503,912. Is that for a vehicle fender?

A. Yes, it is.

Q. And is this -- is the vehicle fender that's shown in the patent figures, does that represent the vehicle fender on the -- that was designed for the 2004 F-150 truck?

A. Yes, it does.

Q. Was there an independent design effort that went into designing just this fender?

A. Yes.

Q. And can you see the work that was done to design the fender in the patent figures?

A. Yes.

(Metros, Tr. at 350-51 (emphasis added).)

Having compared each of the Ford OEM parts set forth in said table to each of the claimed designs in issue, the administrative law judge finds, based on his comparison and the testimony of inventor Metros, that there is a domestic industry involving said parts and the design patents in issue.

Respondents argued in RRCFF 6.5 that Ford has neglected to provide appropriate alleged “admission[s] of identity” for CPX 15.2 and 25.2. As to CPX 15.2 and 25.2, which are exhibits of accused parts for the right side view mirror corresponding to Ford OEM part CPX 5.2, the administrative law judge finds that complainant did provide in the table (CFF 6.5) the appropriate “admissions of identity” for the left side view mirror corresponding to Ford OEM part CPX 5.1 (for exhibits CPX 15.1 and 25.1), which is one of the embodiments of the ‘615 patent.

Respondents argued in RRCFF 6.5A that Ford did not establish that the ‘044 tail lamp patent is embodied in the 2004 F-150, citing Metros, Tr. at 344-45. However, the administrative law judge finds that inventor Metros’ testimony was directed to the F-150 and particularly to the P221 program, which is the code name for the 2004 F-150. (See Metros, Tr. at 314, 343-44.)

Based on the foregoing, the administrative law judge finds that complainant has established the technical prong of the domestic industry requirement as to the design patents in issue.

XII. Infringement

Complainant, which has the burden of establishing infringement by a preponderance of

the evidence, argued that respondents infringe all of the ten asserted patents. (CBr at 22-30.)

Respondents argued that because Ford's patents in issue lack points of novelty, none of said patents is infringed. (RBr at 89.)

The staff argued that because none of the asserted design patents has legally recognizable "points" of novelty, none of respondents' accused replacement parts infringe any of the asserted claims. (SBr at 32.)

The same tests employed for determining anticipation are used for determining infringement. Thus whether a design patent is infringed is determined by two tests, viz., the "ordinary observer" test and the "point of novelty" test. Both tests must be met. See Avia Group International v. L.A. Gear California, Inc., 7 USPQ2d, 1548, 1554 (Fed. Cir. 1988) (Avia) where the Federal Circuit stated "[a]bsent the presence of the novel features in the accused products, a patented design has not been appropriated." See also Unidynamics Corp. v. Automatic Products International, Ltd., 48 USPQ2d 1099, 1107 (Fed.Cir. 1998).

In the ordinary observer test one first construes the claim to the design, when appropriate, and then compares the claimed design to the design of the accused device. OddzOn., 122 F.3d at 1404. The comparison step of the ordinary observer test is the Gorham test which requires the fact finder to determine whether the patented design as a whole is substantially similar in appearance to the accused design. See e.g., Litton., 728 F.2d at 1444. To determine whether two designs are substantially the same, the accused device must be compared with the patented design. Unette Corp. v. Unit Pack Co., 785 F.2d 1026, 1028 (Fed. Cir. 1986). In making this comparison, the patented design must be viewed in its entirety. L.A. Gear, Inc., 988 F.2d at 1125. "[M]inor differences between a patented design and an accused article's design cannot, and shall

not, prevent a finding of infringement.” Litton, 728 F.2d at 1444. “The patented and accused design do not have to be identical in order for design patent infringement to be found.” OddzOn, 122 F.3d at 1405.

The Federal Circuit in Braun Inc. v. Dynamics Corp., 975 F.2d 815 (Fed. Cir. 1992), stated that:

Nothing in Gorham suggests that, in finding design patent infringement, a trier of fact may not as a matter of law rely exclusively or primarily on a visual comparison of the patented design, as well as the device that embodies the design and the accused device’s design. ...Simply put, a jury, composed of a sample of ordinary observers, does not necessarily require empirical evidence as to whether ordinary observers would be deceived by an accused device’s design. ...

