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DOC #: _____
DATE FILED: 9/15/2014

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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PRESTIGE JEWELRY INTERNATIONAL, :
INC., :
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 Plaintiff, :
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 v. :
 :
 BK JEWELLERY HK, BK JEWELRY (N.Y) :
 INC., WING YEE GEMS & JEWELLERY :
 LIMITED AND A.V. JEWELRY EXPORT- :
 IMPORT, LTD., :
 :
 Defendants. :
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11-CV-2930 (LAP)
MEMORANDUM & ORDER

LORETTA A. PRESKA, Chief United States District Judge:

Color. Cut. Clarity. Carat. Anyone who has shopped for a diamond engagement ring is familiar with the "Four Cs." This case is about one of the Four Cs—cut. Plaintiff, Prestige Jewelry International, Inc. ("Prestige") and Defendants BK Jewellery [sic] HK, BK Jewelry (N.Y.) Inc., Wing Yee Gems & Jewellery [sic] Limited, and A.V. Jewelry Export-Import, LTD. (collectively, "Defendants"), are engaged in the manufacture and sale of jewelry featuring a relatively large full-cut center diamond tightly surrounded by several relatively smaller single-cut diamonds. Defendants' patented design includes nine peripheral single-cut diamonds while Prestige's product includes eight or ten. This diamond arrangement is supposed to give the illusion, from a distance at least, of a large diamond solitaire. Prestige brought suit against Defendants seeking a

declaration of patent invalidity and non-infringement.

Defendants asserted counterclaims for patent infringement and Lanham Act violations. Now both sides move for summary judgment. For the reasons set forth below, Prestige's motion for summary judgment [dkt. no. 69] on the issues of validity and infringement is DENIED. Defendants' motion for summary judgment [dkt. no. 91] on validity is GRANTED.

I. BACKGROUND¹

A. The '132 Patent and the Marketing of the Lady Dream Jewelry

On June 22, 2010, the United States Patent and Trademark Office ("USPTO") issued United States Design Patent D618,132.² (Second Moskowitz Decl. Ex. 1 ("the '132 Patent").) The patent listed Tse-Kok Wong and Lok-Sung Wong of Kowloon, Hong Kong as inventors and named the Hong Kong company Wing Yee Gems & Jewellery [sic] Limited ("Wing Yee") as assignee. (See id.)

¹ The Court's recitation of facts is based on the following declarations and the exhibits attached thereto: Declaration of Joseph A. Martin, dated Oct. 1, 2012 [dkt. no. 70] ("Martin Decl."); Declaration of Max Moskowitz, dated Oct. 28, 2012 ("First Moskowitz Decl."); Declaration of Darth M. Newman, dated Oct. 24, 2012 [dkt. no. 84] ("Newman Decl."); Declaration of Avi Matatov, filed Sept. 16, 2013 [dkt. no. 93] ("Matatov Decl."); Declaration of Lok-Sung Wong, dated Sept. 13, 2013 [dkt. no. 94] ("Wong Decl."); Declaration of Max Moskowitz, dated Sept. 16, 2013 [dkt. no. 96] ("Second Moskowitz Decl."); Declaration of Jeffrey Cohen, dated Oct. 15, 2013 [dkt. no. 100] ("Cohen Decl."); Declaration of Sally Critides, dated Oct. 15, 2013 [dkt. no. 101] ("Critides Declaration"); Declaration of Max Moskowitz, dated Oct. 23, 2013 [dkt. no. 105] ("Third Moskowitz Decl."). The Court also considers the parties' statements pursuant to Local Rule 56.1: Plaintiff's Statement of Undisputed Material Facts, dated Oct. 1, 2012 [dkt. no. 75] ("Prestige's 56.1 Statement"); Defendants' Opposition to Plaintiff's Statement of Undisputed Facts, dated Oct. 18, 2012 ("Def's.' 56.1 Counter-Statement") (not filed on ECF); Defendants' Statement of Undisputed Material Facts Under Rule 56.1, dated Sept. 16, 2013 [dkt. no. 95] ("Def's.' 56.1 Statement"); Plaintiff's Response to Defendants' Statement of Material Facts Pursuant to L. Civ. R. 56.1 [dkt. no. 103] ("Prestige's 56.1 Counter-Statement").

² The patent application was filed on February 11, 2009, claiming the priority of a Hong Kong patent application filed on August, 12, 2008. (Wong Decl. ¶ 6.)

One of the co-inventors, Lok-Sung "Rocky" Wong, manages Wing Yee as well as two sister companies, BK Jewellery HK ("BK HK") and BK Jewellery, Inc. (N.Y.) ("BK NY") (collectively, "BK Jewellery"). (Wong Decl. ¶¶ 3-5.) BK Jewellery markets jewelry incorporating the design shown in the '132 Patent under the trademark "Lady Dream." (Id. ¶¶ 4, 21.)

As is customary for design patents, the '132 Patent's claim is set forth in pictures, not words. The claim is for "[t]he ornamental design for a diamond jewellery [sic], as shown and described" in the following two images:

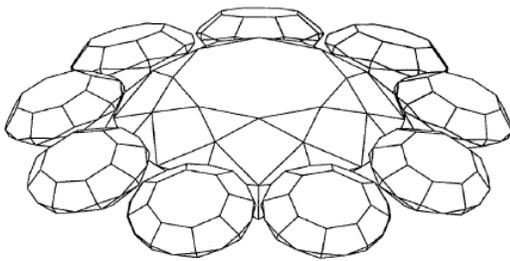


FIG. 1

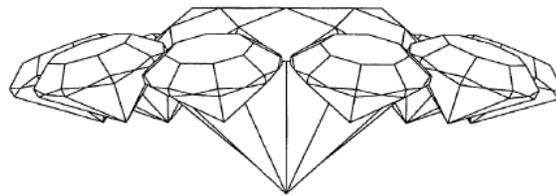


FIG. 2

('132 Patent.) The parties agree that these figures "show a diamond arrangement, with one center, comparatively larger 'full-cut' diamond, surrounded by nine smaller 'single-cut' diamonds that are canted relative to the center diamond and slightly overlap it." (See Wong Decl. ¶ 9; see also Prestige's

56.1 Counter-Statement ¶ 16.)³ Full-cut diamonds have more facets than single-cut diamonds and typically produce a greater sparkling effect. (Wong Decl. ¶ 11; see also Prestige's 56.1 Counter-Statement ¶ 18.) The diamond arrangement depicted in the '132 Patent is designed to look like a large diamond solitaire from a distance. (See Wong Decl. ¶ 15; see also Prestige's 56.1 Counter-Statement ¶ 20.) When viewed up close, however, it is obvious that the arrangement is composed of several smaller diamonds. (Wong Decl. ¶ 15; see also Prestige's 56.1 Counter-Statement ¶ 20.) Arrangements of smaller diamonds grouped together to mimic a larger diamond are often called "cluster tops." (See Prestige's 56.1 Statement ¶ 10.)⁴

Prior to obtaining the U.S. patent in 2010, BK Jewellery began marketing its Lady Dream jewelry in Asia, Europe, and the

³ Although the parties agree that this is an accurate description of the pictures in the '132 Patent, they disagree over the proper description of the images for the purpose of claim construction. As discussed below, the Court declines formally to translate the '132 Patent's claim into words. (See infra Part II.B.1.)

⁴ Defendants disagree with Prestige on the precise meaning of the term "cluster top." (See Defs.' 56.1 Counter-Statement ¶ 10.) Defendants contend that the term only refers to arrangements of diamonds that are "[m]ore or less the same size." (See Moskowitz Decl. Ex. 30 (Deposition of Avi Matatov), at 62:6-63:2.) The parties' disagreement over the meaning of this term is immaterial, and the Court adopts Prestige's definition for the purposes of this memorandum and order.

Americas in late 2008. (Wong Decl. ¶ 23.)⁵ As early as March 2009, BK Jewellery distributed an advertisement for its Lady Dream jewelry. (Second Moskowitz Decl. Ex. 27.) The advertisement stated that the jewelry was “[w]orldwide [p]atented” and described the design as “one brilliant cut diamond surrounded with 9 pieces of special cut round diamonds, perfect [sic] match to show one round shape diamond which has the same look as a solitaire stone.” (Id.)⁶ The advertisement included drawings of a design very similar, if not identical to the drawings in the ‘132 Patent. (Id.) It also contained a photograph of a ring incorporating the design. (Id.)

