

IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF IOWA  
CENTRAL DIVISION

TITAN TIRE CORPORATION, an Illinois Corporation;  
and THE GOODYEAR TIRE & RUBBER COMPANY,  
an Ohio Corporation,

Plaintiffs,

vs.

CASE NEW HOLLAND, INC.; CNH AMERICA LLC;  
and GPX INTERNATIONAL TIRE CORPORATION,

Defendants.

**No. 4:07-cv-00063-JEG**

**ORDER ON MOTION FOR  
PRELIMINARY INJUNCTION**

This matter comes before the Court on the motion of Plaintiffs Titan Tire, Inc. (“Titan”) and The Goodyear Tire & Rubber Company (“Goodyear”) (collectively, “Plaintiffs”) for preliminary injunction, which Defendant Case New Holland, Inc. (“Case”) resists. Daniel Rosenberg, David Tank, and Emily Harris represented Plaintiffs. Richard Stefani, William Grimm, and Eric Levin appeared for Case. The matter came on for hearing on June 21, 2007. Following court-ordered supplemental briefing, the matter is now fully submitted for review.

**I. BACKGROUND**

Goodyear owns United States Patent Des. 360,862 (“the ‘862 patent”), which covers the design of a tractor tire invented by Mark Bonko. Titan is a party to a licensing agreement with Goodyear that grants Titan the right to enforce the ‘862 patent. The design of the ‘862 patent is commercially manifested in the Goodyear IT525 tire.

Plaintiffs allege Case sells backhoes equipped with construction tires covered by the '862 patent and that such commercial activities infringe Plaintiffs' rights under the '862 patent. Case denies these allegations and specifically denies that Case sells backhoes in the United States.<sup>1</sup>

Goodyear formerly supplied Case with model IT525 tires for its backhoes. In February 2006, Case stopped using Goodyear tires and began purchasing "Easy Rider" model tires from GPX International Tire Company ("GPX").<sup>2</sup> Plaintiffs allege the tire is an exact copy of the tire design claimed in the '862 patent

On August 14, 2006, counsel for Plaintiffs sent a cease and desist letter to Case, asserting certain tires sold by Case infringe the '862 patent. Case sent a return letter on or about August 29, 2006, that indicated it was investigating the matter. On September 28, 2006, Plaintiffs' counsel sent a cease and desist letter to GPX.

On February 12, 2007, Plaintiffs filed a Complaint against Case, alleging patent infringement pursuant to 35 U.S.C. § 271. The parties agree subject matter jurisdiction is properly and exclusively within this Court pursuant to 28 U.S.C. § 1338(a).

On May 25, 2007, Plaintiffs filed the pending motion for preliminary injunction. Plaintiffs contend they are suffering irreparable damage from the sale of the allegedly infringing

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<sup>1</sup> Case initially asserted the allegedly infringing tire and backhoes in question were manufactured by CNH America LLC and not the named Defendant, Case New Holland. CNH Global N.V. is a Dutch holding company of which Case New Holland, Inc., is a wholly-owned subsidiary. Case New Holland is the sole member of CNH America LLC. Case New Holland and CNH America are organized under the laws of Delaware (Stader Aff. 1. After the hearing on the pending motion, Plaintiffs filed an amended Complaint adding CNH America LLC and GPX International Tire Corporation as defendants.

<sup>2</sup> GPX is the result of a 2005 merger between Galaxy Tire & Wheel, Inc., and Dynamic Tire Corp. The tire model in question also has been sold as the "Razorback R-4" or the "Galaxy Easy Rider."

tires, including economic injury and loss of customer goodwill, and urge the Court to enter a preliminary injunction prohibiting continued infringement. Case resists the motion, arguing the Easy Rider tire does not infringe the '862 patent and the '862 patent is invalid.

#### A. The '862 Patent



FIG-1  
[Fig-1, '862 Tire Patent]

As described by Cara Junkins, Titan's sales and marketing director and former Goodyear employee, the '862 patent is a design patent pertaining to the "ornamental design" of a tractor tire. The walls of the lugs on the tire rise off the sidewall at slightly more than a 90-degree angle, forming trapezoidal-shaped wells. The angle and the curvature at the base of the well function to reduce cracking of the tire. Junkins alleges no ornamental features of the tire are visible from a side view.

The tread pattern shows the lug heads are enlarged, interlocking, and closely spaced. Plaintiffs claim the hexagonal shape of the lug heads is the one purely ornamental design feature of the tire. Plaintiffs assert square or round shaped lug heads serve no different functional purpose. Instead, Plaintiffs claim the hexagonal shape of the '862 patent is part of the brand recognition associated with the tire. Plaintiffs submit examples of the lug heads on tires from

other companies, such as Michelin and Firestone, which show straight, “check-mark” and “scoop” shaped lug heads.