Id. at 821. Furthermore, judges undertake the ordinary observer test for design patent infringement without resort to expert testimony or other additional evidence. See Certain Tape Dispensers, Inv. No. 337-TA-354, Order No. 5 (unreviewed Initial Determination) at 5 (December 23, 1993) and Certain Cellular Radiotelephones and Subassemblies and Components Parts Thereof, Inv. No. 337-TA-297, Order 21 (unreviewed Initial Determination granting Complainant’s Motion For Temporary relief) at 137-138 (August 9, 1989). However, the Federal Circuit in Avia, with respect to the evidence presented to the trial court, stated:

Here, besides its patents and the accused shoes, Avia presented evidence in the form of an expert’s declaration analyzing infringement and deposition testimony of LAG’s president, in which he confused LAG’s Thrasher and Avia’s Model 750. In addition, the court performed its own comparison of LAG’s shoes to the patented designs. LAG merely challenges the weight accorded the expert’s declaration and the ultimate finding of infringement. Neither argument raises a genuine issue of material fact which requires a trial.

Avia, 7 USPQ2d at 1555, (emphasis added). Thus, the administrative law judge, in addition to

making his own comparison between the patented designs and the accused products, may utilize expert testimony in the infringement analysis under the ordinary observer test. See also Commission Opinion filed June 28, 1999 in Certain Lens-Fitted Film Packages Inv. No. 337-TA-406 referred to in Section VIII, supra.

In the point of novelty test, “the accused device must appropriate the novelty in the patented device which distinguishes it from the prior art.” Avia, 7 USPQ2d at 1554, citing Shelcore, Inc. v. Durham Indus., Inc., 223 USPQ 584 590 n. 17 (Fed. Cir. 1984). See also, Litton, 728 F.2d at 1444.

The administrative law judge has found that the ‘119 patent, ‘912 patent and ‘979 patent are not valid. See Section VI.A., supra. He has further found that respondents have not established, by clear and convincing evidence, that the ‘890, ‘552, ‘135, ‘579, ‘561, ‘044 and ‘615 are not valid. Hence in issue is whether complainant has established, by a preponderance of the evidence, that those seven patents are infringed.

The administrative law judge has found certain Ford parts correspond to claims of the seven design patents in issue. See Section XI., supra. A comparison of the accused parts identified in the Table set forth in Section XI with the claimed designs in issue establishes that the ordinary observer test is met. Moreover, as to the ordinary observer test and the point of novelty test, it is uncontroverted that said parts were copied by respondents. Thus, with respect to the ‘044 patent in CX-125, Ad 16, complainant’s REQUEST FOR ADMISSION NO. 16 states: “Admit that the design of Keystone part number F02800185 [CPX 12.1] was copied from the Ford OEM left-hand flare side tail lamp [CPX 2.1] for use with the New Ford F-150 vehicle.” Respondent Keystone’s OBJECTION AND RESPONSE states in part:

Keystone admits that tail lamps corresponding to Keystone part number F02800185 are developed and manufactured solely for repairing collision damage to the 2004-2005 Ford F-150 truck. Accordingly, Keystone admits that the exterior portions of Keystone part number F02800185 visible to end users are created to be indistinguishable in appearance from the above-identified Ford OEM part, with other aspects of the Keystone part developed to be equivalent to the Ford part in fit, finish and performance.

(Emphasis added.) Thus, the administrative law judge finds that respondent Keystone admitted that “the exterior portions of Keystone part number F02800185 [CPX 12.1] visible to end users are created to be indistinguishable in appearance” from the “Ford OEM part” (CPX 2.1), and said Keystone part is used to repair a 2004-2005 Ford F-150 truck. Also, referring to the ‘044 patent, in CX-132, Int. 73, an interrogatory regarding the accused Depo part number 330-1922L corresponding to the Ford OEM part CPX-2.1, respondent Depo’s RESPONSE states in part:

{
Depo obtained measurements of certain of the OEM part’s physical dimensions {
} Using
such measurements, Depo{
} Other materials and
manufacturing methods were utilized, as necessary, so that the exterior portions of Part Number 330-1922L visible to end users would be created to be indistinguishable in appearance from the above identified Ford OEM part, with other aspects of the Depo part developed to be equivalent to the Ford part, in fit, finish and performance.

(Emphasis added.) Therefore, the administrative law judge finds that respondent Depo admitted that “the exterior portions of [Depo] Part Number 330-1922L visible to end users would be created to be indistinguishable in appearance” from the “Ford OEM Part” CPX-2.1.