In addition to advertisements, BK Jewellery also displayed the Lady Dream jewelry at trade shows. In March 2009, Avi Matatov of A.V. Jewelry observed the Lady Dream jewelry at a trade show in Hong Kong and sought a license to sell the jewelry to major retailers in the United States. (Matatov Decl. ¶¶ 6-9.) A.V. Jewelry eventually entered into a licensing agreement for the Lady Dream jewelry in 2010 and began offering it for

⁵ Wing Yee had filed its first patent application in Hong Kong on August 12, 2008 and subsequently applied for and was granted patents in several jurisdictions (in addition to the United States and Hong Kong) including Canada, Australia, the People’s Republic of China, and Europe. (Wong Decl. ¶ 6-7.)

⁶ The parties agree that “brilliant cut” means the same as “full cut”. (See Defs.’ 56.1. ¶ 18; Prestige’s 56.1 Counter-Statement ¶ 18.)

sale in the U.S. under the trademark "Starlight Dream Collection." (Id. ¶¶ 9-10.) Matatov claims that following a trade show in Las Vegas in 2010 he was on the verge of securing sales agreements with major retailers. (See id. ¶¶ 11-14.) But these contracts never materialized because, according to Matatov, the retailers entered into contracts with Prestige for similar jewelry. (See id.)

B. Prestige's Development and Sale of the Unity Jewelry

Prestige is a New York corporation with its principal place of business in Manhattan. (Amended Complaint, dated June 21, 2011 [dkt. no. 12] ("Am. Compl.") ¶ 3; Answer to Am. Compl. [dkt. no. 15] ¶ 3.) Prestige is owned and managed by Rajiv Kothari and his brother, Miten Kothari. (Second Moskowitz Decl. Ex. 21 (Rajiv Kothari Deposition Transcript) ("Kothari Dep. Tr.")), at 22:17-23.) In early 2010, Prestige was in the process of developing a cluster-top jewelry product, which eventually became known as the "Unity" jewelry. (Id. at 69:16-24.) One of Prestige's vendors, Mehul Vaghani of Kiran, an Indian company, showed Rajiv Kothari a cluster-top ring created by BK Jewellery and a brochure stating that the jewelry was "worldwide patented." (Id. at 69:22-71:1.)⁷ On June 5, 2010,

⁷ Defendants state that this was the Lady Dream jewelry. (See Defs.' 56.1 Statement ¶ 38.) Prestige acknowledges that the (cont'd)

Vaghani forwarded to two Prestige employees an email with the subject line "single/ round patend [sic] worldwide." (Second Moskowitz Decl. Ex. 28.) Vaghani wrote, "attached is the source for your inspiration" and attached a brochure for BK's Lady Dream jewelry. (Id.)

On June 7, 2010, Prestige's counsel, Arnold D. Litt, wrote in an email to a patent searcher that "Prestige wishes to manufacture and sell the diamond design attached hereto [scroll down to the attachment and you'll see the diamond design sold by our client's competitor, BK Jewellery.]" (Second Moskowitz Decl. Ex. 29.) Litt asked the patent searcher to look for patents in BK Jewellery's name "specifically" but the patent searcher did not find anything. (Id. Ex. 30.) On February 15, 2011, Prestige employee Jeffrey Cohen sent an email to Rajiv Kothari, Miten Kothari, and others attaching the '132 Patent, which a customer reportedly forwarded to Prestige. (See id. Ex. 34.) Cohen stated, among other things, that "[t]he patent appears to be legit," "[t]he diagrams are showing single-cuts," and "we need to discuss as soon as possible." (Id.) Rajiv Kothari forwarded the email and the attachment to Arnold Litt

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jewelry and brochure were created by BK Jewellery but does not admit that they showed the Lady Dream design. (Prestige's 56.1 Counter-Statement ¶¶ 37-38.)

and the patent searcher asking “[i]s ours different enough that we can market our item? Does the stone count matter?” (Id.) Kothari also asked “[w]hy were we unable to find this when we had done the search last year?” (Id.) Litt responded that “stone count does not necessarily determine possible infringement by itself” but due to a variety of factors it “is a close call.” (Id. Ex. 35, at 2.) Litt also stated that they did not find the ‘132 Patent during the initial search because the ‘132 Patent had not yet been issued at that time. (Id.)⁸ Litt further opined that, regardless of diamond count, the ‘132 Patent “appears to be a different look from” the Unity diamond setting because the diamonds in the ‘132 Patent “appear to be floating in air” without a setting. (Id. at 1.) Rajiv Kothari then asked if “single cut vs. full cut around the center change the application of design patent?” to which Litt ultimately responded “[p]lease call me on this.” (Id.)

In late 2010, Prestige began marketing to retailers its Unity line of jewelry. (See Second Moskowitz Decl. Ex. 22 (Deposition of Jeffrey Cohen (“Cohen Dep. Tr.”), at 43:21-44:6.)

⁸ Also, Wing Yee—not BK Jewellery—was the assignee of the ‘132 Patent. Defendants state, and Prestige admits, that “Prestige and its attorneys were not aware” of Wing Yee in 2010 and “a prior art search prior to [June 22, 2010] would not have found” the ‘132 Patent. (Defs.’ 56.1 Statement ¶¶ 66-67; Prestige’s Counter-Statement ¶¶ 66-67.)

One version of the Unity design featured a full-cut center diamond surrounded by eight or ten relatively smaller single-cut diamonds. (See Kothari Dep. Tr., at 71:10-72:14.) Prestige also made a version of the Unity jewelry that included only full-cut diamonds. (See, e.g., Cohen Decl. ¶ 8.) Prestige intentionally used eight or ten peripheral diamonds in the Unity design to avoid infringing on the '132 Patent which has nine peripheral diamonds. (See Kothari Dep. Tr., at 71:10-72:14.)

By July 2012, Prestige made several million dollars from sales of the Unity product. (Defs.' 56.1 Statement ¶ 47; Prestige's 56.1 Counter-Statement ¶ 47.) The Unity design with single-cut peripheral diamonds made up as much as ninety percent of those sales, (Kothari Dep. Tr., at 105:13-21), even though this version was more expensive. (See Cohen Dep. Tr., at 29:2-12.) Since 2012, however, Prestige claims that the Unity design with full-cut peripheral diamonds has had better sales. (Cohen Decl. ¶ 8.)

Prestige filed its first patent application in connection with the Unity jewelry design in August 2010. (See Second Moskowitz Decl. Ex. 24 (Deposition of Arnold Litt ("Litt Dep. Tr.")), at 205:15-21.). This patent application depicted only a design with full-cut peripheral diamonds. (See id.) In March 2011, Prestige filed another patent application showing both

versions of the Unity jewelry—that is, the full-cut center diamond surrounded by full-cut peripheral diamonds and the full-cut center diamond surrounded by single-cut peripheral diamonds. (See id. at 64:9-65:2.) Although Prestige disclosed nearly forty pieces of prior art in connection with its patent application for the design with single-cut peripheral diamonds, it did not disclose the '132 Patent or the Lady Dream brochure. (See, e.g., id. at 205:7-210:19.) According to Prestige's counsel, these documents were not material because they showed "floating gems surrounding a central core" which was unrelated to Prestige's application which involved a complete diamond setting including "the posts, the triplicate posts, the singular posts, the way they connected with the diamonds." (Id. at 196:11-198:13; 210:2-19.)

On November 22, 2010, Arnold Litt of Prestige sent a cease-and-desist letter to Avi Matatov of AV Jewelry. The letter stated that Matatov

approached one of [Prestige's] customers and attempted to sell them a diamond head which was described to us as an imitation of our client's Unity-type diamond head with single cut diamonds. Please be advised that our client has actively marketed its diamond head for a substantial period of time. Moreover, it has a pending patent application regarding its design. The customer contacted our client and indicated it was confused as to the source and identity of the diamond head because of the similarity between the two items."

(Second Moskowitz Decl. Ex. 32.) Prestige apparently was unaware that Matatov held a license to sell Lady Dream jewelry under the '132 Patent. On March 31, 2011, A.V. Jewelry responded with its own cease-and-desist letter, stating, among other things, that "A.V. Jewelry is the exclusive licensee" of the '132 Patent and alleged that Prestige's "Unity-type diamond head jewelry clearly infringes upon the '132 Patent." (Second Moskowitz Decl. Ex. 40.)