The United States Patent Office (USPO) initially rejected the ‘862 patent as obvious in light of the prior art. Specifically, the USPO concluded a previous patent held by Mark Bonko disclosed a “strikingly similar” appearance to the figure submitted with the ‘862 application, “except for the specific shape of the inner and outer ends of the diagonal inwardly extending ribs, and the spacing between the opposing diagonal inwardly extending ribs.” The USPO further noted the shape and design of the ribs illustrated in the ‘862 application were similar to the Ram Implement Maxi-Trac (Ram) tires shown in the 1980 Tread Design Guide. Accordingly, the USPO determined one of ordinary skill in the art could have obviously combined the lug and rib design of the Ram tire and the design from the previous Mark Bonko patent and arrived at the claimed design of the ‘862 patent.

Plaintiffs successfully challenged this initial rejection, urging that the novel ornamental features of the ‘862 patent were the enlarged interlocking lug heads dominating the inner end of the bent rib, the lug heads being at least two-thirds of the inner rib portion. Plaintiffs asserted neither prior art reference came close to establishing the size and shape of the lug head claimed in the ‘862 patent. Upon reconsideration, the USPO subsequently allowed the design claim.

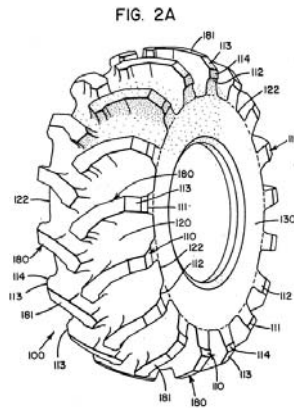
## B. The “Easy Rider” Tire



[Photo of Easy Rider]

As described by Robert Sherkin, CEO of GPX, the Easy Rider is an industrial tire suitable for heavy construction equipment such as a backhoe or earth mover. Thus, Easy Rider customers are heavy equipment manufacturers or aftermarket resellers. The lugs of the Easy Rider cross the center line of the tire and overlap each other, with the top surface of the lug connecting to an extension of the side wall at a near 90-degree angle. Viewed from the side, Case alleges the wells (that is, the spaces between the lugs) form square “cups,” and the sides are close to parallel. Case contends the shape of the wells is a significant design difference because the ‘862 patent involves a rounded well and a trapezoidal side view. Plaintiffs contend the lug walls of the Easy Rider are not close to parallel, and the angle is actually slightly greater than 90 degrees, giving the wells on the Easy Rider a trapezoidal shape similar to the ‘862 patent.

### C. The '683 Patent

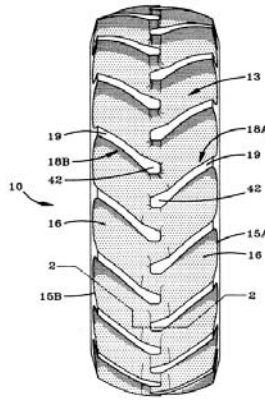


[Fig. 2A, '683 Tire Patent]

Bonko invented United States Patent 5,188,683 ('683 patent) and assigned it to Goodyear prior to issuance of the '862 patent. The '683 patent discloses a tire tread with bent ribs angled downward and enlarged lug heads. Case asserts the '683 patent creates the same basic visual impression as the '862 patent, as it also includes a tire tread with an enlarged lug head extending from a rib with two bent portions and extending slightly over the center line of the tire.

Plaintiffs argue the '683 patent is indicated for agricultural or logging equipment used on soft surfaces and thus is inapposite to the backhoe tires contemplated for use on hard surfaces. Further, Plaintiffs claim the lug head depicted in the '683 patent is smaller and has fewer sides and therefore is shaped differently than the lug head depicted in the '862 patent.

#### D. The '814 Patent – Tire Tread Functionality



[Fig 2 '814 Tire Patent]

Case states tire treads are inherently functional, as they are “the primary determinant[s] of vehicle traction, ride, and tire wear.” (Sherkin Aff. ¶ 9, June 8, 2007.) In support, Case looks to United States Utility Patent No. 5,337,814 (the ‘814 patent), which Bonko invented and similarly assigned to Goodyear. The ‘814 patent also covers tractor tires and states that agricultural tires include lugs that dig into the soil and provide the traction necessary to move the vehicle. The ‘814 patent notes the angle where the lug head meets the edge of the lug bar provides additional bracing support, and the utility patent claims “enlarged” lug heads. Case claims this language from the ‘814 patent supports its contention that lug shape is a functional element of the tire.

Plaintiffs concede tire tread includes functional components: the surface of the tread, the angle from the lug to the groove, the general shape of the lug bar, and the size of the lug head all serve functions regarding the ride, stability, and durability of the tire. Plaintiffs distinguish the ‘814 patent, arguing the hexagonal shape of the lug head is purely ornamental. Plaintiffs argue the ‘814 patent relates to tires used on soft, loose surfaces such as moist soil, whereas the tire at issue would be used on a hard surface piece of equipment such as a backhoe. Plaintiffs assert the lug heads of the ‘814 patent are small, square, and do not cross the center line. Plaintiffs further

agree functionality is achieved from the angle of the meeting of the lug head and rib but assert such functionality is not related to the shape of the lug head.