Similarly, for the ‘552 patent, in CX-127, Ad 8, complainant’s REQUEST FOR ADMISSION NO. 8 states: “Admit that the design of U.S. Autoparts part number F100111

[CPX 23.2] was copied from the Ford OEM right head lamp [CPX 3.2] for use with the New Ford F-150 vehicle.” Respondent U.S. Autoparts’ OBJECTION AND RESPONSE states in part:

U.S. Autoparts admits that head lamps corresponding to U.S. Autoparts part number F100111 are developed and manufactured solely for repairing collision damage to the 2004-2005 Ford F-150 truck. Accordingly, U.S. Autoparts admits that the exterior portions of U.S. Autoparts part number F100111 visible to end users are created to be indistinguishable in appearance from the above-identified Ford OEM part, with other aspects of the U.S. Autoparts part developed to be equivalent to the Ford part in fit, finish and performance.

(Emphasis added.) Thus, the administrative law judge finds that respondent U.S. Autoparts admitted that “the exterior portions of U.S. Autoparts part number F100111 [CPX 23.2] visible to end users are created to be indistinguishable in appearance” from the “Ford OEM part” (CPX 3.2), and said U.S. Autoparts part is used to repair a 2004-2005 Ford F-150 truck.

Likewise, with respect to the ‘615 patent, in CX-125, Ad 8, complainant’s REQUEST FOR ADMISSION NO. 8 states: “Admit that the design of Keystone part number F01320233 [CPX 15.1] was copied from the Ford OEM left-hand side view mirror [CPX 5.1] for use with the New Ford F-150 vehicle.” Respondent Keystone’s OBJECTION AND RESPONSE states in part:

Keystone admits that side view mirrors corresponding to Keystone part number F01320233 are developed and manufactured solely for repairing collision damage to the 2004-2005 Ford F-150 truck. Accordingly, Keystone admits that the exterior portions of Keystone part number F01320233 visible to end users are created to be indistinguishable in appearance from the above-identified Ford OEM part, with other aspects of the Keystone part developed to be equivalent to the Ford part in fit, finish and performance.

(Emphasis added.) Hence, the administrative law judge finds that respondent Keystone admitted

that “the exterior portions of Keystone part number F01320233 [CPX 15.1] visible to end users are created to be indistinguishable in appearance” from the “Ford OEM part” (CPX 5.1), and said Keystone part is used to repair a 2004-2005 Ford F-150 truck.

Also, with respect to the ‘890 patent, in CX-140, Ad 3, complainant’s REQUEST FOR ADMISSION NO. 3 states: “Admit that the design of Y.C.C. part number Y-FDGR434P was copied from the Ford OEM grille [CPX 6] for use with the New Ford F-150 vehicle.”

Respondent Y.C.C.’s OBJECTION AND RESPONSE states in part:

YCC admits that side view mirrors corresponding to YCC part number Y-FDGR434P are developed and manufactured solely for repairing collision damage to the 2004-2005 Ford F-150 truck. Accordingly, YCC admits that the exterior portions of YCC part number Y-FDGR434P visible to end users are created to be indistinguishable in appearance from the above-identified Ford OEM part, with other aspects of the YCC part developed to be equivalent to the Ford part in fit, finish and performance.

(Emphasis added.) Thus, the administrative law judge finds that respondent Y.C.C. admitted that “the exterior portions of Y.C.C. part number Y-FDGR434P visible to end users are created to be indistinguishable in appearance” from the “Ford OEM part” (CPX 6), and said Y.C.C. part is used to repair a 2004-2005 Ford F-150 truck.

Further, for the ‘579 patent, in CX-140, Ad 8, complainant’s REQUEST FOR ADMISSION NO. 8 states: “Admit that the design of Y.C.C. part number Y-FDAR435 was copied from the Ford OEM valence [CPX 7] for use with the New Ford F-150 vehicle.”

Respondent Y.C.C.’s OBJECTION AND RESPONSE states in part:

YCC admits that valences corresponding to YCC part number Y-FDAR435 are developed and manufactured solely for repairing collision damage to the 2004-2005 Ford F-150 truck. Accordingly, YCC admits that the exterior portions of YCC part number Y-FDAR435 visible to end users are created to be indistinguishable

in appearance from the above-identified Ford OEM part, with other aspects of the YCC part developed to be equivalent to the Ford part in fit, finish and performance.

(Emphasis added.) Therefore, the administrative law judge finds that respondent Y.C.C. admitted that “the exterior portions of Y.C.C. part number Y-FDAR435 visible to end users are created to be indistinguishable in appearance” from the “Ford OEM part” (CPX 7), and said Y.C.C. part is used to repair a 2004-2005 Ford F-150 truck.