C. Prestige Files this Action

Prestige filed this action on April 29, 2011, seeking a declaration of non-infringement and a declaration that the '132 Patent is invalid. Prestige named Wing Yee and A.V. Jewelry as defendants in the initial complaint. (See Complaint [dkt. no. 1].) The case was assigned to the Honorable Leonard B. Sand. On June 14, 2011 Defendants filed their answer in which they asserted counterclaims for patent infringement and Lanham Act violations against Prestige. (See Answer [dkt. no. 10].) Prestige filed an amended complaint on June 21, 2011 which added BK Jewellery as a defendant. (See Am. Compl.)

D. The Patent Reexamination Proceedings and the Prior Art

On March 2, 2012 Prestige filed an ex parte request for reexamination of the '132 Patent by the PTO. (Second Moskowitz

Decl. Ex. 13 (Prestige's Request for Ex Parte Reexamination).) Prestige argued that the '132 Patent should be invalidated because certain pieces of prior art anticipate or render obvious the design depicted in the '132 Patent. (Id. at PRESTIGE1026.) Prestige listed ten pieces of prior art in connection with this request. (Id. at PRESTIGE1012.) The PTO considered these ten references but determined that only four of them raised a substantial new question of patentability. (Ex. 14 (Decision Granting Ex Partes [sic] Reexamination, dated May 14, 2012), at 4-5.) These were U.S. Patent No. 7,762,104 (See Second Moskowitz Decl. Ex. 2 (the "Lin patent")), U.S. Patent No. 1,238,721 (See Second Moskowitz Decl. Ex. 8 (the "Birnbaum patent")), U.S. Patent No. 1,001,583 (See Second Moskowitz Decl. Ex. 9 (the "Fairbrother patent")), and U.S. Patent No. 7,461,452 (See Second Moskowitz Decl. Ex. 10 (the "Kothari patent")). (See Second Moskowitz Decl. Ex. 14 at 2, 4-5.)⁹ The PTO also

⁹ The PTO determined that the "Memoire reference" (See Second Moskowitz Decl. Ex. 11) was not prior art. It also determined that the following references did not raise a substantial new question of patentability: the Whitehouse patent (See Second Moskowitz Decl. Ex. 3) (the stones do not overlap, the size difference of the stones is less exaggerated, the bases of the stones are on nearly the same plane), the Suderov patent (See Second Moskowitz Decl. Ex. 4) (the size differences of the stones are less exaggerated, the bases of the stones are on nearly the same plane), the Gurfinkel patent (See Second Moskowitz Decl. Ex. 5) (the peripheral stones are not angled against the central stone), the Wing Yee reference (See Second Moskowitz Decl. Ex. 6) (the peripheral stones are not angled against the center stone, (cont'd)

considered a "non-patent literature" reference: the "Edwardian cluster ring" which included "nine peripheral stones" and "was practiced at least as early as the Edwardian era, approximately 1901-1915." (Second Moskowitz Decl. Ex. 15 (Office Action in Ex Parte Reexamination), at 3.)

On January 15, 2013 the PTO invalidated the '132 Patent for the following four reasons: (1) the Lin patent¹⁰ anticipates the '132 Patent design; (2) the Lin patent, in view of the Edwardian cluster ring and the Birnbaum patent, renders obvious the '132 Patent design; (3) the Lin patent, in view of the Edwardian cluster ring and the Fairbrother patent, renders obvious the '132 Patent design; (4) the Lin patent, in view of the Edwardian cluster ring and the Kothari patent, renders obvious the '132

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the images are of too poor quality), and the Cohen patent application (See Second Moskowitz Decl. Ex. 7) (the peripheral stones are not angled against the center stone, the peripheral stones do not embody a well-known diamond cut). (See Second Moskowitz Decl. Ex. 14.) The PTO also determined that the following references did not raise a substantial question of patentability by themselves: the Birnbaum patent (the central stone and peripheral stones are nearly the same size, the peripheral stones are not angled against the center stone), the Fairbrother patent (the stones do not overlap, the central stone and peripheral stones are the same size, the peripheral stones are not angled against the center stone), and the Kothari patent (the central stone and peripheral stones are nearly the same size, the peripheral stones are not angled against the center stone). (See Second Moskowitz Decl. Ex. 14, at 8-9.)

¹⁰ The Lin Patent shows a full-cut central diamond surrounded by eight full-cut peripheral diamonds which are angled against the central diamond. (See Lin Patent.)

Patent's design. (Id. at 2-8.) One of the bases for the PTO's determination was its conclusion that

[t]he use of 'single'-cut peripheral stones [included in the Birnbaum, Fairbrother, and Kothari references] in place of 'full'-cut stones is obvious given that the 'single'-cut style pre-dates the use of the 'full'-cut style historically. Further, the difference in overall appearance achieved by using 'full'-cut style peripheral stones instead of 'single-cut' peripheral stones is not considered patentably distinguishing.

(Id. at 4.)

Following the PTO's reexamination order, Wing Yee filed a response on March 15, 2013 in which it made the following arguments: (1) the Edwardian ring reference is not prior art; (2) there is a meaningful distinction between full-cut and single-cut diamonds and they have different appearances; (3) "[i]t was counterintuitive in 2008 in a cluster design seeking to simulate a solitaire look and appearance to deliberately choose some of the stones to be 'full cut' and to provide the other stones as 'single cut' diamonds;" (4) secondary considerations, such as commercial success, indicate that the design of the '132 Patent was not obvious. (Second Moskowitz Decl. Ex. 16 (Response to Office Action), at 5-6.). Wing Yee also attached twenty-six exhibits. (Id. 7-10.)

On July 10, 2013, the PTO reversed its invalidation of the '132 Patent and confirmed the validity of the patent. (Second

Moskowitz Decl. Ex. 17 (Reasons for Patentability and Confirmation of the Patent Claim).) The PTO noted that

[t]he prior art does not show a larger, central diamond surrounded by a ring of diamonds with a DIFFERENT cut style. As supported by the Patent Owner's declarations, the prior art shows that peripheral diamonds have the SAME cut style as the central diamond."

(Id. at 10.) The PTO further noted that

[t]he Patent Owner attests to tremendous commercial success of the design of the '132 patent, and in a way that takes into account sales of identical jewelry, with the only difference being the cut style of the peripheral diamonds. Because sales behavior was directly linked to whether the peripheral diamonds were 'single-cut' or 'full-cut' [this] permits the argument of commercial success to be dispositive.

(Id.)

E. The Motions for Summary Judgment

Prestige filed its motion for summary judgment on October 2, 2012 [dkt. no. 69]. Prestige seeks a judgment that the '132 Patent is invalid because it is not ornamental and, even if the patent is valid, Prestige's products do not infringe the '132 Patent.¹¹ (See Memorandum of Law in Support of Plaintiff's Motion for Summary Judgment as to All Claims and Counterclaims, dated Oct. 1, 2012 [dkt. no. 72] ("Prestige's Memo."), at 2.)

¹¹ Prestige also seeks a judgment dismissing Defendants' Lanham Act counterclaim. Prestige contends that the Lanham Act claim must be dismissed if the '132 Patent is invalid or if there has been no infringement. (See Prestige's Memo., at 15-16.)

On July 17, 2013, Defendants requested leave to file a motion for summary judgment following the PTO's confirmation of the validity of the patent in the second reexamination proceeding. (See Letter from Defendants to the Court, dated July 17, 2013 [dkt. no. 88 Ex. A].) The Court granted Defendants' request on August 15, 2013. (See Order, dated August 15, 2013 [dkt. no. 88].)¹² The Court also stayed consideration of Prestige's motion because both motions for summary judgment "should be considered together." (Id. at 2.) Defendants filed their motion for partial summary judgment on September 16, 2013 [dkt. no. 91]. Defendants seek a judgment dismissing Prestige's claim that the '132 Patent is invalid because it is anticipated or rendered obvious by prior art. (See Defendants' Memorandum of Law in Support of their Motion for Summary Judgment that the D618,132 Design Patent Is Not Rendered Invalid by Prior Art Cited by Plaintiff, dated Sept. 16, 2013 [dkt. no. 92] ("Defs.' Memo."). at 3.)

¹² The case was formally reassigned to the undersigned on August 20, 2013.

