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NEW TEST FOR DESIGN PATENT INFRINGEMENT IN THE USA ELIMINATES SEPARATE ‘POINT OF NOVELTY’ INQUIRY

By Charles R. Macedo, Partner, Amster, Rothstein & Ebenstein, LLP

Egyptian Goddess v Swisa, No. 2006-1562, US Court of Appeals for the Federal Circuit, 22 September 2008 (en banc)

Design patent infringement in the USA is determined by comparing the accused product with the patented design from the perspective of an ‘ordinary observer’ knowledgeable of the prior art, and not by a separate ‘point of novelty’ inquiry.

Legal context

More than 135 years ago, the US Supreme Court set forth the ‘ordinary observer’ test, which determined whether a design patent was infringed by comparing the patented design with the accused device ‘in the eye of the ordinary observer’. The US Supreme Court explained this test as follows:

[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, the first one patented is infringed by the other. *Gorham Co. v White*, 81 US 511, 528 (1872).

After the US Court of Appeals for the Federal Circuit was formed in the 1980s, it developed an additional ‘point of novelty’ test that required consideration of whether the particular novelty in the claimed design was present in the accused design. The Federal Circuit explained its additional test as follows:

For a design patent to be infringed ... no matter how similar two items look, ‘the accused device must appropriate the novelty in the patented device which distinguishes it from the prior art’. That is, even though the court compares two items through the eyes of the ordinary observer, it must nevertheless, to find infringement, attribute their similarity to the novelty which distinguishes the patented device from the prior art. *Litton Systems, Inc. v Whirlpool Corp.*, 728 F.2d 1423, 1444 (Fed. Cir. 1984).

The purpose of this ‘point of novelty’ test was to discount from the infringement analysis any similarities the accused appliance had with the prior art, ie components which were not novel to the patentee’s design.

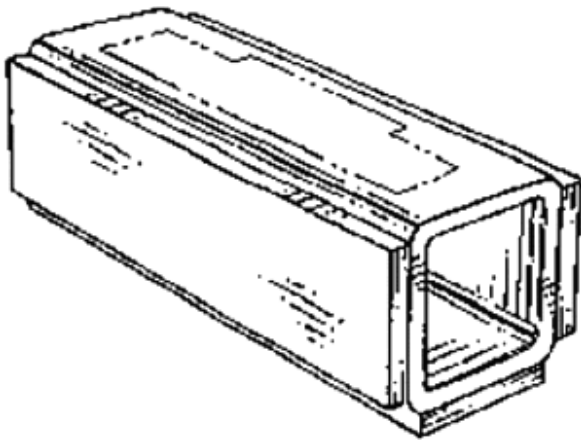
As the Federal Circuit’s jurisprudence evolved, an infringement analysis of a design patent ultimately required that both tests be separately applied and analysed in a two-part process (see, eg, *Unidynamics Corp. v Automatic Prods., Int’l, Inc.*, 157 F.3d 1311, 1323–1324) (Fed. Cir. 1998: ‘The merger of the point of novelty test and the ordinary observer test is legal error’).

As the Court in *Egyptian Goddess* recognized, while the point of novelty test ‘has proved reasonably easy to apply in simple cases in which the claimed design is based on a single prior art reference and departs from that reference in a single respect’, it ‘has proved more difficult to apply where the claimed design has numerous features that can be considered points of novelty, or where multiple prior art references are in issue and the claimed design consists of a combination of features, each of which could be found in one or more of the prior art designs’ (Slip op. at 8–9). It is in this context of trying to resolve the question of how to apply the point of novelty test that the *Egyptian Goddess* dispute arose.

Facts

This case arose as an appeal by the patentee, *Egyptian Goddess, Inc.*, from the final judgment of the US District Court for the Northern District of Texas, granting summary judgment of non-infringement of US Design Patent No. 467,389 (the ‘D’ 389 patent’) in favour of the alleged infringers, *Swisa, Inc.* and *Dror Swisa* (see *Egyptian Goddess, Inc. v Swisa, Inc.*, No. 3:03-CV-0594-N (N.D. Tex. 14 December 2005), ‘*Egyptian Goddess I*’).