## II. APPLICABLE LAW AND DISCUSSION

The Court is authorized to grant injunctive relief “in accordance with the principles of equity to prevent the violation of any right secured by patent.” 35 U.S.C. § 283. Federal Circuit law governs the issuance of injunctive relief under § 283 because the question “involves substantive matters unique to patent law.” Hybritech, Inc. v. Abbott Labs, 849 F.2d 1446, 1451 n.12 (Fed. Cir. 1988) (clarifying that “purely procedural questions . . . are controlled by the law of the appropriate regional circuit”). Thus, in considering a motion for preliminary injunction, the court weighs ““(1) the likelihood of the patentee’s success on the merits; (2) irreparable harm if the injunction is not granted; (3) the balance of hardships between the parties; and (4) the public interest.”” PHG Techs., LLC v. St. John Cos., 469 F.3d 1361, 1365 (Fed. Cir. 2006) (quoting Oakley, Inc. v. Sunglass Hut Int’l, 316 F.3d 1331, 1338-39 (Fed. Cir. 2003)).

### A. Likelihood of Success on the Merits

To demonstrate a reasonable likelihood of success on the merits, Plaintiffs must show they will likely prove Case infringed the ‘862 patent. PHG Techs., 469 F.3d at 1365; Pfizer, Inc. v. Teva Pharms., USA, Inc., 429 F.3d 1364, 1372 (Fed. Cir. 2005) (“To win on its claim of patent infringement, [Plaintiff] must present proof that [Defendant] infringed a valid and enforceable patent.”). The burden is upon the Plaintiff to “show that ‘in light of the presumptions and burdens that will inhere at trial on the merits, (1) it will likely prove [infringement] and (2) its infringement claim will likely withstand [defendant’s] challenges to the validity and enforceability of the . . . patent[s].’” Purdue Pharma L.P. v. Boehringer

Ingelheim GMBH, 237 F.3d 1359, 1363 (Fed. Cir. 2001) (quoting Genentech, Inc. v. Novo Nordisk, A/S, 108 F.3d 1361, 1364 (Fed. Cir. 1997) (first and third alterations by Purdue court)).

### **1. Proof of Infringement**

GPX manufactures the Easy Rider tire, and CNH America LLC is the corporate entity that manufactures the backhoes that use the Easy Rider tires. Case asserts that because it does not make, use, sell, offer to sell, or import any product that contains the Easy Rider tire, it cannot infringe the ‘862 patent.<sup>3</sup> 35 U.S.C. § 271(a) (concluding “whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent”).

Plaintiffs contend Case, the sole member of CNH America, is liable for inducement of infringement under 35 U.S.C. § 271(b) because Case directs and governs that limited liability company. See § 271(b) (“[w]hoever actively induces infringement of a patent shall be liable as an infringer”).

Additionally, Case’s counsel conceded if the complaint were amended, the same counsel would likely appear for added Defendants CNH America and GPX but counsel would introduce additional relevant facts pertaining to the request for injunctive relief. The Court ordered supplemental briefing on the issue of the appropriate parties.<sup>4</sup>

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<sup>3</sup> Plaintiffs did not initially sue GPX or CNH America, but after the hearing on the instant motion, Plaintiffs were granted leave to amend the Complaint to add CNH America and GPX.

<sup>4</sup> At the hearing Defendants also introduced an affidavit of Domenic Mazzola, which the Court permitted Plaintiffs to address in the same supplemental briefing. Additionally, Plaintiffs asserted Defendant’s supplemental brief exceeded the scope of the order, and Magistrate Judge Celeste Bremer granted Plaintiffs’ request to file a response to Defendant’s supplemental brief.

Turning first to the issue of whether Plaintiffs will likely prove Case induced infringement of the patent, the Court notes the plain text of the statute requires “active” inducement of infringement. Plaintiffs assert inducement of infringement may be found against corporate officials, Power Lift, Inc. v. Lang Tools, 774 F.2d 478, 481 (Fed. Cir. 1985), without resort to principles of veil-piercing, Orthokenetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565, 1578-79 (Fed. Cir. 1986) (stating “it is well settled that corporate officers who actively aid and abet their corporation’s infringement may be personally liable for inducing infringement under § 271(b) regardless of whether the corporation is the alter ego of the corporate officer”). Plaintiffs therefore claim Case can be held liable for inducing CNH America’s infringement because, as the sole member of CNH America, Case knew or should have known selling the Easy Rider tire would amount to infringement.

“The ‘mere knowledge of possible infringement by others does not amount to inducement; specific intent and action to induce infringement must be proven.’” DSU Med. Corp. v. JMS Co., 471 F.3d 1293, 1305 (Fed. Cir. 2006) (quoting Warner-Lambert Co. v. Apotex Corp., 316 F.3d 1348, 1364 (Fed. Cir. 2003)). Liability under § 271(b) requires active and knowing aid of another’s direct infringement. Id. The existence of a corporate relationship without demonstration of any affirmative action, therefore, does not evidence a likelihood Case induced any alleged infringement by CNH America.