II. DISCUSSION

A. Legal Standards

1. Summary Judgment

"Summary judgment is as available in patent cases as in other areas of litigation.'" Tokai Corp. v. Easton Ents., Inc., 632 F.3d 1358, 1366 (Fed. Cir. 2011) (quoting Cont'l Can Co. USA, Inc. v. Monsanto Co., 948 F.2d 1264, 1265 (Fed. Cir. 1991)). Rule 56 of the Federal Rules of Civil Procedure mandates summary judgment "against a party who fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial." Celotex Corp. v. Catrett, 477 U.S. 317, 322 (1986). In considering a motion for summary judgment, the Court construes evidence in the light most favorable to the non-moving party and also draws all reasonable inferences in favor of the non-moving party. Lindsay v. Ass'n of Prof'l Flight Attendants, 581 F.3d 47, 50 (2d Cir. 2009). "Summary judgment is appropriate only 'if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.'" Kwan v. Schlein, 634 F.3d 224, 228 (2d Cir. 2011) (quoting Fed. R. Civ. P. 56(a)). "An issue of fact is genuine if the evidence is such that a reasonable jury could return a verdict for the nonmoving

party. A fact is material if it might affect the outcome of the suit under the governing law." Lindsay, 581 F.3d at 50. "The inquiry performed is the threshold inquiry of determining whether there is the need for a trial – whether, in other words, there are any genuine factual issues that properly can be resolved only by a finder of fact because they may reasonably be resolved in favor of either party." Anderson v. Liberty Lobby, 477 U.S. 242, 250 (1986). In making this determination, the Court "must view the evidence present through the prism of the substantive evidentiary burden." Id. at 254. If the party bearing the burden of proof presents insufficient evidence to support a key element of its claim, "there can be 'no genuine issue as to any material fact,' since a complete failure of proof concerning an essential element of the nonmoving party's case necessarily renders all other facts immaterial." Celotex, 477 U.S. at 322-23.

2. Design Patents

a. Ornamental Requirement

Patent protection is available for "any new, original and ornamental design for an article of manufacture." 35 U.S.C. § 171. Unlike utility patents,¹³ a design patent concerns the

¹³ Utility patents require the invention of a "useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." 35 U.S.C. § 101

appearance of an object, not its usefulness. See PHG Techs., LLC v. St. John Cos., Inc., 469 F.3d 1361, 1366 (Fed Cir. 2006). Despite this key distinction, design patents generally are subject to the same conditions and requirements as utility patents. See 35 U.S.C. § 171 ("The provisions of this title relating to patents for inventions shall apply to patents for designs, except as otherwise provided."); see also Int'l Seaway Trading Corp v. Walgreens Corp., 589 F.3d 1233, 1238 (Fed. Cir. 2009). A design is ornamental if its appearance is not dictated solely by function. See Seiko Epson Corp. v. Nu-Kote Int'l, Inc., 190 F.3d 1360, 1368 (Fed. Cir. 1999) (stating that a design patent need not "be aesthetically pleasing. The 'ornamental requirement of the design statute means that the design must not be governed solely by function . . . [t]he design may contribute distinctiveness of consumer recognition to the design, but an absence of artistic merit does not mean that the design is purely functional"). There is no artistic or aesthetic element to the ornamental requirement because, as the Federal Circuit's predecessor court stated in a case involving a rubber gasket, beauty is often in the eye of the beholder:

The appearance of appellants' gasket seem as much dictated by functional considerations as is the appearance of a piece of rope, which, too, has ribs and grooves nicely arranged. The fact that it is attractive or pleasant to behold is not enough. Many well-constructed articles of manufacture whose configurations are dictated solely by function are

pleasing to look upon, for example a hex-nut, a ball bearing, a golf club, or a fishing rod, the pleasure depending largely on one's interests. But it has long been settled that when a configuration is the result of functional considerations only, the resulting design is not patentable as an ornamental design for the simple reason that it is not 'ornamental'—was not created for the purpose of ornamenting.

In re Carletti, 328 F.2d 1010, 1022 (C.C.P.A. 1964).

Thus, articles with functional designs cannot receive

design patent protection. See Power Controls Corp.v.

Hybrinetics, Inc., 806 F.2d 234, 238 (Fed. Cir. 1986) ("If

the patented design is primarily functional rather than

ornamental, the patent is invalid"); see also L.A. Gear,

Inc. v. Thom McAn Shoe Co., 988 F.2d 1117, 1123 (Fed. Cir.

1993) (stating that a design is functional and not

ornamental "when the appearance of the claimed design is

dictated by the use or purpose of the article") (citations

and internal quotation marks omitted); Seiko Epson, 190

F.3d at 1368 (stating that a design is functional if it is

"the only possible form of the article that could perform

its function").

b. Claim Construction

In patent law, a "claim" is the "formal statement describing the novel features of an invention and defining the scope of the patent's protection." BLACK'S LAW DICTIONARY 1238 (9th ed. 2009). A court cannot determine whether a patent is valid

unless it first construes the patent claim. Elmer v. ICC Fabricating, Inc., 67 F.3d 1571, 1577 (Fed. Cir. 1995) (“Determining whether a design patent claim has been infringed requires, first, as with utility patents, that the claim be properly construed to determine its meaning and scope.”); see also Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448, 1455 (Fed. Cir. 1998) (“[C]laim construction is a legal question to be decided by the judge.”). Design patents “typically are claimed as shown in drawings”—not in words. Egyptian Goddess, Inc. v. Swisa, Inc., 543 F.3d 665, 679 (Fed. Cir. 2008) (en banc)(citations and internal quotation marks omitted). This is because a design patent claim “is better represented by . . . [an] illustration than it would be by any description, and a description would probably not be intelligible without the illustration.” Dobson v. Dornan, 118 U.S. 10, 14 (1886).

Although a court must construe design patent claims, ordinarily the court need not “attempt to provide a detailed verbal description of the claimed design, as is typically done in the case of utility patents.” Egyptian Goddess, 543 F.3d at 679. Under certain circumstances, a court translating a design patent claim into a verbal description risks “placing undue emphasis on particular features of the design and the risk that a finder of fact will focus on each individual described feature in the verbal description rather than on the design as a whole.”

Id. at 680. Nonetheless, “[w]hile it may be unwise to attempt a full description of the claimed design, a court may find it helpful to point out, either for the jury or in the case of a bench trial by way of describing the court’s own analysis, various features of the claimed design as they relate to the accused design and the prior art.” Id. at 680. “[A] district court’s decision regarding the level of detail to be used in describing the claimed design is a matter within the court’s discretion” Id.¹⁴

c. Anticipation

A design cannot be patented if it has been anticipated by prior art. See 35 U.S.C. § 102; Int’l Seaway, 589 F.3d at 1238. Prior art includes evidence that “the claimed invention was patented, described in a printed publication, or in public use, on sale or otherwise available to the public before the

¹⁴ A recent case from the Federal Circuit appears to be in tension with the holding of Egyptian Goddess. In High Point Design LLC v. Buyers Direct, Inc., 730 F.3d 1301, 1314 (2013), a three-judge panel of the Federal Circuit held that the “district court erred by failing to translate the design of the . . . patent into a verbal description” and remanded the case with instructions for the district court to “add sufficient detail to its verbal description of the claimed design to evoke a visual image consonant with the design.” Id. The three-judge panel in High Point did not cite or discuss the en banc holding of Egyptian Goddess. To the extent these two cases are inconsistent with each other, the Court follows the Federal Circuit’s en banc decision in Egyptian Goddess.

effective filing date of the claimed invention.” 35 U.S.C. § 102(a)(1). The test for anticipation is “whether an ordinary observer familiar with the prior art” would be deceived into believing that the design in question was the same as a prior art reference. Egyptian Goddess, 543 F.3d at 681; see also id. at 670 (“The [Supreme Court] . . . set forth the test that has been cited in many subsequent cases: ‘[i]f, 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’”) (quoting Gorham Mfg. Co. v. White, 81 U.S. 511, 528 (1871)).

“Anticipation requires the presence in a single prior art disclosure of all elements of a claimed invention arranged as in the claim.” Connell v. Sears, Roebuck & Co., 722 F.2d 1542, 1548 (Fed. Cir. 1983) Prior utility patents may be considered prior art for design patents. See In re Jennings, 182 F.2d 207, 208 (C.C.P.A. 1950). “Anticipation is a question of fact.” E.g., Sanofi-Synthelabo v. Apotex, Inc., 550 F.3d 1075, 1082 (Fed. Cir. 2008).

d. Obviousness

A design also cannot be patented “if the differences between the claimed invention and the prior art are such that

the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art to which the claimed invention pertains." 35 U.S.C. § 103. The ultimate inquiry for obviousness in a design patent case is "'whether the claimed design would have been obvious to a designer of ordinary skill who designs articles of the type involved.'" Apple, Inc. v. Samsung Elecs. Co., Ltd., 678 F.3d 1314, 1329 (Fed Cir. 2012) (quoting Titan Tire Corp. v. Case New Holland, Inc., 566 F.3d 1372, 1380 (Fed. Cir. 2009)). The Supreme Court has articulated a four-part test for obviousness:

[T]he court must consider (1) the scope and content of the prior art; (2) the difference between the prior art and the claimed invention; (3) the level of ordinary skill in the art; and (4) any objective evidence of nonobviousness. The objective evidence . . . includes industry skepticism, long-felt industrial need, commercial success, and copying.

