On behalf of **Masimo Corporation**

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MASIMO CORPORATION,
Petitioner

v.

APPLE INC.,
Patent Owner

Case No. IPR2023-00774
U.S. Patent No. D883,279

PETITIONER'S REQUEST FOR REHEARING

Masimo Corporation ("Petitioner" or "Masimo") hereby requests rehearing of the Decision Denying Institution of *Inter Partes* Review (Paper 9, "the Decision") of U.S. Patent No. D883,279 ("the D'279 Patent"). Rehearing is appropriate for several reasons.

A. The Decision Conflicts With Federal Circuit Precedent that Commercial Products Can Be Considered in Analyzing Functionality

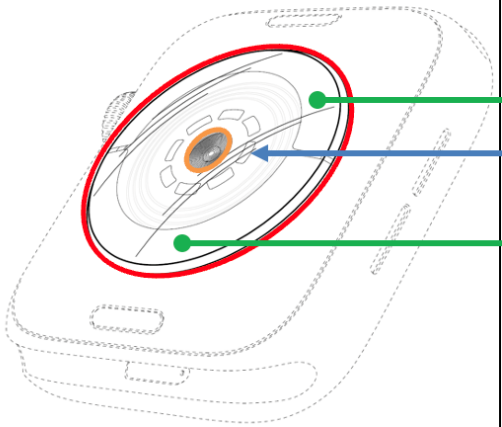
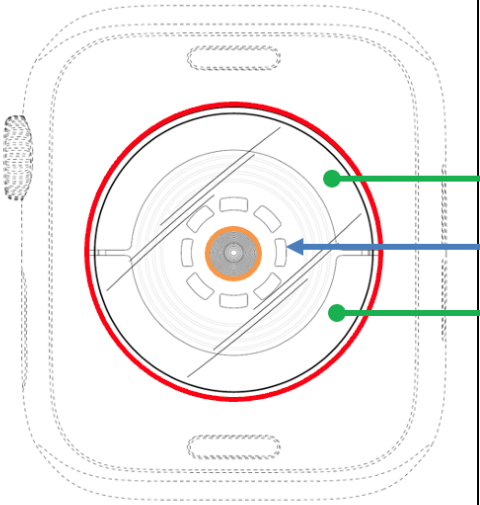
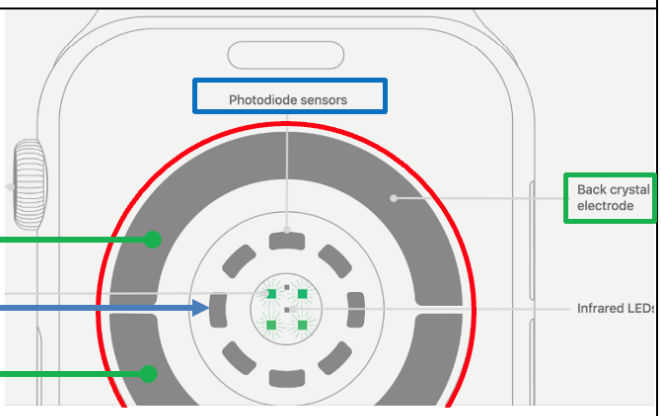
Federal Circuit precedent explains that the patentee's commercial product ***can establish functionality*** of aspects of the claimed design. The Decision mistakenly relies on one sentence from *Berry Sterling Corp. v. Pescor Plastics, Inc.* to conclude that functionality of the underlying commercial product (Apple Watch Series 4) cannot be used to show the functionality of aspects of the claimed design. Decision at 13 ("There is considerable tension in Petitioner's assessment that leans on the functionality of the features of a commercial product rather than evaluation based on the claimed design of the '279 patent.") (citing 122 F.3d 1452, 1455 (Fed. Cir. 1997)). But *Berry Sterling* did not so hold. Rather, *Berry Sterling* held that a commercial embodiment cannot be used "to ***impose limitations*** on the scope of the design patent" that are not set forth in the figures, 122 F.3d at 1455 (emphasis added), which Masimo never did.