The D’ 389 patent covers ‘an ornamental nail buffer’ design as illustrated in the design patent’s seven figures, including the following example:



The District Court construed the patented design as claiming

A hollow tubular frame of generally square cross section, where the square has sides of length S , the frame has a length of approximately $3S$, and the frame has a thickness of approximately $T = 0.1S$; the corners of the cross section are rounded, with the outer corner of the cross section rounded on a 90 degree radius of approximately $1.25T$, and the inner corner of the cross section rounded on a 90 degree radius of approximately $0.25T$; and with rectangular abrasive pads of thickness T affixed to three of the sides of the frame, covering the flat portion of the sides while leaving the curved radius uncovered, with the fourth side of the frame bare. (See *Egyptian Goddess, Inc. v Swisa, Inc.*, No. 2006-1562, Slip op. at 2 (Fed. Cir. 29 August 2007), ‘*Egyptian Goddess II*’, (quoting 3 March 2005 Claim Construction Order).

Neither party disputed this claim construction order.

The patentee asserted that the point of novelty was a combination of four of the claimed design’s elements: (1) an open and hollow body, (2) square cross-section, (3) raised rectangular pads, and (4) exposed corners.

It was undisputed that one of the prior art nail buffers, illustrated in US Design Patent No. 416,648 (‘the Nailco Patent’),

contained each of these elements, except that the body in cross-section was triangular rather than square. However, it was not disputed that prior art nail buffers having square cross-sections were known in the prior art.

The District Court found, and the original panel agreed, that ‘only if the point of novelty included a fourth side without a raised pad could it even arguably be a non-trivial advance over the prior art’. The accused nail buffers had raised abrasive pads on all four sides. Applying the ‘point of novelty’ test to these facts, the District Court granted the accused infringer summary judgment of non-infringement, and the majority of the Original Panel affirmed the grant of summary judgment.

Significantly, the majority of the Original Panel’s analysis turned on the legal finding that ‘[f]or a combination of individually known design elements to constitute a point of novelty, the combination must be a non-trivial advance over the prior art’ (*Egyptian Goddess II*, Slip op. at p. 5). As the dissent explained, ‘the majority opinion departs from our precedent in fashioning a new rule—that a combination of elements cannot constitute a point of novelty in design patent cases unless the combination constitutes a ‘non-trivial advance’ over the prior art’. (ibid, Dissent at 1).

This legal dispute centred on whether, in determining the point of novelty, the court should also consider principles of obviousness. It was this controversial legal finding that led to the full court taking the case en banc.

Analysis

Sitting en banc, on 22 September 2008, the Federal Circuit issued its decision in *Egyptian Goddess* (*Egyptian Goddess III*) to address the appropriate legal standard to be used in assessing claims of design patent infringement.

Point of Novelty test eliminated as a separate analysis

First, the full court was asked to consider several questions regarding the ‘point of novelty’ test, including

- whether the ‘point of novelty’ test should continue to be used as a test for infringement of a design patent;
- whether the court should adopt the ‘non-trivial advance test’ as a means of determining whether a particular design feature qualifies as a point of novelty;
- how the point of novelty test should be administered, particularly when numerous features of the design differ from certain prior art designs.

Secondly, the Court rejected the suggestion that the ‘point of novelty’ test should be applied as a separate test to determine design patent infringement. Instead, the Court held ‘that the “point of novelty” test should no longer be used in the analysis of a claim of design patent infringement’ (*Egyptian Goddess III*, Slip op. at 21). The ‘non-trivial advance’ was likewise rejected as a refinement of the point of novelty test: ‘Because we reject the “point of novelty” test, we also do not adopt the “non-trivial advance” test, which is a refinement of the “point of novelty” test.’

The Federal Circuit held that the *Gorham* “ordinary observer” test should be the *sole* test for determining whether a design patent has been infringed. Under that test, as this court has sometimes described it, infringement will not be found unless the accused article “embod[ies] the patented design or any colorable imitation thereof.” (Slip op. at 21–22: citations omitted).