Transocean Offshore Deepwater Drilling, Inc. v. Maersk Contractors, USA, Inc., 617 F.3d 1296, 1303 (Fed. Cir. 2010) (citing Graham v. John Deere Co. of Kansas City, 383 U.S. 1, 17-18 (1966)). "Obviousness is a question of law with underlying fact issues. What a particular reference discloses is a question of fact, as is the question of whether there was a reason to combine certain references." Transocean, 617 F.3d at 1303).

2. Presumption of Validity and Burden of Proof

"A patent shall be presumed valid" and "[t]he burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity." 35 U.S.C. § 282.

[T]he party asserting invalidity not only has the procedural burden of proceeding first and establishing a prima-facie case, but the burden of persuasion on the merits remains with the party until final decision. The party supporting validity has no initial burden to prove validity, having been given a procedural advantage requiring that he come forward only after a prima-facie case of invalidity has been made.

Stratoflex, Inc. v. Aeroquip Corp., 713 F.2d 1530, 1534 (Fed. Cir. 1983). The "accused infringer must prove invalidity by clear and convincing evidence." Tokai Corp. v. Easton Ents., Inc., 632 F.3d 1358, 1367 (Fed. Cir. 2011).

3. Patent Reexamination Proceedings

Pursuant to statute "[a]ny person at any time may file a request for reexamination by the [PTO] of any claim of a patent on the basis of any prior art cited under the provisions of section 301." 35 U.S.C. § 302.¹⁵ "Congress intended

¹⁵ Section 301 states: "Any person at any time may cite to the Office in writing (1) prior art consisting of patents or printed publications which the person believes to have a bearing on the patentability of any claim of a particular patent; or (2) statements of the patent owner filed in a proceeding before a Federal court or the [PTO] in which the patent owner took a position on the scope of any claim of a particular patent." 45 U.S.C. § 301(a).

reexaminations to provide an important 'quality check' on patents that would allow the government to remove defective and erroneously granted patents." In re Swanson, 540 F.3d 1368, 1375 (Fed. Cir. 2008) (citations and internal quotation marks omitted). The PTO may grant a request for reexamination if "a substantial new question of patentability affecting any claim of the patent concerned is raised by the request." 35 U.S.C. § 303(a).

Although the re-examination proceeding, like civil litigation, determines whether a patent is valid, there are important procedural differences. As noted above, "[i]n civil litigation a challenger who attacks the validity of patent claims must overcome the presumption of validity with clear and convincing evidence that the patent is invalid." In re Swanson, 540 F.3d 1368, 1377 (Fed. Cir. 2008) (citing 35 U.S.C. § 282). In contrast, "[i]n PTO examinations and reexaminations, the standard of proof—a preponderance of the evidence—is substantially lower than in a civil case, there is no presumption of validity, and the examiner is not attacking the validity of the patent but is conducting a subjective examination of the claims in light of prior art." In re Swanson, 540 F.3d at 1377 (citations and internal quotation marks omitted). Moreover, the two forums "can consider different evidence." Ethicon, Inc. v. Quigg, 849 F.2d at 1428.

The findings of a patent reexamination proceeding "provide valuable analysis to the district court" which the court can "consider in reaching its determination" on validity. Ethicon, Inc. v. Quigg, 849 F.2d 1422, 1428 (Fed. Cir. 1988). However, because of the differing standards of proof and evidence admissibility, there is

nothing untoward about the PTO upholding the validity of a reexamined patent which the district court later finds invalid. This is essentially what occurs when a court finds a patent invalid after the PTO has granted it. . . . [D]ifferent results between the two forums may be entirely reasonable. And, if the district court determines a patent is not invalid, the PTO should continue its reexamination because, of course, the two forums have different standards of proof for determining invalidity.

Id. at 1428-29. Nonetheless, a party challenging the validity of a patent "shoulders an enhanced burden" to the extent the argument for invalidity is based on the same prior art considered by the PTO. See Tokai Corp., 632 F.3d at 1367; see also PowerOasis, Inc. v. T-Mobile USA, Inc., 522 F.3d 1299, 1304 (Fed. Cir. 2008) ("When no prior art other than that which was considered by the PTO examiner is relied on by the attacker, he has the added burden of overcoming the deference that is due to a qualified government agency presumed to have properly done its job") (citation and internal quotation marks omitted).

4. Patent Infringement

To prove design patent infringement, a patent holder "must establish that an ordinary observer, familiar with the prior art designs, would be deceived into believing that the accused product is the same as the patented design." Richardson v. Stanley Works, Inc., 597 F.3d 1288, 1295 (Fed. Cir. 2010). Infringement "is a question of fact, which a [patent holder] must prove by a preponderance of the evidence." Id. "The ordinary observer test applies to the patented design in its entirety, as it is claimed," and minor differences cannot prevent a finding of infringement. Crocs, Inc. v. Int'l Trade Com'n, 598 F.3d 1294, 1303 (Fed. Cir. 2010).

B. Analysis

1. Claim Construction

As an initial matter, the Court declines to translate the '132 Patent's claim into words. Verbal descriptions of design patent claims are not necessary where, as here, the claim "is better represented by . . . [an] illustration." Dobson v. Dornan, 118 U.S. 10, 14 (1886). Also, the Federal Circuit "has cautioned, and continues to caution, trial courts about excessive reliance on a detailed verbal description in a design infringement case." Crocs, Inc., 598 F.3d at 1302. This is

because “misplaced reliance on a detailed verbal description of the claimed design risks undue emphasis on particular features of the design rather than the examination of the design as a whole,” and “[d]epictions of the claimed design in words can easily distract from the proper infringement analysis of the ornamental patterns and drawings.” Id.

Here, the drawings included in the '132 Patent adequately set forth the claimed design. As discussed below,¹⁶ the Court finds that these drawings depict only ornamental elements and therefore all of the depicted elements are part of the patent claim. No translation is necessary because the illustrations in the '132 Patent are easy to understand without a verbal description. A jury can count the number of peripheral diamonds and observe that the peripheral diamonds are smaller than the center diamond. A jury also can easily observe that the peripheral diamonds have a different cut from the center diamond. Translating the '132 Patent's drawing into words would not be helpful to the jury and might lead a jury to fixate too much on specific elements such as cut and count rather considering the design as a whole. Thus, the Court finds that

¹⁶ See infra Part II.B.2.a.

the illustrations in the '132 Patent sufficiently set forth the claim and therefore a verbal description is not necessary.¹⁷

2. Prestige's Motion for Summary Judgment

a. The '132 Patent Design is Ornamental

Prestige claims that the '132 Patent is invalid because it depicts a functional design. Prestige bases its argument on deposition testimony of inventor Rocky Wong. Wong testified that, before choosing the design depicted in the '132 Patent, he tried out various diamond arrangements with different numbers of diamonds and different combinations of cuts. (Martin Aff. Ex. B (Rocky Wong Deposition Transcript ("Wong Dep. Tr.")), at 72:1-74:10.) Wong stated that he used a "light box" to conduct "refraction tests" and determined that, in his opinion, the "full-cut center stone" surrounded by nine single-cut stones "looked the best." (Id.) Wong also agreed that the '132 Patent arrangement "performed the best" because "it had the best refraction." (Id. at 74:4-9.) Moreover, he stated that while arrangements with more or fewer than nine peripheral diamonds "look[ed] good," the design depicted in the '132 Patent was "perfect." (Wong Dep. Tr. 108:7-16.)

¹⁷ Although the Court declines to translate the patent claim into words, at trial the Court "may find it helpful to point out . . . for a jury . . . various features of the claimed design as they relate to the accused design." Egyptian Goddess, 543 F.3d at 680.