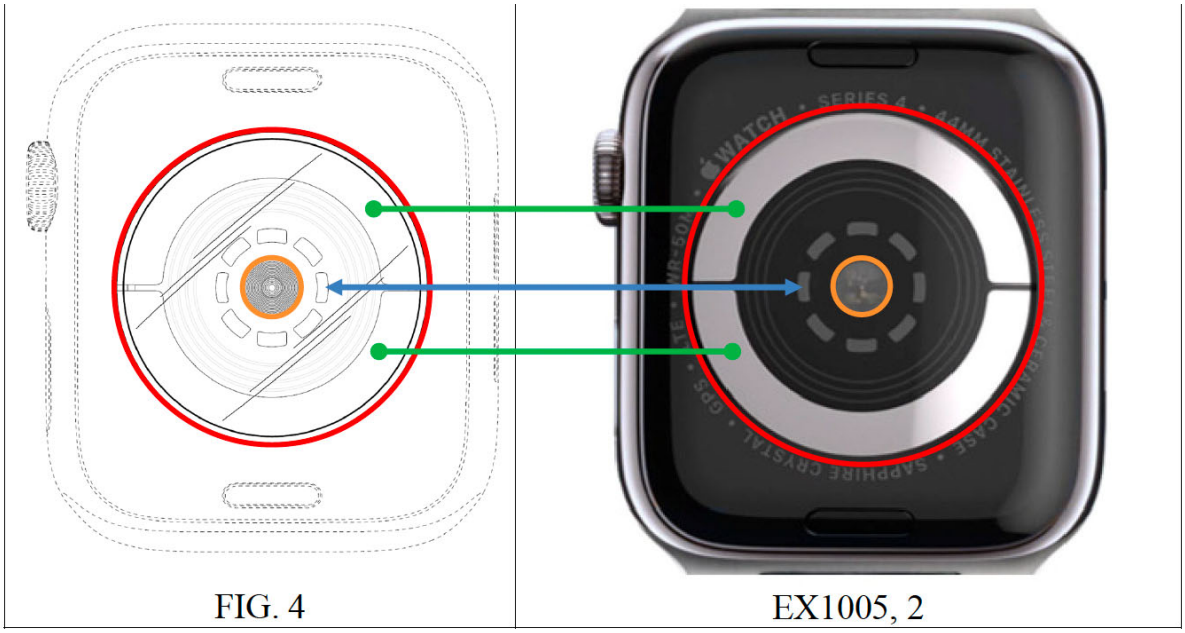
Courts look to evidence beyond the patent, such as commercial products, to assess how the underlying article's functionality drove aspects of the claimed design because design patents include figures and only terse descriptions of those

figures. Federal Circuit precedent confirms the propriety of relying on such a commercial product to establish that aspects of the patentee's claimed design are functional. For example, in *Ethicon*, the Federal Circuit relied on Ethicon's commercial surgical shears in finding that the claimed designs had "functional aspects" impacting their scope. *Ethicon Endo-Surgery, Inc. v. Covidien, Inc.*, 796 F.3d 1312, 1333-34 (Fed. Cir. 2015). Also, in *OddzOn*, the Federal Circuit relied on OddzOn's commercial football in finding that the claimed design had "functional characteristics . . . [that] limit the scope of the protected subject matter." *OddzOn Prod., Inc. v. Just Toys, Inc.*, 122 F.3d 1396, 1405-06 (Fed. Cir. 1997). Further, in *Richardson*, the Federal Circuit relied on Richardson's hammer-like construction tool in affirming that the district court "properly factored out the functional aspects of Richardson's design as part of its claim construction." *Richardson v. Stanley Works, Inc.*, 597 F.3d 1288, 1290-94 (Fed. Cir. 2010). And as summarized in *Shure*, "pursuant to Federal Circuit guidance in cases such as *OddzOn Prods., Inc. v. Just Toys, Inc.*, 122 F.3d 1396 (Fed. Cir. 1997), ***a court does not need to limit itself to the face of the patent disclosure to define the function(s) of a claimed design***." *Shure Inc. v. Clearone, Inc.*, 2020 WL 6074233, at *3, n.4 (D. Del. Oct. 15, 2020) (emphasis added).