Additionally, with respect to the ‘561 patent, in CX-129, Ad 4, complainant’s REQUEST FOR ADMISSION NO. 4 states: “Admit that the design of Depo part number 330-1919R was copied from the Ford OEM right tail lamp [CPX 8.2] for use with the New Ford F-150 vehicle.” Respondent Depo’s OBJECTION AND RESPONSE states in part:

Depo admits that tail lamps corresponding to Depo part number 330-1919R are developed and manufactured solely for repairing collision damage to the 2004-2005 Ford F-150 truck. Accordingly, Depo admits that the exterior portions of Depo part number 330-1919R visible to end users are created to be indistinguishable in appearance from the above-identified Ford OEM part, with other aspects of the Depo part developed to be equivalent to the Ford part in fit, finish and performance.

(Emphasis added.) Hence, the administrative law judge finds that respondent Depo admitted that “the exterior portions of Depo part number 330-1919R visible to end users are created to be indistinguishable in appearance” from the “Ford OEM part” (CPX 8.2), and said Depo part is used to repair a 2004-2005 Ford F-150 truck.

Moreover, regarding the ‘135 patent, in CX-127, Ad 21, complainant’s REQUEST FOR ADMISSION NO. 21 states: “Admit that the design of U.S. Autoparts part number F017515 [CPX 29] was copied from the Ford OEM bumper lower valence [CPX 9] for use with the New Ford F-150 vehicle.” Respondent U.S. Autoparts’ OBJECTION AND RESPONSE states in

part:

U.S. Autoparts admits that bumper lower valences corresponding to U.S. Autoparts part number F017515 are developed and manufactured solely for repairing collision damage to the 2004-2005 Ford F-150 truck. Accordingly, U.S. Autoparts admits that the exterior portions of U.S. Autoparts part number F017515 visible to end users are created to be indistinguishable in appearance from the above-identified Ford OEM part, with the other aspects of the U.S. Autoparts part developed to be equivalent to the Ford part in fit, finish and performance.

(Emphasis added.) Thus, the administrative law judge finds that respondent U.S. Autoparts admitted that “the exterior portions of U.S. Autoparts part number F017515 [CPX 29] visible to end users are created to be indistinguishable in appearance” from the “Ford OEM part” (CPX 9), and said U.S. Autoparts part is used to repair a 2004-2005 Ford F-150 truck.

Based on the foregoing, the administrative law judge finds that complainant has established, by a preponderance of the evidence, that the ordinary observer and point of novelty tests are met and hence that each of the seven design patents in issue is infringed.

XIII. Remedy

Complainant argued that it is entitled to a general exclusion order. In support it is argued that not only have respondents established multiple supplier networks in place but also the manufacturing respondents have acknowledged that there are many foreign manufacturers who can and would readily make the “infringing copy parts.” (CBr at 107.) Complainant, in its post-hearing submissions did not request any cease and desist order nor did it cite any evidence for issuance of any such order.

Respondents argued that “significant public interest issues would counsel against issuance of any remedy even if a violation is found.” It is argued that those public interest

considerations will be addressed, if necessary, before the Commission at the appropriate time.

(RBr at 163-64.)

The staff argued that a general exclusion order directed against the products that are determined to infringe would be the appropriate remedy if a violation were to be found. (SBr at 75.)

With respect to the issuance of a general exclusion order, in Certain Airless Paint Spray Pumps and Components Thereof, Inv. No. 337-TA-90, USITC Pub. 1199 at 17, 216 U.S.P.Q. 465, 472-73 (1981) (Spray Pumps) a general exclusion order was deemed appropriate when there is proof of (1) a widespread pattern of unauthorized use of the patented invention, and (2) certain business conditions from which one might reasonably infer that foreign manufacturers other than respondents to the investigation may attempt to enter the U.S. market. Id.

In 1994, statutory standards on the issuance of general exclusion orders were adopted in the amendments to Section 337, adding a new subsection to Section 337(d) that states:

(2) The authority of the Commission to order an exclusion from entry of articles shall be limited to persons determined by the Commission to be violating this section unless the Commission determines that --

(A) a general exclusion from entry of articles is necessary to prevent circumvention of an exclusion order limited to products of named persons; or

(B) there is a pattern of violation of this section and it is difficult to identify the source of infringing products.

