

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NEXT STEP GROUP, INC.,
Petitioner,

v.

DECKERS OUTDOOR CORPORATION,
Patent Owner.

Case IPR2024-00525
Patent D927,161 S

Before KEN B. BARRETT, JOSIAH C. COCKS, and
KIMBERLY McGRAW, *Administrative Patent Judges*.

McGRAW, *Administrative Patent Judge*.

ORDER

Granting Petitioner's Motion to file Reply and Supporting Declaration
37 C.F.R. §§ 42.5, 42.108(c)

On January 30, 2024, Petitioner filed a Petition (Paper 3, “Pet,”) asserting that the design claimed in US Patent No. D927,161 S would have been unpatentable over a number of prior art references, including the “Emu Stinger Micro Boot,” the “UGG Classic Mini boot,” and the “UGG Neumel Boot.” See Pet. 10–11. In its “Index of Specific Prior Art References” (Pet. 3–5), Petitioner states that (1) the “Emu Stinger Micro Boot, sold since 2016, is prior art under 35 U.S.C. § 102(a)(1) (Exhibit 1002)” (Pet. 3), (2) the “UGG Classic Mini boot, on sale since 2006, is prior art under 35 U.S.C. § 102(a)(1) (Exhibit 1005; 1001 (pages 1–2))” (Pet. 4), and (3) the “UGG Neumel Boot, on sale since 2011, is prior art under 35 U.S.C. § 102(a)(1) (Exhibit 1009, 1010 (¶24))” (Pet. 5).

In its Preliminary Response (Paper 10, “Prelim. Resp.”), filed May 8, 2024, Patent Owner argues that Petitioner’s Emu Stinger Micro Boot, UGG Classic Mini, and UGG Neumel Boot references are based on prior sales and are not patents or printed publications. Prelim. Resp. 13. Patent Owner further asserts that the documents submitted as Exhibits 1002, 1005, and 1009 are not themselves prior art printed publications. Prelim. Resp. 13–17.

On May 21, 2024, the Federal Circuit issued an *en banc* decision that involves the standards for assessing nonobviousness of design patents under 35 U.S.C. § 103. *LKQ Corp. v. GM Global Technology Operations LLC*, No. 2021-2348 (Fed. Cir. May 21, 2024) (*en banc*).¹

On May 30, 2024, Petitioner sent an email seeking a conference call with the Board to request authorization (1) to file a 25 page reply brief to the

¹ The decision is available at https://cafc.uscourts.gov/opinions-orders/21-2348.OPINION.5-21-2024_2321050.pdf.

Patent Owner Preliminary Response along with updated expert declarations in order to address the change to the design patent obviousness standard resulting from the *LKQ* decision and (2) to file an additional three pages of reply brief to identify where in the Petition and supporting exhibits the Petitioner established certain prior art references qualified as printed publications. *See* Ex. 3001, 1–2. Petitioner’s email states Patent Owner (1) does not oppose Petitioner submitting a short reply brief of three to five pages to address the *LKQ* case, but does oppose Petitioner filing new evidence, including new expert testimony, and a reply brief over twenty pages and (2) opposes Petitioner’s request to submit additional briefing on the printed publication issues. *Id.*

A conference call was held on June 4, 2024, with Judges McGraw, Barrett, and Cocks and respective counsel for the parties. During the call, Petitioner explained that it seeks leave to file a reply to address the *LKQ* decision, which had not issued when the Petition was filed. Petitioner explained that its Petition relied on the prior *Durling* test, which Petitioner asserts is no longer good law, and that it would like to align its brief and expert declaration with the guidelines set forth in *LKQ*. Petitioner stated that twenty-five pages was the amount used to set forth its arguments in the Petition and that it would like a similar number of pages to set forth its arguments under the new *LKQ* test.

During the call, Patent Owner responded while it is reasonable for Petitioner to be able to submit a short reply to discuss the new standard and explain the impact of the *LKQ* decision on the asserted grounds, it is not reasonable to resubmit the grounds entirely or to submit new evidence, including a new declaration.

Petitioner responded that it intends to stay within the parameters of what was done before but to align its arguments with the new law and emphasized that it was not intending to make a dramatic change to its arguments. Petitioner also stated that it could set forth its arguments in a minimum of 15 pages if the Board determines that 25 pages is not warranted.

Regarding Petitioner's request to identify where the Petition sets forth argument and evidence that the asserted art qualifies as a printed publication, Petitioner explained that it does not seek to introduce new evidence, but merely to identify where the Petition and evidence demonstrates that the references qualify as a printed publication. Patent Owner responded that Petitioner has not shown good cause for its request. *See also* Ex. 3001, 2 (stating that "clarifying the argument presented in the Petition" does not constitute good cause).