Plaintiffs further argue that an injunction may issue against CNH America and GPX without prejudice because both parties are aware of the instant lawsuit, have participated in the defense, and likely will retain the same counsel that is currently representing Case. Indeed, once the Amended Complaint was filed, counsel for Case appeared for both CNH America and GPX. Additionally, Plaintiffs note Case supported its argument on the motion for preliminary

injunction with affidavits of two GPX employees: CEO Robert Sherkin and Executive Vice President Domenic Mazzola. Plaintiffs concede that once CNH America and GPX were added to the Complaint, they became entitled to offer evidence regarding the propriety of injunctive relief, but Plaintiffs state it is unlikely such additional arguments would differ substantively from what is already before the Court. To date, neither CNH America or GPX has requested to supplement the record on the pending motion to add additional information regarding the two recently-added Defendants. The Court is not satisfied the current record is adequate to specify the parties to whom an injunction would apply; and, this issue may continue to evolve. However, it is not necessary for the Court to presently entangle itself in deciding against which party an injunction would be proper and whether the Court has enough information to issue an injunction against any particular persons or entities because the analysis below leads the Court to conclude a preliminary injunction may not issue on this record.

Proof of infringement of a design patent “requires (1) construction of the patent claim, and (2) comparison of the construed claim to the accused product.” Contessa Food Prods., Inc. v. Conagra, Inc., 282 F.3d 1370, 1376 (Fed. Cir. 2002).

#### **a. Claim Construction**

“[A] design patent is directed to the appearance of an article of manufacture.” PHG Techs., 469 F.3d at 1366 (citing L.A. Gear, Inc. v. Thom McAn Shoe Co., 988 F.2d 1117, 1123 (Fed. Cir.1993)); see also 35 U.S.C. § 171 (2006) (“Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.”). “A design patent only protects the novel, ornamental features of the patented design.” OddzOn Prods., Inc. v. Just Toys, Inc., 122 F.3d 1396, 1405 (Fed. Cir. 1997). “Where a design contains both functional and non-functional elements, the

scope of the claim must be construed in order to identify the non-functional aspects of the design as shown in the patent.” Id. “In construing a design patent claim, the scope of the claimed design encompasses ‘its visual appearance as a whole,’ and in particular ‘the visual impression it creates.’” Contessa Food Prods., 282 F.3d at 1376.

Plaintiffs describe the figures from the ‘862 patent as follows: “The tire has lugs with enlarged interlocking lug heads which are very closely spaced. The enlarged lug heads are positioned mostly on the tread half from which the connected rib extends; only a small fraction of the lug head crosses the equatorial plane.” Case did not challenge Plaintiffs’ construction of the ‘862 patent, and the Court finds the description to be an accurate description of the tire and tread design depicted in Figures 1 and 4 of the ‘862 patent.

#### **b. Comparison of Construed Claim to Accused Product**

In comparing a design patent to the allegedly infringing item, the Court must apply the “ordinary observer” test and the “point of novelty” test. Lawman Armor Corp. v. Winner Int’l, LLC, 437 F.3d 1383, 1384 (Fed. Cir. 2006).

#### **c. Ordinary Observer**

“The ‘ordinary observer’ test requires comparison of the two designs from the viewpoint of the ordinary observer to ‘determine whether the patented design as a whole is substantially the same as the accused design.’” Lawman Armor Corp., 437 F.3d at 1384 (quoting Tropicana Prods., Inc. v. Land O’ Lakes, Inc., 286 F. Supp. 2d 343, 345 (D. Del. 2003)). This test, first described by the United States Supreme Court in 1871, means that

If, 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.

Gorham Mfg. Co. v. White, 81 U.S. 511, 528 (U.S. 1871); accord Contessa Food Prods., 282 F.3d at 1377. This is known as the Gorham test. “[T]he ordinary observer is a person who is

either a purchaser of, or sufficiently interested in, the item that displays the patented designs and who has the capability of making a reasonably discerning decision when observing the accused item's design whether the accused item is substantially the same as the item claimed in the design patent." Arminak & Assoc., Inc. v. Saint-Gobain Calmar, Inc., \_\_\_ F.3d \_\_\_, No. 2006-1561, 2007 WL 2644562, at \*6 (Fed. Cir. Sept. 12, 2007) (finding the industrial or contract purchaser of a patented component part was the appropriate ordinary observer, not the retail purchaser of the fully-assembled item).

The ordinary observer test further requires evaluation of the appearance of a design in its entirety, considering "all of the ornamental features illustrated in the figures." Contessa Food Prods., 282 F.3d at 1378 (Fed. Cir. 2002). It is "the drawings in the patent, not just one feature of the claimed design, that define the patented design." Amini Innovation Corp. v. Anthony California, Inc., 439 F.3d 1365, 1370 (Fed. Cir. 2006). Therefore, Case argues, the Easy Rider does not infringe unless it includes every design feature illustrated in the '862 patent. The Amini court, however, cited the Gorham test, which, as previously noted, requires only substantial similarity in the eye of the ordinary observer. Id.; see also Contessa Food Prods., 282 F.3d at 1376 (finding "the patented and accused designs do not have to be identical in order for design patent infringement to be found . . . . What is controlling is the appearance of the design as a whole in comparison to the accused product.") (internal citations omitted)).

