

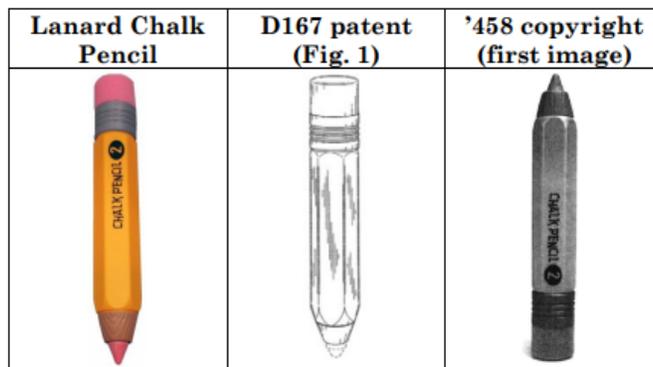
**Keywords:** design patent, copyright, infringement

**General:** In determining design patent and copyright infringement, the ornamental features and functionality of the claimed design must be distinct from the prior art and must be viewed independently of one another.

*Lanard Toys Ltd. v. Dolgencorp, LLC., Ja-Ru, Toys “R” Us-Delaware, Inc.*  
 United States Court of Appeals for the Federal Circuit  
 No. 2019-1781  
 Decided: May 14, 2020

**I. Facts and Procedural History**

Appellant Lanard Toys Ltd. (Lanard) was granted in 2012 Design Patent D671,167 (the “D167 patent”) which contains five figures showing a pencil-shaped chalk holder from different angles. The D167 design patent claims: “The ornamental design for a chalk holder, as shown and described.” Additionally, Lanard also received in 2011 copyright Ref. VA 1-794-458 (the “’458 copyright”) for a work named “Pencil/Chalk Holder.”



In 2011, Lanard began selling the chalk holders as the named “Lanard Chalk Pencil” to national distributor, Dolgencorp, LLC (Dolgencorp). Dolgencorp, which is a subsidiary of Dollar General, was joined by Toys “R” Us-Delaware, Inc. (Toys “R” Us) in 2012 in purchasing the “Lanard Chalk Pencil” from Lanard. In 2012, Ja-Ru, another toy company, used the Lanard Chalk Pencil as a reference sample when designing its own chalk holder that resembled a pencil. Toys “R” Us and Dolgencorp ended their orders with Lanard and began ordering from Ja-Ru in late 2013. The following year, on March 27, 2014, Lanard filed suit in the U.S. District Court for the District of New Jersey against Dolgencorp, Ja-Ru, and Toys “R” Us (Appellees) alleging design patent infringement, copyright infringement, trade dress infringement, and unfair competition.

The case was subsequently transferred to the Middle District of Florida, where in 2019 the parties filed cross motions for summary judgement relating to all claims. The district court was not persuaded by Lanard’s claims, specifically that Ja-Ru’s product does not infringe the D167 patent, that the ’458 copyright was invalid and not infringed by Ja-Ru’s product, that Ja-Ru’s product did not infringe Lanard’s trade dress, and that Lanard’s unfair competition claims failed upon the other claims failing. Lanard appealed this ruling to the Federal Circuit Court of Appeals.

Lanard asserted three challenges against the district court's decision on design patent infringement. First, Lanard argued that the district court erred in its claim construction by eliminating elements of the design based on functionality and lack of novelty. Second, Lanard argued that the court erred in its analysis of infringement by conducting element-by-element comparisons rather than comparing the overall designs of the two products. Third, Lanard argued that the court used a rejected "point of novelty" test to evaluate infringement.

Additionally, Lanard argued that its '458 copyright is a cartoonish No. 2 pencil design that can be perceived as a sculptural work separate from its functionality as a chalk holder. Lanard argued it would qualify as a protectable work on its own if imagined in another medium separate from its utility. Appellees responded that Lanard cannot point out any feature incorporated into the design of the '458 copyright that can be separated from the utilitarian chalk holder. Additionally, Appellees argued that Lanard is merely asserting copyright protection over the utility of the article itself.

## **II. Issue**

- 1) Did the district court err in its decision on design patent infringement?
- 2) Did the district court err in its decision on copyright infringement?

## **III. Discussion**

1) No. The federal circuit held that the district court did not err in failing to find patent infringement. The court noted that determining whether a design patent has been infringed is a two-prong test: a court must first construe the claim to determine its meaning and scope and then compare the properly construed claim to the accused design. When comparing the two designs, the "ordinary observer" test is applied, whereby 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 court reviewed the claim construction analysis made by the district court and noted that the district court followed the claim constructions of the federal circuit to a tee. The court noted that the district court began by reproducing five exemplary figures from the D167 patent and noted its reliance on the drawings. The court also found that the district court correctly attempted to clarify the scope of the protected subject matter by considering the functional features of the design, in addition to the functional purpose and proportions of the utensil as a whole by considering the functionality of the "conical tapered piece," "elongated body," "ferrule," "eraser," "the design's functional purpose as a writing utensil," "the general thickness of the design," and "the circular opening at the tapered end". The court also found that the district court meticulously acknowledged the ornamental aspects of each functional element.