As noted above, the ornamental requirement is "directed to the appearance of an article of manufacture." L.A. Gear, Inc. v. Thom McAn Shoe Co., 988 F.2d 1117, 1123 (Fed. Cir. 1993). Prestige contends that the appearance of the '132 Patent is itself a functional element. This argument incorrectly blurs the distinction between ornamental and functional designs. Admittedly, Wong sometimes described the design of the '132 Patent in language that superficially might suggest a functional design. He admitted that his design "performed the best" and stated that he used a light box to test various arrangements in search of the "best refraction." (Wong Dep. Tr., at 74:4-9.) But these statements do not change the fact that the ultimate purpose of the '132 Patent design is to have a pleasing appearance—a quintessentially ornamental purpose. Simply because an inventor experiments with alternative designs or uses rudimentary tools and tests does not mean the resulting design is functional. Presumably, most designs are developed not on a whim but rather through some process of trial and error—whether by using a light box, consumer surveys, or simply taking a few steps back and squinting at the design from a distance. The relevant inquiry is the nature of the design, not how the design was developed. Here, the design of the '132 Patent is

unquestionably ornamental—it is cluster of diamonds arranged solely to be pleasing to the eye.¹⁸

The cases Prestige cites are inapposite. In Hartco Eng'g, Inc v. Wang's Int'l, Inc., 142 F. App'x 455 (Fed. Cir. 2005) (not reported), the Federal Circuit held that certain design elements of a "decorative marine-propeller device that attaches to the trailer hitch of a vehicle and spins from the force of moving air similar to a windmill" were functional and therefore could not benefit from design patent protection. Id. at 456. The court noted that design patent protection extended only to the number of the blades and "four circular features" rather than the "general hitchcover concept that merely mimics a propeller." Id. at 458. Prestige contends that the novelty hithcover designed to mimic a propeller is analogous to a cluster of diamonds designed to mimic a large solitaire. But there is a clear difference. The propeller features in Hartco were found to be functional because they actually performed a function—they not only caused the hitchcover to look like a

¹⁸ Prestige emphasizes that the '132 Patent does not depict anything besides the free-floating diamond arrangement, "[n]o settings, precious metals, alternative spatial arrangements or alternative numbers of stones are depicted in either of the two '132 Patent drawings." (Prestige's Memo., at 11.) The Court fails to see how this argument suggests that the design is functional. If anything, the absence of technical details about how the arrangement should be composed, indicates that the '132 Patent was concerned only with the appearance and nothing more.

propeller but also made it function like a propeller. In contrast, the diamond arrangement in the '132 Patent has no function, it simply looks pretty.¹⁹

Prestige also cites Elmer v. ICC Fabricating, Inc., 67 F.3d 1571 (Fed. Cir. 1995), for the proposition that design patent protection is "limited to what was actually depicted in [a] patent and could not extend [the patent's] protection to cover products that did not include all the ornamental elements that had been claimed." (Prestige's Memo., at 9-10.) The Court fails to see how Elmer supports Prestige's argument besides simply stating the basic principle that design patents cover only ornamental features, not functional features. If anything, Elmer undermines Prestige's argument. Prestige emphasizes that the '132 Patent does not depict anything besides the free-floating diamond arrangement, "[n]o settings, precious metals,

¹⁹ Moreover, even if the diamond arrangement's light refraction performance or mimicry of a solitaire diamond were considered functional, Prestige's argument would still fail. This is because where, as here, "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." L.A. Gear, 988 F.2d at 1123 (holding that certain elements of an athletic shoe design were ornamental even though they also served a functional purpose because "there were other ways of designing athletic shoes to perform the functions of the elements of the . . . design" and "[i]n today's marketplace, the primacy of appearance in the design of shoes [cannot] be ignored when analyzing functionality"). Notwithstanding Rocky Wong's subjective preference for a particular design, there is no dispute that there are multiple ways to create a cluster diamond arrangement that mimics a large solitaire.

alternative spatial arrangements or alternative numbers of stones are depicted in either of the two '132 Patent drawings." (Id. at 11.) But, as Elmer points out, including functional features in a design patent would have "effectively limited the scope of the patent claim." Elmer, 67 F.3d at 1577. The fact that the '132 Patent does not contain technical details underlines the fact that it was intended to show only the ornamental features of the design.

Accordingly, the Court finds that the design depicted in the '132 Patent is ornamental. Prestige's motion for summary judgment on this issue is denied.

b. There Is a Material Issue of Fact With Respect to Infringement

Prestige contends that it is entitled to summary judgment on the question of infringement for two main reasons. First, the '132 Patent shows diamonds "floating in space, and the drawings disclose no other ornamentation or mechanism aside from the naked diamonds and their positions and sizes relative to each other" whereas "Prestige's products include diamonds as only one part of a larger whole, a ring or earring which also includes a particular and unique precious metal stone setting." (Prestige's Memo., at 13.) Second, Prestige notes that the '132 Patent shows a "9+1 diamond arrangement" whereas "Prestige makes

8+1 and 10+1 rings and earrings but does not make or market any 9+1 product.” (Id.)

The first argument rests on the faulty notion that Prestige’s earrings and rings cannot infringe the ‘132 Patent because the patent shows only a diamond arrangement isolated from a finished product. A design is patentable even if it depicts only a portion of an article of manufacture, and a design patent can be infringed if its design is incorporated as a feature of an article of manufacture. See In re Zahn, 617 F.2d 261, 268 (C.C.P.A. 1980) (“Section 171 authorizes patents on ornamental designs for articles of manufacture. While the design must be embodied in some articles, the statute is not limited to designs for complete articles, or ‘discrete’ articles, and certainly not to articles separately sold No sound authority has been cited for any limitation on how a design is to be embodied in an article of manufacture.”); see also Times Three Clothier, LLC v. Spanx, Inc., No. 13 Civ. 2157, (DLC), 13 Civ. 7260 (DLC), 2014 WL 1688130, at *8 (S.D.N.Y. Apr. 29, 2014) (“[A] patentee may claim a design for a portion of an article of manufacture and need not claim a design for a complete article.”) (citations and internal quotation marks omitted). Although the ‘132 Patent depicts free-floating diamonds without a setting, the patent clearly states that it

depicts an "ornamental design for . . . diamond jewellery" not a collection of diamonds floating in space. (See '132 Patent, at 1 (emphasis added).) Thus there is no legal basis for granting summary judgment on infringement simply because the alleged infringing products are finished pieces of jewelry and the '132 Patent shows only a portion of a finished jewelry product.²⁰

With respect to Prestige's second argument, the question of whether the '132 Patent's "9+1" design is sufficiently similar to Prestige's "10+1" and "8+1" designs, is a matter for the jury to decide. Patent infringement depends on the "appearance of a design as a whole," and "[t]here can be no infringement based on the similarity of specific features if the overall appearance of the designs are dissimilar." OddzOn Prods., Inc. v. Just Toys, Inc., 122 F.3d 1396, 1405 (Fed. Cir. 1997). Likewise, "minor differences between a patented design and an accused article's design cannot . . . prevent a finding of infringement." Int'l Seaway Trading Corp. v. Wallgreens Corp., 589 F.3d 1233, 1243 (Fed. Cir. 2009) (citation and internal quotation marks omitted). Having reviewed the '132 Patent and Prestige's allegedly infringing products, the Court finds that there are enough similarities to give rise to a material issue of fact as

²⁰ In fact, as noted above, including more features in the patent application drawing would have "effectively limited the scope of [the] patent claim." Elmer, 67 F.3d at 1577.

to whether Prestige has infringed the '132 Patent. This finding is buttressed by additional evidence that Defendants have presented. In particular, there is evidence that Prestige employees once believed that the question of infringement was a "close call." (See Second Moskowitz Decl. Ex. 35, at 2.) Also, Prestige apparently thought the designs could be mistaken for each other when it accused A.V. Jewelry of infringing the Unity design by selling jewelry incorporating the '132 Patent. (Second Moskowitz Decl. Ex. 32.) Accordingly, the Court denies Prestige's motion for summary judgment on the issue of patent infringement.²¹

3. Defendants' Motion for Summary Judgment

Defendants move for partial summary judgment dismissing Prestige's claim that the '132 Patent is invalid because it was anticipated or rendered obvious by prior art. For the reasons discussed below, the Court finds that there is no issue of material fact as to the validity of the '132 Patent in light of the prior art. Accordingly, Defendants' motion for partial summary judgment is granted.