As explained in its Petition and reproduced below, Masimo demonstrated that the convex protrusion, arc-shaped portions, rectangle shapes, concentric

circles, and overall circular shape claimed in the D'279 Patent are the same as the convex protrusion, ECG electrodes, photodiodes, Fresnel lens, and overall circular shape in Apple's commercial product, respectively.

Claimed Design (EX1001)	Apple Watch Series 4
 FIG. 2	EX1020, 5
 FIG. 4	 EX1019, 3 (depicting LEDs under the Fresnel lens (not shown))



Pet. at 13-16; EX1003 ¶41; EX1014 ¶¶43-45. This was entirely proper and consistent with the above-described Federal Circuit precedent.

Masimo did not use Apple's commercial product to impose unclaimed limitations (e.g., the watch housing, crown, strap) to the scope of the claimed design, Pet. at 16-35, which is what *Berry Sterling* cautioned against. Rather, Masimo explained in detail the evidence showing that functional considerations dictated the design of aspects of the Apple Watch Series 4 ECG sensor that are claimed in the D'279 Patent—the convex protrusion (Pet. at 16-23), the shape and arrangement of arc-shaped portions (*id.* at 23-29), the arrangement of rectangle shapes claimed in the D'279 Patent (*id.* at 29-32), the concentric circles (*id.* at 32-34), and the overall circular shape of the sensor (*id.* at 34-35). Accordingly, the

Decision errs as a matter of law by ignoring Masimo's evidence that Apple's commercial product demonstrates that aspects of the claimed design are functional.

The Decision also contradicts *Best Lock Corp. v. Ilco Unican Corp.*, 94 F.3d 1563, 1566-67 (Fed. Cir. 1996). There, the Federal Circuit found that the claimed key's design was dictated by its intended function of mating with an unclaimed lock. *Id.* Thus, the claimed key design was functional. *Id.* The court found the design functional despite the lock (the feature dictating the claimed design) being unclaimed. *Id.* Similarly, here, the Decision should not have rejected Masimo's functionality arguments merely because Masimo relied upon evidence beyond the challenged patent. That evidence demonstrates that functionality of Apple's commercial product drove or dictated aspects of the claimed design.

For these reasons, the Decision errs as a matter of law by rejecting Masimo's detailed analysis showing the functionality of the claimed design based on evidence relating to the same aspects of Apple's underlying commercial product.

B. The Decision Misapprehends the Law of Design Patent Functionality in the Context of Claim Construction

The Decision rejects Masimo's functionality arguments for failing to meet a standard inapplicable to the claim construction functionality arguments advanced by Masimo in its Petition. Masimo argued that certain ***aspects*** of the claimed design were functional and such functionality should be considered in evaluating the scope of the claimed design. Pet. 16-35. Masimo did not argue that the ***overall***

claimed design was functional and therefore invalid. *Id.* But the Decision ignores this distinction and improperly rejects Masimo's arguments for failing to show that the "overall" or "entire" claimed design is functional. Decision at 13 (Masimo's functionality analysis "does not, in our view, adequately account for the requirement to evaluate the 'overall appearance' of a design, i.e., 'the claimed design viewed in its entirety.'" (quoting *Ethicon*, 796 F.3d at 1329)).

The Decision also misapprehends the proposed result of Masimo's functionality arguments. Masimo presented evidence showing that certain aspects of the D'279 Patent's claimed design were functional and should thus be "factored out" of the claimed design's scope. Pet. at 16-35. However, by "factored out," Masimo did not propose eliminating entire features from the claimed design's scope. *See id.* Rather, Masimo noted that "the claimed design's 'scope is limited to the ornamental aspects alone'" (*see, e.g.*, Pet. at 10) and proposed limiting the scope of the D'279 Patent to the non-functional (i.e., ornamental) aspects of the claimed design. *Id.* at 16-35. The Decision erred by refusing to account for the functional aspects of the claimed design in construing the scope of the claim. *See, e.g.*, *Sport Dimension, Inc. v. Coleman Co.*, 820 F.3d 1316, 1320 (Fed. Cir. 2016) ("the scope of a design patent claim 'must be limited to the ornamental aspects of the design.'") (internal citation omitted).