19 U.S.C. § 1337(d)(2) (effective January 1, 1995); see also Commission rule 210.50(c)

(incorporating the statutory standards into the Commission rules). Those standards “do not differ significantly” from the Spray Pumps standards. Certain Neodymium-Iron-Boron Magnets, Inv.

No. 337-TA-372, Commission Opinion on Remedy, the Public Interest and Bonding at 5 USITC Pub. No. 2964(1996) (Magnets). See also Certain Agricultural Tractors, Inv. No. 337-TA-380, 44 U.S.P.Q.2d 1385, 1397-1404 (1997) (General exclusion order granted) (Tractors).

In Spray Pumps, the Commission pointed out that a complainant

should not be compelled to file a series of separate complaints against several individual foreign manufacturers as it becomes aware of their products in the U.S. market. Such a practice would not only waste the resources of the complainant, it would also burden the Commission with redundant investigations. (Comm'n Op. at 30).

That consideration must be balanced against the potential of a general exclusion order to disrupt legitimate trade. (Id.) With this balance in mind, the Commission concluded that it would

“require that a complainant seeking a general exclusion order prove both a widespread pattern of unauthorized use of its patented invention and certain business conditions from which one might reasonably infer that foreign manufacturers other than the respondents to the investigation may attempt to enter the U.S. market with infringing articles.” [Id.]

The Commission in Spray Pumps then set out the following factors as relevant in demonstrating whether there is a “widespread pattern of unauthorized use”:

- (1) a Commission determination of unauthorized importation into the United States of infringing articles by numerous foreign manufacturers;
- (2) the pendency of foreign infringement suits based upon foreign patents which correspond to the domestic patent at issue; and
- (3) other evidence which demonstrates a history of unauthorized foreign use of the patented invention.

(Id.) The Commission also identified factors relevant to showing “certain business conditions” as including:

- (1) an established market for the patented product in the U.S.

market and conditions of the world market;

(2) the availability of marketing and distribution networks in the United States for potential foreign manufacturers;

(3) the cost to foreign entrepreneurs of building a facility capable of producing the patented article;

(4) the number of foreign manufacturers whose facilities could be retooled to produce the patented article; or

(5) the cost to foreign manufacturers of retooling their facility to produce the patented article.

(Id. at 31-32).

Undisputed findings establish that respondent Keystone uses{ } Taiwanese suppliers (SFF 501); that someone at respondent Gordon has sent{ } (SFF 502); that according to{ } (SFF 503); that respondent TYC{ } (SFF504); that respondent U.S. Autoparts purchases crash parts from{ } Taiwanese suppliers (SFF 505); that respondent U.S. Autoparts purchases products from Maxzone (Los Angeles),⁴⁹ which sells parts manufactured by{ } (SFF 506); that respondent U.S. Autoparts purchases{ } which sells parts manufactured by { } (SFF 507); that respondent U.S. Autoparts purchases products from

⁴⁷ { } is not a named respondent.

⁴⁸ { } is not a named respondent. However it is a division of respondent TYC. (SFF 513 (undisputed).)

⁴⁹ Maxzone is not a named respondent.

{ (SFF 508);
that respondent YCC's customers are respondent Keystone, respondent U.S. Autoparts,{
} (SFF 509); that respondent Keystone purchases some of the parts of this
proceeding{ }and Keystone is{ } but
is the{ } that respondent
Keystone's supplier of lighting products is{ }
(SFF511); that Maxzone is a U.S. corporation importing lighting products from{
} and respondent Keystone buys from{ } (SFF 512); that{ } is a division of
respondent TYC and imports from TYC; and that{
} (SFF 513); that respondent US Autoparts procures the accused
mirrors from{ }and would alternatively purchase them from{ }
which is the only other manufacturer known to Mr. Hastie (SFF 514); that Mr. Miao⁵³ believes
that{ } (SFF 517); that respondent
Autoparts, Incorporation and{ }
(SFF 518); that Mr. Nia, CEO of respondent US Autoparts Network, Inc., stated that there are{
} Taiwanese manufacturers (SFF 519); and that if the{
} (SFF 520.)

⁵⁰ Neither{ } is a named respondent.

⁵¹ It appears that neither{ } is a named respondent.

⁵² The record is unclear as to whether{ } is named respondent TYC.

⁵³ Mr. Miao works for respondent Gordon. (JX-11C at 4.)

Also referring to Exhibits CX-144C and CX-145C, respondents Keystone and U.S.