Plaintiffs direct the Court to Figures 1, 2, and 4 of the '862 patent and contend that an ordinary observer comparing the ornamental tire design pictured therein would, overall, find it substantially similar to the ornamental tread features of the Easy Rider tire. Plaintiffs assert the similarity lies in the hexagonal shape of the enlarged lug heads, tread shape, and spacing, and that the overall visual appearance is so similar an ordinary purchaser of industrial tires would likely purchase one assuming it to be the other.

Case asserts the Easy Rider does not contain several design features present in the '862 patent. The alleged differences, however, are based on the shape of the wells and lugs from a side view. Case asserts Figure 3 of the '862 patent discloses a rounded, trapezoidal-shaped well with lug walls extending from the tire in a non-perpendicular curve, whereas the Easy Rider exhibits a squared-off well with lug walls extending perpendicular from the tire at a near 90-degree angle. Accordingly, Case claims an ordinary observer of industrial tires would easily distinguish between Plaintiffs' tire and the Easy Rider. Plaintiffs disagree Easy Rider's lug walls are perpendicular or the side view of the wells does not form a trapezoidal shape. Plaintiffs further assert no design features are disclosed from a side view, and, if any differences in the appearance of the lugs or wells did exist from a side view, such differences are functional and thus cannot be encompassed by a design patent.

Plaintiffs provided examples of the Easy Rider and Goodyear tires at the preliminary injunction hearing. Though not the specific exemplars provided at the hearing, the figures below demonstrate the essential comparison:



Photo of Easy Rider



Goodyear tire (embodiment of '862 patent)

Both tires exhibit enlarged multi-sided lug heads that extend from angled ribs and interlock slightly across the center line of the tire. Other than the slightly worn appearance of one tire, which had been in field use, the tires displayed at the hearing are materially indistinguishable.<sup>5</sup> After comparing the Easy Rider to the claims of the '862 patent, the Court finds the overall appearance is nearly identical. Case's efforts to distinguish the tires based on a side view are not persuasive. An ordinary observer, in this case a purchaser of industrial tires, could purchase an Easy Rider tire assuming it to be a Goodyear tire described in the '862 patent.

#### **d. Point of Novelty**

"Under the 'point of novelty' test, a court must determine whether 'the accused device . . . appropriate[s] the novelty in the patented device which distinguishes it from the prior art.'" Lawman Armor Corp., 437 F.3d at 1384-85 (quoting Litton Sys., Inc. v. Whirlpool Corp., 728 F.2d 1423, 1444 (Fed. Cir. 1984)). The Federal Circuit has noted that the "ordinary observer" test and the "point of novelty" test sometimes lead to the same result, but must be analyzed separately. Contessa Food Prods., 282 F.3d at 1377. For example, the Court may not "rely[] on the claimed overall design as the point of novelty." Id. (citing Winner Int'l Corp. v. Wolo Mfg. Corp., 905 F.2d 375, 376 (Fed. Cir. 1990) ("To consider the overall appearance of a design without regard to prior art would eviscerate the purpose of the 'point of novelty' approach, which is to focus on those aspects of a design which render the design different from prior art designs.")).

Plaintiffs claim the novelty over the prior art is the lug design, spacing, and arrangement depicted in the '862 patent, especially the enlarged hexagonal lug heads. A visual comparison of the '862 tire and the Easy Rider, Plaintiffs claim, demonstrates that the design, spacing, and arrangement of the lugs is identical, and therefore the novel ornamental features of the '862

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<sup>5</sup> The exemplar tires at hearing were not marked and were so similar the Court had to ask counsel to explain which was which.

patent also appear in the Easy Rider tire. Case refers the Court to the claims of the '862 patent and states the Easy Rider does not embody those claimed novel ornamental designs for the same reasons it urged an ordinary observer would not confuse the two tires, namely, the differences in the side view. The claimed point of novelty of the patented design – the shape and placement of the lugs – is present in the Easy Rider tire. Case's attempts to distinguish the appearance of the Easy Rider from a side view are neither persuasive nor controlling.

The Court finds a visual inspection and comparison of the allegedly infringing tire to the '862 patent shows an ordinary observer likely would find the two substantially similar, and the novel elements of the '862 patent likely are incorporated into the Easy Rider. Accordingly, Plaintiffs have demonstrated likelihood of infringement for purposes of obtaining a preliminary injunction.

## **2. Challenges to Validity and Enforcement**

Because to be infringed the patent must be valid and enforceable,<sup>6</sup> Case may “defeat the injunction on grounds of potential invalidity” if it meets its burden to “establish a substantial question of invalidity.” PHG Techs., 469 F.3d at 1365 (noting the burden as to invalidity is placed on defendant as the party bearing the burden of proof on that issue at trial).