Masimo's Petition correctly applied the law of claim construction functionality and presented supporting evidence. That law and evidence properly focuses the scope of the claimed design on ornamental aspects. The Petition thus demonstrates a reasonable likelihood of establishing the unpatentability of the D'279 Patent's claimed design under the Petition's three obviousness grounds. For these reasons, Masimo requests reconsideration and an order instituting *inter partes* review of the D'279 Patent.

C. The Board Should Defer Deciding This Request for Rehearing Until the Federal Circuit Issues Its En Banc Opinion in *LKQ*

The Petition presents three grounds that the D'279 Patent is invalid for obviousness. Pet. at 5-6. The Board should defer deciding this Request for Rehearing until the Federal Circuit issues its en banc opinion in *LKQ* for two reasons.

First, deferring any decision on this Request for Rehearing will ensure that the Board does not waste its time and resources reconsidering whether to institute IPR based on design patent obviousness law that will likely soon change. On June 30, 2023, the Federal Circuit granted a petition for rehearing en banc to review the standard for design patent obviousness. *LKQ Corp. v. GM Glob. Tech.*

Operations LLC, 71 F.4th 1383 (Fed. Cir. 2023).[1] The Federal Circuit directed the parties to file new briefs on comprehensive questions concerning the standard. In particular, the Court asked:

> A. Does *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398, 127 S.Ct. 1727, 167 L.Ed.2d 705 (2007), overrule or abrogate *In re Rosen*, 673 F.2d 388 (CCPA 1982), and *Durling v. Spectrum Furniture Co., Inc.*, 101 F.3d 100 (Fed. Cir. 1996)?
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> B. Assuming that *KSR* neither overrules nor abrogates *Rosen* and *Durling*, does *KSR* nonetheless apply to design patents and suggest the court should eliminate or modify the *Rosen-Durling* test? In particular, please address whether *KSR*'s statements faulting "a rigid rule that limits the obviousness inquiry," 550 U.S. at 419, 127 S.Ct. 1727, and adopting "an expansive and flexible approach," *id.* at 415, 127 S.Ct. 1727, should cause us to eliminate or modify: (a) *Durling*'s requirement that "[b]efore one can begin to combine prior art designs ... one must find a single reference, 'a something in existence, the design characteristics of which are basically the same as the claimed design,'" 101 F.3d at 103 (quoting *Rosen*, 673 F.2d at 391); and/or (b) *Durling*'s requirement that 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

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[1] Four *amici curiae* filed briefs in support of rehearing en banc to change the legal standard. *LKQ*, 71 F.4th at 1384 (Fed. Cir. 2023).

those features to the other,'" *id.* at 103 (quoting *In re Borden*, 90 F.3d 1570, 1575 (Fed. Cir. 1996)) (internal alterations omitted).

C. If the court were to eliminate or modify the *Rosen-Durling* test, what should the test be for evaluating design patent obviousness challenges?

D. Has any precedent from this court already taken steps to clarify the *Rosen-Durling* test? If so, please identify whether those cases resolve any relevant issues.

E. Given the length of time in which the *Rosen-Durling* test has been applied, would eliminating or modifying the design patent obviousness test cause uncertainty in an otherwise settled area of law?

F. To the extent not addressed in the responses to the questions above, what differences, if any, between design patents and utility patents are relevant to the obviousness inquiry, and what role should these differences play in the test for obviousness of design patents?

Id. at 1384-85.

The Federal Circuit granting a petition for rehearing en banc is rare and likely will result in a substantive change in the law of design patent obviousness. *See, e.g.,* Ex. 1052 ("Two Years in Review: Rehearing Petitions in Patent Cases," *Intellectual Property & Technology Law Journal*, Vol. 35, No. 4 (April 2023); Ex. 1053 (*En Banc Petitions*, FED CIRCUIT BLOG) (collecting recent en banc petitions—306 denied, one granted). Indeed, the last time the Federal Circuit granted an en banc petition in a patent case was January 4, 2017. *Id.*; *Wi-Fi One,*

LLC v. Broadcom Corp., 851 F.3d 1241 (Fed. Cir. 2017). In that case, the Federal Circuit overturned prior precedent regarding the appealability of time-bar determinations under 35 U.S.C. § 315(b). *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364 (Fed. Cir. 2018), *abrogated by Thryv, Inc v. Click-To-Call Techs., LP*, 140 S. Ct. 1367 (2020).