Autoparts indicate that they purchase the accused products from{

}

Referring to respondent U.S. Autoparts, there is testimony that it enlists{

} including the infringing automotive parts in this investigation{

} Thus Mehran Nia testified:

Q. Your knowledge of all the Taiwanese manufacturers is quite extensive. Do you have or does somebody at the company have a list of Taiwanese manufacturers and the parts that the sell?

A. {
}

Q. Do you have --

A. I have parts on everything.{
}

Q. I'm sorry?

A. {
}

Q. You explained to me earlier that typically{
}

A. {
}

Q. {
}

A. {
}

Q. { }

A. { }

Q. Any other reasons why you would have{ } that you can think of?

A. I thought we went over that.

(JX-12C, at 96-7.) Nia also testified:

Q. Well, if the price was increased by what you deemed an unacceptable amount, could you have gone to an alternative Taiwanese supplier for the same part?

A. { }

Q. { }

A. { }

(JX-14C, at 42.)

Q. Do you typically try to have multiple vendors for a particular part?

A. { }

Q. { }

A. { }

Q. { }

A. { }

Q. Do you get{ }

A. { }

* * *

Q. As their volumes go up, the price typically goes down or as they get experience?

A. It is usually due to{ }

Q. Do you tell the{ }

A. { }

Q. They just learn them?

A. Usually.

(JX-1C, at 24, 26, 36.)

There is also evidence that the Taiwanese respondents have{

}See JX-2, JX-3, JX-4, JX-5, JX-

6, JX-8, JX-9, JX-10, JX-11, JX-13, JX-15.

Based on the foregoing, the administrative law judge finds that (1) there is an established market for the patented products in the United States; (2) there is an established marketing and distribution network in the United States for potential foreign manufacturers; (3) the cost to foreign entrepreneurs of building a facility capable of producing the patented article is nil, because they already exist; and (4) the number of foreign manufacturers whose facilities can be retooled to produce the patented article is large business. Hence, should a violation be found, the administrative law judge recommends a general exclusion order.

XIV. Bond

Complainant argued that it is undisputed that respondents sell their “copied parts” at

prices substantially lower than the corresponding Ford parts. Hence complainant argued that the Commission should set a bond of 200 percent of entered value of the infringing automotive parts. (CSBr at 7.)

Respondents argued that because Ford has failed to present a record on which a reasonable bond determination can be made, no bond should be recommended, or at the most, a de minimis bond of 5 percent of entered value. (RBr at 164.)

The staff argued that complainant submitted exhibits showing pricing information in support of its recommended bond amount; that complainant's proposed bond appears to be reasonable; and that therefore the imposition of a bond of 200% of entered value of the infringing automotive parts should be imposed.

If the Commission enters a general exclusion order, respondents may continue to import and sell their products during the pendency of the Presidential review period under a bond in an amount determined by the Commission to be "sufficient to protect the complainant from any injury." 19 U.S.C. § 1337; Commission rule 210.50(a)(3). The Commission frequently sets the bond by attempting to eliminate the difference in sales prices between the patented domestic product and the infringing product. See, e.g., Microsphere Adhesives, Process For Making Same, and Products Containing Same, Including Self-Stick Repositionable Notes, Inv. No. 337-TA-366, Commission Op. at 24, USITC Pub. No. 2949 (January 1996). However, in the absence of reliable price information, the Commission has used other methods to determine an appropriate bond.

Reference is made to Exhibit A of "Complainant's Supplement Regarding Its Request For A General Exclusion Order Remedy" (CSBr) which has been identified as ALJ Exh. 1. Based on

ALJ Exh. 1, which indicates that respondents' parts can sell for generally one-half the cost of complainant's parts, the administrative law judge is recommending a bond of 200 percent of entered value of infringing automotive parts.

XV. Additional Findings

A. The Parties

1. Complainant Ford Global Technologies, LLC (Ford) of Dearborn, Michigan, is a Delaware corporation and is the owner, by assignment, of each of the fourteen design patents originally asserted. (Amended Complaint, ¶¶ 2.1, 2.3, pp. 5-6.) Ford has granted Ford Motor Co. a non-exclusive license under the design patents at issue. (Amended Complaint, ¶ 2.3, pp. 5-6.) Each of the design patents at issue is directed to a part created specifically for the 2004-05 Ford F-150 pickup truck. (Amended Complaint, ¶ 2.4, p. 6.)