ANALYSIS

Under 37 C.F.R. § 42.108(c), a Petitioner seeking leave to file a reply to a preliminary response must make a showing of good cause. Upon consideration of the position of the parties, we find Petitioner has established good cause for filing a brief for the reasons set forth below.

LKQ DECISION

Petitioner requests leave to file a reply brief to address the Federal Circuit's recent *LKQ* decision. The Director has instructed that Board decisions addressing obviousness in the design patent context must follow the *LKQ* decision. *See* Updated Guidance and Examination Instructions for Making a Determination of Obviousness in Designs in Light of *LKQ Corp.*

v. GM Global Technology Operations LLC.² Because the *LKQ* decision issued after the filing of the Petition, and allowing the Petitioner to align its unpatentability arguments with the test set forth in the *LKQ* decision to the facts of this proceeding may aid the panel in addressing the asserted obviousness of the challenged design patent, we determine that Petitioner has demonstrated good cause for the filing of a reply to address the *LKQ* decision.

We also determine that fifteen pages is sufficient for Petitioner to align its unpatentability arguments with the test set forth in the *LKQ* decision. Although 25 pages of the Petition are directed to Petitioner's unpatentability arguments, we note that the Petition already addresses, like the court in *LKQ*, the factors set forth in *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1 (1966). *See e.g.*, Prelim. Resp. 34 (stating that four *Graham* factors "are each addressed herein"). Thus, in the present circumstances, we agree with Petitioner that fifteen pages should be sufficient.

Regarding Petitioner's request to submit, with its reply brief, additional declaration testimony applying the new standard to the same prior art references asserted in the Petition, we recognize that our Rules do not expressly provide for submission of evidence at this stage of the proceeding. *See* 37 C.F.R. § 42.123 (discussing submission of supplemental information *post* institution). Given the change to applicable standard for evaluating obviousness as a result of the *LKQ* decision, however, the panel believes it is

² The Guidance is available at https://www.uspto.gov/sites/default/files/documents/updated_obviousness_determination_designs_22may2024.pdf.

appropriate to allow Petitioner to submit a new declaration addressing the new standard. We do note, however, that the opportunity to submit additional briefing and declaration evidence does not allow a petitioner to completely reopen the record, by, for example, changing theories after filing a petition. *See Intelligent Bio-Sys., Inc. v. Illumina Cambridge, Ltd.*, 821 F.3d 1359, 1369–70 (Fed. Cir. 2016) (affirming Board discretion to deny entry of petitioner’s reply brief that contained an improper new unpatentability theory and evidence, citing, among other things, 35 U.S.C. § 312(a)(3)). Whether Petitioner’s reply and accompanying declaration evidence improperly raises new issues is best resolved following review of the submitted briefing and evidence.

PRINTED PUBLICATION STATUS

35 U.S.C. § 314(a) provides that “[t]he Director may not authorize an *inter partes* review to be instituted unless the Director determines that the information presented in the petition . . . and any response . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” At the institution stage, the petition must identify, with particularity, evidence sufficient to establish a reasonable likelihood that the reference qualifies as a printed publication. *Hulu, LLC v. Sound View Innovations, LLC*, IPR2018-01039, Paper 29 at 13 (PTAB Dec. 20, 2019) (precedential). Indicia on the face of a reference is considered as part of the totality of the evidence. *Id.* at 17–18.

Because allowing Petitioner the opportunity to identify where the Petition and the face of the asserted references support Petitioner’s arguments that the asserted references qualify as printed publications may aid the panel in addressing the prior art status of the asserted references, we

determine that Petitioner has demonstrated good cause to submit additional briefing on this issue. The additional briefing on this issue is limited to three pages and to identifying where the Petition and supporting exhibits demonstrate that the asserted art qualifies as a printed publication. No new arguments or evidence on this issue may be submitted.

For the foregoing reasons, we authorize Petitioner to file a reply to Patent Owner Preliminary Response of no more than eighteen (18) pages as set forth above. Patent Owner is authorized to file a sur-reply of no more than eighteen (18) pages. The reply is due within one (1) week of this Order; the sur-reply is due within one (1) week of the filing of the reply.

ORDER

Accordingly, it is:

ORDERED that Petitioner may file a reply brief, limited to fifteen (15) pages, and supporting declaration to align the unpatentability arguments set forth in the Petition with the test for determining obviousness of a design patent set forth in the recent *LKQ* decision;

FURTHER ORDERED that Petitioner may file an additional three (3) pages of reply brief to identify where in Petition and supporting exhibits the Petitioner established certain prior art references qualified as printed publications;

FURTHER ORDERED that Patent Owner may file a sur-reply, of no more than eighteen (18) pages, to Petitioner's reply; and
FURTHER ORDERED that Petitioner's reply shall be filed no later than one week from the date of this Order and Patent Owner's sur-reply shall be filed no later than one week thereafter.

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