

Keywords: objective indicia of non-obviousness, copying, infringement

General: Although more evidence is needed than just showing a similarity between a patent and a competitor’s accused product to establish copying, all evidence of objective indicia is vital in determining the obviousness of a patented invention.

Liqwd, Inc. v. L’Oréal USA, Inc.

United States Court of Appeals for the Federal Circuit

No. 2018-2152

Decided October 20, 2019

I. Facts

Liqwd owns U.S. Patent No. 9,498,419 (“the ‘419 patent”), which is directed to formulations and methods for treating hair, skin, or nails by mixing compounds with a coloring or bleaching formulation to achieve a strengthening effect. The formulation may contain polyfunctional compounds such as maleic acid. On January 31, 2017, L’Oréal filed a petition with the Patent Trial and Appeal Board (“Board”) for a post-grant review. L’Oréal asserted that claims 1-6, 8 and 10 of the ‘419 patent were anticipated under 35 U.S.C. § 102 by Ogawa (U.S. Patent No. 7,044, 986). L’Oréal also asserted that claims 1-8 and 10 were obvious under 35 U.S.C. § 103 over Ogawa and Kitabata (U.S. Patent No. 2002/0189034) in combination with Berkemer (German Patent Publication DE 1,220,969) and KR ‘564 (Korean Patent Publication Kr2006-0059564).

In its final, written decision, the Board found:

1. Ogawa did not anticipate the challenged claims of the ‘419 patent. Although Ogawa disclosed all the limitations of the challenged claims, Ogawa did not disclose all the limitations *as arranged in the claims* as required for anticipation.
2. Claims 1-8 and 10 to be invalid as obvious in view of the prior art.
3. With respect to objective indicia of non-obviousness, L’Oréal used Liqwd’s confidential information (unpublished ‘885 patent) and copied Liqwd’s patented method in regards to developing products using maleic acid.

Despite the factual finding (3), the Board concluded that the evidence of copying was irrelevant as a matter of law because Liqwd had not shown that L’Oréal copied a specific product. The Board noted that copying would require proof that L’Oréal created a Liqwd product and Liqwd was unable to show any product that embodied the claims of the ‘419 patent. Liqwd appealed the decision to the Federal Circuit.

II. Issues

Did the Board err by not giving proper weight to evidence of copying by L’Oréal in its obviousness analysis on the basis that the evidence did not show L’Oréal copied a specific product?

III. Discussion

Yes, the court found that the Board erred by not giving proper weight to evidence of copying by L'Oréal in its obviousness analysis.

In response to Liqwd's appeal, L'Oréal argued that Liqwd did not show replication of any specific product representing the claimed invention; thus, there was no evidence of copying by L'Oréal. The court referenced a previous Federal Circuit decision, *Iron Grip Barbell Co. v. USA Sports, Inc.*, 392 F.3d 1317, in which it was found that copying requires the replication of a specific product and a competing product that arguable falls within the scope of a patent is not necessarily evidence of copying. The court noted that this requirement of replication of a specific product prevents every infringement case from validating the non-obviousness of a patent and that to establish copying, more is needed than just showing a similarity between a patent and a competitor's accused product.

However, the court also referred to *Tokai Corp. v. Easton Enterprises, Inc.*, 632 F.3d 1358, in which the focus was not whether the copying efforts involved a specific product, but whether there was actual evidence of copying efforts (as opposed to mere allegations regarding similarities between the accused product and a patent). Likewise, the court cited additional earlier cases in which access to an issued patent coupled with circumstantial evidence regarding changes to a competitor's design or the competitor having access to published articles about a patented method were found to be relevant to the analysis of objective indicia and copying. The court noted these cases were concerned with avoidance of treating mere infringement as copying simply because the claims of the patent arguably read on a competitor product; however, the court also noted that where there is evidence of actual copying efforts, that evidence is always relevant.

Turning to the facts of the case, the court reviewed the evidence of copying efforts by L'Oréal that was presented by Liqwd and cited by the Board, including a L'Oréal email referring to a non-disclosure agreement and a planned May 2015 meeting with Liqwd's founder and a co-inventor of the '419 patent, declarations from Liqwd's founder and a co-inventor of the '419 patent for providing L'Oréal with a copy of the then confidential '885 patent, L'Oréal's receipt and review of the '885 patent, L'Oréal's subsequent loss in interested in buying Liqwd's technology. In view of this evidence, the court affirmed the factual finding of the Board that L'Oréal's use of maleic acid was because of its access to Liqwd's confidential information.

Furthermore, while Liqwd did not show that L'Oréal copied a patented product, the court found that the evidence presented by Liqwd showed more than just a competing product that arguably falls within the scope of a patent. Since the factual evidence of copying efforts was found to be relevant by the court, the court vacated the obviousness determination by the Board and remanded the case for further consideration.

IV. Conclusion

Evidence of copying as an objective indicia of non-obviousness can be related to copying of a specific product that embodies the claims of the patent at issue; however, evidence of actual copying efforts is also relevant, even absent a specific product embodying the claims of the patent at issue.