2. Respondent Keystone Automotive Industries, Inc. (Keystone) of Pomona, California is a corporation organized under the laws of California and is engaged in the importation into the United States of automotive parts and the sale of such parts after importation through Keystone's distribution network. (Amended Complaint, ¶ 3.1, p. 7; Keystone Resp. To Complaint, ¶ 20, p. 9.)

3. Respondent U.S. Autoparts Network, Inc. (US Autoparts) is located in Carson, California and is engaged in the importation into the United States of a wide variety of automotive parts, and the sale of such parts after importation through U.S. Autoparts' distribution network. (Amended Complaint, ¶ 3.2, p. 7; U.S. Autoparts Resp. To Complaint, ¶ 21, p. 9.)

4. Respondent Gordon Auto Body Parts Co., Ltd. (Gordon) is located in Taiwan and is engaged in the manufacture, sale for importation into the United States, and sale in the United States after importation of automotive parts. (Amended Complaint, ¶ 3.3, pp. 7-8; Gordon Resp. To Complaint, ¶ 22, p. 9.)

5. Respondent Y.C.C. Parts Manufacturing Co., Ltd. (YCC) is located in Taiwan and is engaged in the manufacture, sale for importation into the United States, and sale in the United States after importation of automotive parts. (Amended Complaint, ¶ 3.4, p. 8; YCC Resp. To Complaint, ¶ 23, pp. 9-10.)

6. Respondent TYC Brother Industrial Co., Ltd. (TYC) is located in Taiwan and is engaged in the manufacture, sale for importation into the United States, and sale in the United States after importation of automotive parts. (Amended Complaint, ¶ 3.5, p. 8; TYC Resp. To Complaint, ¶ 24, p. 10.)

7. Respondent Depo Auto Parts Ind. Co., Ltd. (Depo) is located in Taiwan and is engaged in the manufacture, sale for importation into the United States, and sale in the United States after importation of automotive parts. (Amended Complaint, ¶ 3.6, p. 8; Depo Resp. To Complaint, ¶ 25, p. 10.)

B. Live Witnesses

8. Allan Gilmour is a former vice-chairman of Ford. He retired on February 1, 2005. As vice-chairman, he was the chief financial officer (CFO) in charge of Ford Credit, Hertz, government relations, the dealer policy board, and human resources. (Gilmour, Tr. at 223-24.)

9. Gilmour joined Ford in 1960 until the end of 1967 when he left for 4 months to join a private equity firm. He then returned to Ford and retired at the beginning of 1995. (Gilmour, Tr. at 224.)

10. Gilmour returned to Ford in 2002 as CFO for 18 months, and then vice chairman until his second retirement in 2005. (Gilmour, Tr. at 236.)

11. Craig Metros, a named inventor of the design patents in issue, is currently a chief designer at Ford. Metros has been at Ford for 20 years. (Metros, Tr. at 264-65.)

12. Patrick Schiavone, a named inventor of the design patents in issue, is currently the design director at Ford for trucks and "people movers." (Schiavone, Tr. at 563.) Schiavone has been with Ford since he graduated from college in 1988. (Schiavone, Tr. at 564.)

13. {

}

14. Jerry Matela is a former Ford employee. He retired in 2001. Matela was the manager of Ford's advanced truck marketing research. Matela was a Ford employee involved in the Houston Event. (Matela, Tr. at 858.)

15. {

}

16. Ron Chavez is a retired Los Angeles police officer. (Chavez Tr. at 926-27.) From 1980 through 2003, Chavez also worked for a DC Security, a firm that provides security services, inter alia, for automotive research clinics. (Chavez, Tr. at 928.)

17. Chavez was responsible for security at the Houston Event. (Chavez, Tr. at 930-31.)

18. Jeff Nowak is a Ford employee and a named inventor on several of the patents at issue. (Nowak, Tr. 1001.)

19. Tyler Blake a named inventor of design patents in issue, is the principal designer of the 2004 Ford F-150. (Blake, Tr. at 1069.)

20. Carl Olsen was called as Ford's design expert. Olsen has a degree in industrial design from Pratt Institute in Brooklyn, N.Y. (Olsen, Tr. at 1205.) He was qualified as an expert in design, transportation design in particular, and auto design as relevant to this investigation. (Tr. at 1217.)

21. Inventors Schiavone, Metros, and Blake graduated from the College for Creative Studies and were students of Olsen at the College for Creative Studies. (Olsen, Tr. at 1306.)

22. Gigette Marie Bejin is a patent attorney employed by complainant. (Bejin, Tr. at 1420.) Bejin was involved in the prosecution of at least two of the patents at issue. (Bejin, Tr. at 1421.)