²¹ Because Prestige's motion for summary judgment on Defendants' Lanham Act counterclaim is derivative of its arguments regarding infringement and validity, the Court also denies Prestige's motion with respect to the Lanham Act counterclaim.

a. Prestige's Burden of Proof

As discussed above, the '132 Patent enjoys a presumption of validity, and Prestige has the burden of presenting clear and convincing evidence that the patent is invalid. Prestige cannot prevail if its evidence shows only that the '132 Patent might be invalid. Even if Prestige presents evidence showing that the '132 Patent is more likely than not invalid, it cannot prevail unless the evidence meets the demanding clear and convincing standard. See Price v. Symsek, 988 F.2d 1187, 1191 (Fed. Cir. 1993) ("A requirement of proof by clear and convincing evidence imposes a heavier burden upon a litigant than that imposed by requiring proof by preponderant evidence but a somewhat lighter burden than that imposed by requiring proof beyond a reasonable doubt."); Radio Corp. of Am. v. Radio Eng'g Labs., 293 U.S. 1, 8 (1934) ("[O]ne otherwise an infringer who assails the validity of a patent fair upon its face bears a heavy burden of persuasion, and fails unless his evidence has more than a dubious preponderance."). Although the patent challenger bears the burden of proof, once the patent challenger "has presented a prima facie case of invalidity" the patent holder "'would be well advised to introduce evidence sufficient to rebut that of the challenger.'" Pfizer, Inc. v. Apotex, Inc., 480 F.3d 1348, 1360 (Fed. Cir. 2007) (quoting Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565, 1570 (Fed.Cir.1986)).

Nonetheless, the burden of persuasion never shifts to the patent holder and “the presumption of validity remains intact and the ultimate burden of proving invalidity remains with the challenger throughout the litigation” Pfizer, 480 F.3d at 1360 Id. (quoting Mas-Hamilton Group v. LaGard, Inc., 156 F.3d 1206, 1216 (Fed.Cir.1998)).

b. The Prior Art

Throughout its briefing, Prestige states that the prior art does not speak for itself. (See Memorandum of Law in Opposition to Defendants’ Motion for Partial Summary Judgment, dated Oct. 15, 2013 [dkt. no. 99] (“Prestige’s Opp.”), at 1, 10, 12.) Thus, Prestige apparently does not claim that the prior art alone provides sufficient evidence of invalidity. Nonetheless, to the extent Prestige relies on the ten prior art references submitted in connection with its reexamination request, the Court finds that these prior art references do not constitute clear and convincing evidence of anticipation or obviousness. In making this determination, the Court notes that the PTO considered this prior art in both reexamination proceedings. This is significant because a party seeking to invalidate a patent faces an “enhanced burden” if its argument relies solely on prior art that the PTO already considered. See Tokai Corp. v. Easton Enterprises, Inc., 632 F.3d 1358, 1367 (Fed. Cir. 2011).

However, even if the Court did not give deference to the findings of the PTO,²² the Court would still conclude that the prior art references do not provide clear and convincing evidence of anticipation or obviousness. With respect to anticipation, the '132 Patent's single-cut peripheral diamonds is a feature that is not present in the Lin Patent, which only contains full-cut diamonds. Based on the prior art alone, there is no reason to believe that this is only a trivial difference. As for obviousness, there is nothing in the prior art alone which indicates whether or not it would be obvious to surround a full-cut central diamond with single-cut peripheral diamonds. Accordingly, Prestige cannot meet its burden of proving invalidity unless it presents additional evidence of anticipation and obviousness. If, as Prestige concedes, the prior art does not speak for itself, then Prestige has the burden of presenting evidence to speak for it.

c. Anticipation

Prestige advances several arguments to show that there is a factual dispute regarding whether the '132 Patent was

²² The parties have devoted significant argument to whether or not the Court should consider the findings of the PTO in the reexamination proceedings. The Court considers the PTO's findings to the extent they provides helpful guidance and background—especially with respect to the prior art. Nonetheless, the Court's ruling on Prestige's summary judgment motion would be the same regardless of the PTO's reexaminations.

anticipated by prior art. First, Prestige takes issue with the PTO's determination that the '132 Patent was not anticipated because none of the prior art references included a cluster-top design with a single full-cut diamond surrounded by peripheral single-cut diamonds. (Prestige's Opp., at 11.) Prestige rejects the conclusion that "an ordinary designer skilled in the art would find the cut of the stones a crucial claim of the '132 Patent." (Id.) Although the "ordinary designer skilled in the art" standard applies to the obviousness, not anticipation, the Court presumes that Prestige means that an ordinary observer would not notice the difference in the diamond cuts. In support of this position, Prestige cites a declaration of its employee, Sally Critides, a jewelry merchandiser. Although Critides does not discuss specific pieces of prior art, she makes general statements about how the prior art should be interpreted. Critides states that her "30-plus years of experience" have shown her that

the arrangement of the stones is the most important aspect of the design. How the stones are arranged, how many stones are used, the sizes of the stones relative to one another, the canting of the stones relative to one another and how the stones are set are all primary factors I consider when I am designing jewelry.

(Critides Decl. ¶¶ 4-5.) Critides goes on to state that

[t]he actual cut of the stone, as well as such other facts like color and clarity, in terms of designing

cluster top diamond jewelry where the goal is to make many smaller stones appear as a single larger stone, are all secondary considerations, if at all, because, as is the case with the arrangements at issue in this case, any cut, clarity, or color stones on the periphery of the design will still add to the overall impression that the jewelry is composed of a single larger stone.

(Critides Decl. ¶ 6.)

Critides's declaration provides some evidence to counter Defendants' contention (and the PTO's determination) that the '132 Patent is novel and distinguishable from prior art because it combines full-cut and single-cut diamonds. Nonetheless, the Critides declaration, by itself or in combination with other evidence, is not sufficient to defeat Defendants' motion for summary judgment on anticipation. "The law has long looked with disfavor upon invalidating patents on the basis of mere testimonial evidence absent other evidence that corroborates that testimony." Finnigan Corp. v. Int'l Trade Comm'n, 180 F.3d 1354, 1366 (Fed. Cir. 1999). Such testimonial evidence is particularly disfavored if it is given by an interested party, such as Critides. See id., see also Schumer v. Lab. Computer Sys., Inc., 308 F.3d 1304, 1315-16 (Fed. Cir. 2002) ("[I]f the testimony [concerning anticipation] relates to prior invention and is from an interested party, as here, it must be corroborated."). Moreover, the Court must "be mindful of the underlying burdens of proof because 'the evidentiary burdens

that the respective parties will bear at trial guide district courts in their determination of summary judgment motions.'"

Centro De La Comunidad Hispana De Locust Valley v. Town of Oyster Bay, 954 F. Supp. 2d 127, 134 (E.D.N.Y. 2013) (quoting Brady v. Town of Colchester, 863 F.2d 205, 211 (2d Cir. 1988)).

Here, Prestige must overcome the '132 Patent's presumption of validity and prove invalidity by clear and convincing evidence. The Critides Declaration might cast some doubt on the novelty of the '132 Patent, but no reasonable jury would consider the declaration to be clear and convincing evidence of invalidity.

Prestige also submits a declaration from its Vice President of Sales, Jeffrey Cohen, in which he claims that the ordinary customer does not pay much attention to different diamond cuts. Cohen states:

I have . . . found that the typical buyer to whom I am selling jewelry, including the type of jewelry at issue in this case, is a person who can distinguish between single-cut and full-cut diamonds when specifically presented with them, as Defendants suggest; however, I have found in my experience that such a person is more likely to first observe and comment on the arrangement of the stones, how many stones are used in that arrangement, and the size of the stones used. Indeed, it has been my experience that the cut of small periphery stones in an arrangement of the types at issue in this case is not a major detail that any diamond jewelry buyer to whom I have sold products notices when presented with a cluster arrangement of diamonds.

(Cohen Decl. ¶ 6.) Even construing this statement in the light most favorable to Prestige, Cohen's statement is not evidence that an ordinary observer would be deceived into thinking that the '132 Patent was the same as prior art—in fact, quite the opposite. Cohen states that the "typical buyer" (which he presumably equates with an ordinary observer) can tell the difference between full-cut and single-cut diamonds. But regardless of whether a diamond's cut is the first thing a customer notices or a "major detail," Cohen himself admits that it is unlikely that someone will be deceived by a diamond arrangement that is similar to other designs in certain respects but which contains different cuts. Moreover, even if Cohen's declaration included evidence of anticipation, it would carry little weight because, like Critides, Cohen is an interested party, and Prestige has not offered any additional evidence to corroborate his claims.