An issued patent is presumed valid, see 35 U.S.C. § 282, “so if [Defendant] fails to identify any persuasive evidence of invalidity, the very existence of the patent satisfies [Plaintiff]'s burden on validity.” Purdue Pharma, 237 F.3d at 1365. Case asserts the '862 patent is invalid because the patented design is primarily functional and the '862 patent would have been obvious to one of ordinary skill in the art in light of the '683 patent and the '814 patent, which were issued to the same inventor who holds the '862 patent.

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<sup>6</sup> See discussion at 8-9, *supra*.

**a. Functionality**

The '862 patent is a design patent. "If the patented design is primarily functional rather than ornamental, the patent is invalid." Power Controls Corp. v. Hybrinetics, Inc., 806 F.2d 234, 238 (Fed. Cir. 1986), accord PHG Techs., 469 F.3d at 1366. See also Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 148 (1989) ("To qualify for protection, a design must present an aesthetically pleasing appearance that is not dictated by function alone."). The design is functional when "the appearance of the claimed design is 'dictated by' the use or purpose of the article," as determined by an analysis of the product's overall appearance. PHG Techs., 469 F.3d at 1366 (internal citations omitted).

The Federal Circuit has enumerated several factors to examine in determining whether the overall appearance of the patented design was mandated by functional considerations. These factors include the following:

whether the protected design represents the best design; whether alternative designs would adversely affect the utility of the specified article; whether there are any concomitant utility patents; whether the advertising touts particular features of the design as having specific utility; and whether there are any elements in the design or an overall appearance clearly not dictated by function.

Id. at 1366-67 (citing Berry Sterling Corp. v. Pescor Plastics, Inc., 122 F.3d 1452, 1455 (Fed. Cir. 1997)). Case argues the tractor tire tread design claimed in the '862 patent is inherently functional, not ornamental. In support, Case points to the '814 patent, described above and issued to Bonko, which includes claims related to the shape of the lugs and their function in bracing support and securing traction in loose or moist soils. Case asserts with logical appeal if a certain shape of tractor tire lug is functional enough to warrant a utility patent, then a similar shape cannot be protected by a design patent, and the '862 patent is therefore invalid.

Plaintiffs do not contest the lugs and many features of the lugs serve primarily functional purposes but instead claim it is the shape and arrangement of the lug heads that distinguishes the

‘862 patent from the prior art, and the shape of the lug heads is not a functional consideration. Plaintiffs claim the lug heads will perform the same function whether round, square, angular, or multi-sided, and the shape functions as a brand identifier. Plaintiffs assert their competitors, such as Michelin and Firestone, also maintain distinctive lug head shapes that do not related to tire function.

Plaintiffs also distinguish the ‘814 patent cited by Case. Plaintiffs note the ‘814 patent is directed toward agricultural tires that dig in soil, whereas the ‘862 patent covers tires designed for use on hard surfaces, and thus the lug shape of the ‘814 patent is irrelevant because the lug on the ‘814 tire is functional for digging into soil and the ‘862 tire lug serves no function on a hard surface and is merely an ornamental feature.

“When there are several ways to achieve the function of an article of manufacture, the design of the article is more likely to serve a primarily ornamental purpose.” PHG Techs., 469 F.3d at 1367 (quoting Rosco, Inc. v. Mirror Lite Co., 304 F.3d 1373, 1378 (Fed. Cir. 2002)). Therefore, the Court concludes on this record Case has not demonstrated a substantial question on the invalidity of the ‘862 patent on the grounds of allegedly functional features of the design. Pages seven of Plaintiffs’ appendix shows a compilation of different brands of tractor tires. The tires depicted on these pages evidence many different shapes of lugs exist, reinforcing Plaintiffs’ claim that lug head shape is an ornamental feature associated with brand identity and does not affect how the tires function any more than an assortment of other ornamental designs. The Court finds the plethora of alternative shapes of tire lug heads is persuasive evidence that the shape of a tire’s lug head serves a primarily ornamental purpose.

#### **b. Obviousness**

The pivotal issue on the pending motion arises from the concept of obviousness. Under 35 U.S.C. § 171, design patents are subject to the nonobviousness standards of 35 U.S.C. § 103. Section 103 prohibits patents where “the differences between the subject matter sought to be

patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.” 35 U.S.C § 103. The factors considered in the obviousness inquiry include (1) “the scope and content of the prior art”; (2) “the ‘differences between the prior art and the claims’”; (3) “the level of ordinary skill in the pertinent art”; and (4) objective evidence of nonobviousness. KSR Int’l Co. v. Teleflex, Inc., \_\_\_ U.S. \_\_\_, 127 S. Ct. 1727, 1734 (2007) (quoting Graham v. John Deere Co. of Kansas City, 383 U.S. 1, 17-18 (1966)).