23. David B. Kelley is a patent attorney employed by complainant. (Kelley, Tr. at 1487.)

24. Kelley was involved in the prosecution of all of the patents at issue. (Kelley, Tr. at 1487.)

25. John S. Artz is a patent attorney and is the outside counsel retained by Ford to prosecute the applications that matured into the patents at issue. (Artz, Tr. at 1542.)

26. Allison Howitt is a former Ford employee. While at Ford, Howitt was in Ford's marketing plan group and she was the marketing plan manager for the 2004 F-150. (Howitt, Tr. at 1570.)

27. Professor Martin Z. Skalski was called as respondents' expert. Skalski has a B.A. in theatrical design and minors in philosophy and mathematics from the University of Toledo and

a masters degree in industrial design. (Skalski, Tr. at 1588.) Skalski was accepted as an expert in industrial design, including transportation design and automotive design. (Tr. at 1603.)

CONCLUSIONS OF LAW

1. The Commission has in rem jurisdiction and in personam jurisdiction.
2. There has been an importation of the accused automotive parts which are the subject of the alleged unfair trade allegations.
3. An industry does exist in the United States that exploits the design patents in issue, as required by subsection (a)(2) of section 337.
4. Design Patent Nos. D491,119, D503,912 and D495,979 are invalid due to public use.
5. Design Patent Nos. D496,890, D493,552, D503,135, D497,579, D502,561, D492,044 and D496,615 are not invalid, are enforceable and are infringed.
6. There is a violation of section 337.
7. Should the Commission determine that there is a violation, the record supports issuance of a general exclusion order and the imposition of a bond in the amount of 200 percent of the entered value of any infringing automotive parts, during the Presidential review period.

ORDER

Based on the foregoing, and the record as a whole, it is the administrative law judge's Final Initial Determination that there is a violation of section 337 in the importation into the United States, sale for importation, and the sale within the United States after importation of certain automotive parts. It is also the administrative law judge's recommendation, should the Commission determine that there is a violation, that a general exclusion order should issue and a bond of 200 percent of the entered value of infringing automotive parts be imposed during the Presidential review period.

The administrative law judge hereby CERTIFIES to the Commission his Final Initial and Recommended Determinations together with the record consisting of the exhibits admitted into evidence. He also CERTIFIES ALJ Exh. 1 (Exhibit A of "Complainant's Supplement Regarding Its Request For A General Exclusion Order Remedy). The pleadings of the parties filed with the Secretary, and the transcript of the pre-hearing conference and the hearing, as well as other exhibits, are not certified, since they are already in the Commission's possession in accordance with Commission rules.

Further, it is ORDERED that:

1. In accordance with Commission rule 210.39, all material heretofore marked in camera because of business, financial and marketing data found by the administrative law judge to be cognizable as confidential business information under Commission rule 201.6(a), is to be given in camera treatment continuing after the date this investigation is terminated.

2. Counsel for the parties shall have in the hands of the administrative law judge those portions of the final initial and recommended determinations which contain bracketed confidential business information to be deleted from any public version of said determinations, no later than January 5, 2007. Any such bracketed version shall not be served via facsimile on the administrative law judge. If no such bracketed version is received from a party, it will mean that the party has no objection to removing the confidential status, in its entirety, from these initial and recommended determinations.

3. The initial determination portion of the Final Initial and Recommended Determinations, issued pursuant to Commission rule 210.42(h)(2), shall become the determination of the Commission forty-five (45) days after the service thereof, unless the

Commission, within that period shall have ordered its review of certain issues therein, or by order, has changed the effective date of the initial determination portion. The recommended determination portion, issued pursuant to Commission rule 210.42(a)(1)(ii), will be considered by the Commission in reaching a determination on remedy and bonding pursuant to Commission rule 210.50(a).

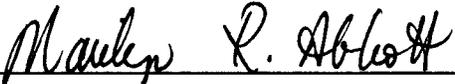


Paul J. Luckern
Administrative Law Judge

Issued: December 4, 2006

CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **Public Version Final Initial and Recommended Determinations** was served by hand upon Commission Investigative Attorney Juan Cockburn, Esq. and upon the following parties via first class mail, and air mail where necessary, on **February 23, 2007**.



Marilyn R. Abbott, Secretary
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Certificate of Service page 2

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CERTAIN AUTOMOTIVE PARTS

Investigation No. 337-TA-557

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