The court also noted that the district court correctly considered an instruction of the federal circuit that it is helpful to point out various different features of the patented design as they relate to the accused design and the prior art. The court noted that the district court had considered the numerous prior art references cited by the examiner against the D167 patent, as well as other designs brought forward by Appellees, all directed towards the shape and design of a pencil. The court agreed with the determination of the district court that that Lanard's design was distinct only its proportions of its elements in relation to on another, the size and ornamentation of the ferrule, and the size and shape of the conical tapered end. Further, the court agreed with the district court in rejecting Lanard's attempt to distinguish its patent from the prior art by importing the chalk holder function of its design into the construction of the claim.

The court next reviewed the question of infringement as determined by the district court. The court noted that the district court had applied the “ordinary observer” test to compare the overall design of the claimed and accused patent in which it noted that they “share a broad design concept—they are both chalk holders designed to look like a No. 2 pencil” and importantly noted that the “problem for Lanard, however, is that the design similarities stem from aspects of the design that are either functional or well-established in the prior art.” Thus, the district court concluded, the attention of the ordinary observer would be drawn to the aspects of the claimed design that differ from the prior art. Lanard objected, arguing that the district court conducted an element-by-element comparison in lieu of a comparison of the overall design and the product and argued that the district court revived a point of novelty test that has been rejected by the federal circuit.

The court agreed that the “ordinary observer” test for design patent infringement required a comparison of the similarities in overall design, not similarities of the ornamental features in isolation. However, the court additionally noted that while the “ordinary observer” test is not an element-by-element comparison, it also does not ignore the reality that designs can, and often do, have both functional and ornamental aspects. Thus, under the “ordinary observer” test, a court must consider the ornamental features and analyze how they impact the overall design, a process that the court determined that the district court properly followed. In comparing the overall design of the patent with the accused design, the district court had focused on considering the ornamental aspects of both designs in the context of how the ornamental aspects impacted the overall design and concluded that the “differences between the [two designs] take on greater significance.” The court concluded that the district court had struck the correct balance of considering the ornamental aspects of the design while remaining focused on how an ordinary observer would view the overall design.

The remaining argument from Lanard, that the lower court had improperly used the “point of novelty” test, rather than applying the ordinary observer test, was rejected by the court. While the court agreed that the “point of novelty” test as a free-standing test for design patent infringement in which the patent owner must prove that the similarities between the patented design and the infringing product are attributable to the novelty which distinguishes the patented device from the prior art had been rejected, the court noted that it had never questioned the importance of considering the patented design and the accused design in the context of the prior art. Because the district court had undoubtedly considered the points of novelty of the patented design over the prior art and had placed those points of novelty in context by considering that those points of novelty would draw the attention of the ordinary observer, the court concluded that the district court correctly balanced the need to consider the points of novelty while remaining focused on how an ordinary observer would view the overall design. The court also refused to allow Lanard to emphasize similarities between its product and the Ja-Ru product and upheld the decision of the district court.

2) No. To establish copyright infringement, a plaintiff must prove (1) ownership of a valid copyright and (2) copying of constituent elements of the work that are original. The Copyright Act of 1976 extends protections to “original works of authorship in any tangible medium,” which includes “sculptural works,” and also includes wording on a “useful article,” which is described as “an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or convey information.” However, the design of a “useful article” may be considered a “sculptural work” if the functionality of the design may be separated and exist independently of the incorporated sculptural features of the design.

Thus, the pertinent question before the court is whether the ‘458 copyright incorporates features that are sufficiently “separable” from the utilitarian aspects of the article to be eligible for copyright protection. The district court found that that the pencil design does not merely encase or disguise the chalk holder, it is the chalk holder. Lanard disagreed, arguing that its ‘458 copyright is a cartoonish

No. 2 pencil design that can be perceived as a sculptural work separate from its function as a chalk holder and would qualify as a protectable work on its own if imagined in another medium separate from its utility as a chalk holder. The court noted that in attempting to identify separable features, the feature cannot itself be a useful article (i.e., an entire useful article cannot receive copyright protection, no matter how many superfluous, aesthetic individual components it has). The court found that here, Lanard's '458 copyright is for the chalk holder itself, and because the chalk holder itself is not copyright protectable, Lanard cannot demonstrate that it holds a valid copyright. Thus, the court found that Lanard does not own a valid copyright for a pencil-shaped chalk holder and, accordingly, held that the district court was correct in dismissing Lanard's claim for copyright infringement.

#### **IV. Conclusion**

When attempting to gain protection for a design that includes functionality beyond just the ornamental design, it is important to deliberate on whether or not a design patent or a utility patent is more appropriate. The Federal Circuit's ruling on upholding the lower court's decision to reject Lanard's arguments and also dismantle their copyright claim shows that the rights granted by a design patent should not be expanded by tacking the features of a subsequent commercialization of the design and that a copyright claim needs to show that the external appearance of the design must be separated from the functionality of the design to ensure protection for the sculptural aspects of the design.