[T]he first step in an obviousness analysis for a design patent requires a search of the prior art for a primary reference. This requires the trial court to: (1) discern the correct visual impression created by the patented design as a whole; and (2) determine whether there is a single reference that creates ‘basically the same’ visual impression. 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.

Durling v. Spectrum Furniture Co., Inc., 101 F.3d 100, 103 (Fed. Cir. 1996). Case claims the ‘862 patent is rendered obvious by the ‘814 and ‘683 patents. It frames the visual impression created by the ‘862 patent as “a tire tread with lugs that have two bent rib portions and an enlarged head that extends over the centerline of the tire.” Case argues the ‘814 and ‘683 patents create basically the same visual impression, because figures in each patent disclose tractor tires featuring angled ribs and enlarged lug heads. Case also notes the Ram tire cited by the USPO and discussed above. In addition, Case has submitted two affidavits of Domenic Mazzola, in which Mazzola noted several examples of prior art contained in the Tread Design Guides from the 1980s and 1990s that exhibit multi-sided lug heads extending from angled bars.

Plaintiffs point out that while the USPO first rejected the ‘862 patent as obvious in light of the ‘683 patent and the Ram tire, the USPO later accepted Goodyear’s contention that the two bent rib portions and a lug head two-thirds the size of the inner rib portion distinguish the ‘862 patent from the ‘683 patent, which features a lug head less than one-third the size of the inner rib. The USPO also accepted Goodyear’s argument distinguishing the Ram tire based on its

small, non-interlocking lug heads. Plaintiffs further contend the lug heads depicted in the '814 patent are very small, contrary to Case's assertion, and are square shaped, rather than hexagonal, as in the '862 patent, and the spacing and angle of the ribs is different. Thus, Plaintiffs argue the ornamental features of the three patents are distinguishable, rendering the '862 patent non-obvious.

Plaintiffs further argue none of the supplemental designs referenced in either of Mazzola's affidavits render the '862 patent obvious, because none of the tires appear to have hexagonal lug heads, and the angle of the first side of the lug head extending off the lug bar is either much shorter or extending in a different direction than that claimed in the '862 patent.

Case argues KSR International Co. v. Teleflex, Inc. undercuts Plaintiffs' arguments by raising the bar on inventors to satisfy the nonobviousness requirement of 35 U.S.C. § 103. The Court noted,

When a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one. If a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability. For the same reason, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill. . . . a court must ask whether the improvement is more than the predictable use of prior art elements according to their established functions.

Id. Case argues Plaintiffs cannot meet this standard, as "predictable variations on prior art" no longer satisfy the requirements of § 103, and the patent examiner did not list the '814 patent as prior art. Plaintiffs simply state KSR involved issues not before this Court and therefore does not affect the analysis required to rule on a motion for preliminary injunction. According to Case, the application of KSR to design patents is still new and untested ground; however, Case notes "[d]esign patents must meet a nonobvious requirement identical to that applicable to utility patents." Avia Group Int'l., Inc. v. L.A. Gear Calif., Inc., 853 F.2d 1557, 1563 (Fed. Cir. 1988).

The Court has examined the prior art submitted by Case and finds while Plaintiffs' attempts to distinguish the details of the prior design have some initial appeal, Case has succeeded in establishing a substantial question as to whether the '862 patent is a predicable variation that could have been implemented by a person of ordinary skill. Accordingly, the Court finds Case has sustained its burden on the current record to demonstrate a substantial question of validity.

### **B. Irreparable Harm**

"If . . . the moving party 'clearly establishe[s] the first factor (by making a "clear showing" of both validity and infringement), it [is] entitled to a rebuttable presumption' of irreparable harm." Purdue Pharma, 237 F.3d at 1363 (quoting Polymer Techs. v. Bridwell, 103 F.3d 970, 973 (Fed. Cir. 1996) (alterations by Purdue court)). Plaintiffs, naturally, assert they have made a clear showing of validity and infringement and are thus entitled to a presumption of irreparable harm.

Patent infringement inherently causes irreparable harm because the primary value of a patent is the right to exclude. Polymer Techs., 103 F.3d at 975. As the Federal Circuit has noted,

It is well-settled that, because the principal value of a patent is its statutory right to exclude, the nature of the patent grant weighs against holding that monetary damages will always suffice to make the patentee whole. The patent statute provides injunctive relief to preserve the legal interests of the parties against future infringement which may have market effects never fully compensable in money. "If monetary relief were the sole relief afforded by the patent statute then injunctions would be unnecessary and infringers could become compulsory licensees for as long as the litigation lasts."

Hybritech Inc., 849 F.2d at 1456-57 (citations and footnotes omitted) (quoting Atlas Powder Co. v. Ireco Chems., 773 F.2d 1230, 1233 (Fed. Cir. 1985)). Case argues any claims of irreparable harm are undercut by Plaintiffs' delay in pursuing action to enforce their rights under the '862

patent. Indeed, the Federal Circuit has found undue delay in initiating suit negates notions of irreparable harm. Polymer Techs., 103 F.3d at 974.