Third, Prestige claims that Defendants themselves admit that there are factual disputes regarding the prior art because Defendants' memorandum states that certain prior art documents "'show special cuts which cannot be determined whether they fit the definition of being either full-cut or single-cut, as there are infinite numbers of cut styles that can be imparted to gemstones.'" (Prestige's Opp., at 12 (citing Defs.' Memo., at 5

n.5.); see also id. at 12 (“Not only does this statement admit that the prior art does not speak for itself, but it highlights a factual dispute regarding anticipation.”).) However, there is no indication that this uncertainty concerns a material question of fact. The prior art reference in question, the Fairbrother patent, shows a collection of diamonds of equal size with the same cut. (See Second Moskowitz Decl. Ex. 9). Given the clear differences between the Fairbrother patent and the ‘132 Patent (which includes diamonds with different sizes and different cuts), the cut of the diamonds in the Fairbrother reference is not a material question of fact. As Defendants point out, the fact remains that “[n]ot a single piece of prior art cited by Prestige shows the arrangement of a center stone that is comparatively larger and which is surrounded by any number of single-cut diamonds.” (Defs.’ Memo., at 5.)

Finally, Prestige seeks to defeat summary judgment by stating that it will present at trial “expert testimony to address the ‘132 Patent and prior art ‘claims.’” (Prestige’s Opp., at 7; see also Prestige’s 56.1 Counter-Statement ¶¶ 115, 118, 121, 125-27, 129-30.) Prestige does not submit any expert affidavits or even describe the testimony it expects its hypothetical experts to provide. Vague references to potential

expert testimony cannot defeat summary judgment.²³ See Goenaga v. March of Dimes Birth Defects Found., 51 F.3d 14, 18 (2d Cir. 1995) ("Once the moving party has made a properly supported showing sufficient to suggest the absence of any genuine issue as to a material fact, the nonmoving party, in order to defeat summary judgment, must come forward with evidence that would be sufficient to support a jury verdict in his favor. The motion will not be defeated merely . . . on the basis of conjecture or surmise. The party opposing summary judgment may not rely simply on conclusory statements or on contentions that the affidavits supporting the motion are not credible, or upon the mere allegations or denials of the adverse party's pleading.") (citations and internal quotation marks omitted); Elsroth v. Johnson & Johnson, 700 F. Supp. 151, 162 (S.D.N.Y. 1988) ("[N]owhere in the papers submitted on these motions, however, does counsel offer facts to support [its] assertion. No expert affidavit or documentary evidence is submitted. Plaintiff cannot simply rest on the pleadings, conjecture, and speculation and expect to survive this motion for summary judgment."). As Prestige states in its memorandum, "[t]ypically, evidence

²³ The discovery deadline in this case was August 1, 2012. (See Letter from Prestige to the Court, dated July 25, 2013 (dkt. no. 88 Ex. B, at 1) ("[D]iscovery in this matter closed on August 1, 2012").) Thus, Prestige has had an ample opportunity to identify expert testimony or any other evidence to support its claims of invalidity.

concerning anticipation takes the form of testimony from one skilled in the art that identifies each claim element, states the witness' interpretation from one skilled in the art that identifies each claim element, and explains in detail how each claim element is disclosed in the prior art reference." (Defs.' Memo., at 10.) (quoting Schumer, 308 F.3d at 1315). Prestige has offered no such testimony except for the Critides and Cohen declarations.

In sum, the only evidence Prestige offers to counter Defendants' presumption of validity is uncorroborated testimony from two of its employees and the promise of future, unspecified expert testimony. Construing the evidence in the light most favorable to Prestige, no reasonable jury could find that Prestige has overcome the '132 Patent's presumption of validity by clear and convincing evidence. Accordingly, summary judgment is granted in favor of Defendants on the issue of anticipation.

d. Obviousness

With respect to obviousness, Prestige claims that all of the elements of the '132 Patent design "are depicted in prior art and would be obvious to any ordinary designer skilled in the art of jewelry design." (Prestige's Opp., at 13.) Prestige again relies on the Critides and Cohen declarations for support.

Cohen's declaration contends that the '132 Patent is nothing but a minor—and obvious—twist on an old design:

I have seen cluster arrangements such as the ones at issue in this case since I was a child in my father's stores when the arrangement was called the "Kentucky Cluster." I have also seen designs of cluster jewelry where there are nine smaller stones surrounded by a larger stone, similar to Defendants' design. Thus, I cannot see how using a 9+1 arrangement with mixed cuts in a modern day "Kentucky Cluster" has any new, novel or unique merit to it since this was all done before.

(Cohen Decl. ¶ 10.) Cohen also claims that there is nothing creative or unusual about mixing diamond cuts in a jewelry arrangement:

Based on my years of experience in selling this type of jewelry, the use of full-cut diamonds with single-cut diamonds in a single arrangement is not a new idea. Prestige has been manufacturing and selling diamond arrangements containing different types of stone cuts for as long as I have been working there. The same is true of other companies at which I have worked.

(Id. at ¶ 9.)

Critides makes a similar point when she states:

I have always experimented with . . . different combinations of cuts and sizes of stones, which included mixing and matching the cuts of the stones in a single piece of jewelry, such as pairing full-cut stones with single-cut stones with emerald-cut stones, etc. However, because the stones are so small, the type of cut I use for the stones is only a minor consideration.

(Critides Decl. ¶ 7.) The Critides declaration also seeks to rebut the evidence of nonobviousness cited by Defendants. As noted above, "objective evidence of

nonobviousness" includes "industry skepticism, long-felt industrial need, commercial success, and copying."

Transocean Offshore Deepwater Drilling, Inc. v. Maersk

Contractors, USA, Inc., 617 F.3d 1296, 1303 (Fed. Cir.

2010). Specifically, Critides states that the '132 Patent is not counter-intuitive in the face of industry skepticism and did not meet a long-felt industry need:

[T]he use of small single-cut periphery diamonds with a larger full cut diamond is not a counterintuitive step for any designer to make when creating one of those cluster arrangements. I have been combining different cuts of stones in my jewelry arrangements for at least as long as I have been working with Prestige. Full-cut arrangements exist. Single-cut arrangements exist. Mixed-cut arrangements exist. Cluster jewelry in a 9+1 arrangement exist. Based on my thirty years of experience in the jewelry design industry, there is nothing new, novel, or unique about Defendants' design of using a larger full-cut center stone surrounded by nine smaller single-cut stones.

(Critides Decl. ¶ 9.) Critides further states:

Moreover there is no reason why I, or any other designer, would feel bound to use the same cut of diamonds for both the center and periphery stones. . . . [I]f the purpose is not to perceive the individual stones, there is no reason why I would be bound to use one type of stone over another. . . . And . . . the idea of mixing and matching different stone cuts has been in the marketplace, and at Prestige, for many years. Defendants' arrangement of nine single-cut stones surrounded by one larger, full-cut stone is not a new idea. This arrangement is not meeting any long-felt need for mixed arrangements since they have been in the marketplace for many years already.

(Id. 10-11.)

The Cohen and Critides declarations do not provide sufficient evidence that an ordinary designer skilled in the art would consider the Defendants' design to be obvious. As noted above, uncorroborated testimony of interested parties, such as Cohen and Critides, is unlikely to constitute clear and convincing evidence of invalidity. The Cohen and Critides declarations are especially unavailing in light of Defendants' objective evidence of non-obviousness. Defendants have presented evidence suggesting that Prestige copied the '132 design. (See, e.g., Second Moskowitz Exs. 28, 29.) There is also evidence that Prestige's Unity design with a full-cut center diamond surrounded by single-cut peripheral diamonds was more commercially successful than the version of the Unity design with only full-cut diamonds. (See, e.g., Kothari Dep. Tr., at 105:13-21.) Of course, Prestige interprets this evidence differently from Defendants. But it bears repeating once again that Prestige, not Defendants, bears the burden of proving obviousness. Prestige has not presented sufficient evidence to overcome by clear and convincing evidence the '132 Patent's presumption of validity and has not sufficiently refuted the credible evidence of non-obviousness submitted by Defendants. Accordingly, Defendants motion for summary judgment on the question of obviousness is GRANTED.

III. CONCLUSION

For the reasons discussed above, Prestige's motion for summary judgment [dkt. no. 69] is DENIED. Defendants' motion for partial summary judgment [dkt. no. 91] is GRANTED. Defendants' counterclaims for patent infringement and Lanham Act violations shall proceed to trial. The parties shall inform the Court no later than October 1, 2014 as to how they propose to proceed.

SO ORDERED.

Dated: New York, New York
September 15, 2014



LORETTA A. PRESKA
Chief U.S. District Judge