In *LKQ*, the Federal Circuit asked the parties, the United States, and *amici curiae*, to address whether the Supreme Court's holding in *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398 (2007), abrogated the current obviousness standard and what the new test for design patent obviousness should be. *Id.* at 1384; *see also* Ex. 1054 (Deirdre M. Wells et al., *Is Federal Circuit on the verge of upending harmonious co-existence between design patents and utility patents?*, REUTERS, July 31, 2023) at 3 ("Perhaps recognizing the importance of this case … the Federal Circuit has asked for feedback from the government and issued an open call for amici….").

In *KSR*, the Supreme Court rejected the Federal Circuit's "rigid, mandatory formula" for evaluating utility patent obviousness as improperly limiting the obviousness inquiry and, instead, prescribed a more flexible approach. *KSR*, 550 U.S. at 420–22. The United States filed an amicus brief that "urges the Court to clarify that the *Rosen-Durling* test should be modified to better accord with the principles underlying the *KSR* decision's discussion of § 103." Ex. 1058 (Brief for

the United States as Amicus Curiae on Rehearing En Banc in Support of Neither Party, *LKQ Corp. v. GM Glob. Tech. Operations LLC*, Case No. 21-2348, ECF No. 120 (Fed. Cir. Aug. 28, 2023)) at 3. Numerous commentators have observed that it is likely the Federal Circuit will hold that *KSR* implicitly rejected any "rigid" or "mandatory" approach to evaluating design patent obviousness, but it is impossible to predict what the new approach will be. Ex. 1054 at 3 ("The case … could dramatically change the design patent landscape — in a myriad of unknown and unpredictable ways."); Ex. 1055 (*Federal Circuit Set to Rehear Case En Banc Impacting the Longstanding Test for Design Patent Obviousness*, JD Supra, Aug. 10, 2023) at 3 ("The Federal Circuit's *en banc* review seems likely lead to a clarification of *Rosen* or set forth a new test."); Ex. 1056 (Eileen Mcdermott, *Full Federal Circuit to Review Challenge to Test for Design Patent Obviousness*, IP Watchdog, June 30, 2023) at ("[T]he en banc court has signaled that it needs a viable alternative test….").

The Federal Circuit typically issues an en banc opinion between seven and fourteen months after granting the rehearing request. *See* Ex. 1057 ("Fed Circuit Blog, En Banc Cases") (collecting and summarizing en banc patent cases). Thus, the Federal Circuit will likely issue a decision on the new standard for design patent obviousness between January and August 2024. Deferring any decision on this Request for Rehearing until then will ensure that the Board does not waste its

time and resources reconsidering whether to institute IPR based on design patent obviousness law that will likely soon change.

Second, deferring any decision on this Request for Rehearing will avoid subjecting Masimo to undue prejudice while giving a clear tactical advantage to Apple. As of October 22, 2023, Masimo is barred under 35 U.S.C. § 315(b) from seeking IPR of the D'279 Patent. Thus, if this Request for Rehearing were denied under the existing law, Masimo would be barred from seeking IPR of the D'279 Patent under any design patent obviousness standard that the Federal Circuit issues in its *LKQ* opinion. The Board can avoid this unfairness by deferring any decision on this Request for Rehearing until the Federal Circuit issues its *LKQ* opinion, and then deciding whether to institute Masimo's existing Petition under the new law.

Accordingly, judicial economy and fairness support deferring any decision on this Request for Rehearing as proposed.

Respectfully submitted,

KNOBBE, MARTENS, OLSON & BEAR, LLP

Dated: October 27, 2023 /Douglas B. Wentzel/

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Attorney for Petitioner Masimo Corporation

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to 37 C.F.R. § 42.6(e) and with the agreement of counsel for Patent Owner, a true and correct copy of **PETITIONER'S REQUEST FOR REHEARING** is being served electronically on October 27, 2023, to the e-mail addresses shown below:

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