According to Case, the Easy Rider tire has been on the market under various brand names since 2003. Case claims that as a competitor, Plaintiffs should be charged with knowledge of the potentially infringing product well before the instant action was commenced in February 2007. Case further notes Plaintiffs did not request injunctive relief until three months after filing their Complaint.

Plaintiffs strongly disagree, asserting they sold the IT525 tire to CNH from 2000 until CNH informed Plaintiffs of its intent to use a different supplier in February 2006. Therefore, Plaintiffs assert there was no basis for knowledge that CNH used an infringing tire until at least early 2006 because (1) Plaintiffs first discovered CNH chose GPX as a replacement in May 2006, and it was not until June or July of 2006 Plaintiffs actually saw the tires and recognized any potential infringing design, and (2) Plaintiffs immediately retained counsel to investigate the matter and the first cease and desist letter was sent in August of 2006. Plaintiffs' counsel submitted an affidavit attesting that the time between Plaintiffs viewing the Easy Rider and commencing suit was spent investigating the claims and discussing with Goodyear's patent counsel to obtain permission to proceed with litigation.

Plaintiffs also argue the lug head shape is a distinctive element of their brand and, accordingly, the confusion created by the infringing Easy Rider tire will harm their reputation and permanently damage their brand standing in the marketplace. Plaintiffs note that quality and performance of the Easy Rider may differ from the IT525 even though the two tires look substantially the same. Case has not responded to this argument, though these sorts of reputational harms are of the type generally characterized as not monetarily compensable. See Minn. Mining & Mfg. Co. v. Rauh Rubber, Inc., 943 F. Supp. 1117, 1133 (D. Minn. 1996).

The Court finds the time line presented by Plaintiffs is reasonable and does not constitute undue delay in initiating suit. The additional factors presented by Plaintiffs such as customer confusion and reputational harm are the sorts of damage the irreparable harm prong is designed to address. Accordingly the irreparable harm prong weighs in Plaintiffs' favor.

### **C. Balance of Hardships**

"The district court must balance the harm that will occur to the moving party from the denial of the preliminary injunction with the harm that the non-moving party will incur if the injunction is granted." Hybritech, 849 F.2d at 1457. This Court has previously found as follows:

Where the moving party has made a substantial investment developing its trademark relative to the nonmoving party's investment in the allegedly infringing mark, the courts generally find that the moving party's hardship outweighs that of the nonmoving party. The potential loss to the moving party may include loss of trade, sales, reputation, and goodwill, some of which may never be remedied with money damages. The court will also look at size of the parties' relative investment.

Iowa Paint Mfg. Co., Inc. v. Hirshfield's Paint Mfg., Inc., 296 F. Supp. 2d 983, 1003 (S.D. Iowa 2003) (citations omitted). Plaintiffs argue they have spent significant resources developing the tires claimed in the '862 patent, and Case is simply selling "knock-offs" of the tire without any comparable investment. Case has offered no response to Plaintiffs' arguments regarding the balance of hardships. This prong also weighs in Plaintiffs' favor.

### **D. Public Interest**

"[T]he public interest is best served by enforcing patents that are likely valid and infringed." Abbott Labs. v. Andrx Pharms., Inc., 452 F.3d 1331, 1348 (Fed. Cir. 2006). However, "the focus of the district court's public interest analysis should be whether there exists some critical public interest that would be injured by the grant of preliminary relief." Hybritech, Inc., 849 F.2d at 1458.

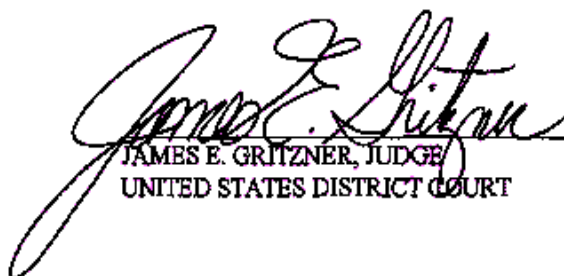
Case has not alleged any public interest that would be served by the denial of a preliminary injunction. Plaintiffs argue they have the ability to meet any increased demand for their tires generated by a grant of a permanent injunction in this case. Therefore, the public interest favors Plaintiffs.

### III. CONCLUSION

As the foregoing analysis demonstrates, factors of irreparable harm, balance of the harms, and public interest all would weigh in Plaintiffs' favor. If the Court assumes validity, Plaintiffs have demonstrated there is a likelihood of success in proving infringement at trial. However, the assumption of validity is unavailable on this record. Case has sustained its burden to establish a substantial question of invalidity, which is alone sufficient to defeat the motion for preliminary injunction. This determination is made on the current record and for purposes of the pending motion alone. For the foregoing reasons, Plaintiffs' motion for preliminary injunction (Clerk's No. 7) must be **denied**.

**IT IS SO ORDERED.**

Dated this 3rd day of October, 2007.



JAMES E. GRITZNER, JUDGE  
UNITED STATES DISTRICT COURT