Although the Court eliminated the point of novelty test as a separate and independent hurdle to overcome to establish design patent infringement, it did not eliminate the underlying conceptual concerns from a design patent infringement analysis. Rather, those concerns have now been incorporated into the ordinary observer test which, the Court found, 'is likely to produce results more in line with the purposes of design patent protection' (*Egyptian Goddess III*, Slip op. at 19–20).

Thus, in determining infringement in cases where the patent and the accused design are not 'plainly dissimilar', courts are now directed under *Egyptian Goddess III* to apply the ordinary observer test in light of the prior art:

When the claimed and accused designs are not plainly dissimilar, resolution of the question whether the ordinary observer would consider the two designs to be substantially the same will benefit from a comparison of the claimed and accused designs with the prior art, as in many of the cases discussed above and in the case at bar.

Where there are many examples of similar prior art designs, as in a case such as *Whitman Saddle*, differences between the claimed and accused designs that might not be noticeable in the abstract can become significant to the hypothetical ordinary observer who is conversant with the prior art (*Egyptian Goddess III*, Slip op. at 22).

The Court also noted that since this new test raises a question on infringement and not validity: 'as is always the case, the burden of proof as to infringement remains on the patentee. However, if the accused infringer elects to rely on the comparison prior art as part of its defense against the claim of infringement, the burden of production of that prior art is on the accused infringer' (ibid, Slip op. at 22).

Nonetheless, the Court confirmed, '[r]egardless of whether the accused infringer elects to present prior art that it considers pertinent to the comparison between the claimed and accused design, however, the patentee bears the ultimate burden of proof to demonstrate infringement by a preponderance of the evidence' (ibid, Slip op. at 22).

As in our recent decision in *In re Seagate Technology LLC*, we 'leave it to future cases to further develop the application of this standard. 497 F.3d 1360, 1371 (Fed. Cir. 2007) (en banc)'. Slip op. at 23.

Claim construction of design patents

The Court also raised for consideration the question of 'whether trial courts should issue claim construction findings in design patent cases'.

As a general matter, the US Supreme Court in *Markman v Westview Instruments Inc.*, 517 US 370 (1996), found that claim construction is a question of law for the Court to decide. Although *Markman* was decided in the context of utility patents, since at least 1995 the Federal Circuit has also recognized its applicability to design patents: see, eg, *Elmer v ICC Fabricating, Inc.*, 67 F.3d 1571 (Fed. Cir. 1995).

In *Egyptian Goddess III*, the full court reconsidered this practice and adopted a rule which sought to relax the burden on the trial courts. In particular, the Court held that a trial court need not provide a verbal claim construction, but left that decision to the discretion of the trial judge:

We therefore leave the question of verbal characterization of the claimed designs to the discretion of trial judges, with the proviso that as a general matter, those courts should not treat the process of claim construction as requiring a detailed verbal description of the claimed design, as would typically be true in the case of utility patents (*Egyptian Goddess III*, Slip op. at 26).

However, the Federal Circuit encouraged the trial court to provide the jury with instructions on various aspects of design patent law in general including:

- describing the role of particular conventions in design patent drafting, such as the role of broken lines;
- assessing and describing the effect of any representations that may have been made in the course of the prosecution history; and
- distinguishing between those features of the claimed design that are ornamental and those that are purely functional (*Egyptian Goddess III*, Slip op. at 25–26).

In other words, the Federal Circuit is reminding the trial court to include instructions that relate to basic principles of design patent law, rather than craft particular instructions to help the jury understand the particular design patent at issue in the trial before it.

Practical significance

Observers of patent case law may note that the US Supreme Court has recently criticized the Federal Circuit for deviating from its prior holdings and drawing sharp lines which do not otherwise exist in prior Supreme Court precedent. In the present decision, the full Court of the Federal Circuit appears to have taken those guiding principles to heart, and has resurrected the Supreme Court's own historical precedent. However, they have not ministerially turned back the clock to 1872 (or even 1984 when the Federal Circuit first adopted the point of novelty test), but instead have instructed the bar and the trial courts to consider the concept of the patented design's novelty (but not necessarily the 'points of novelty') as part of the ordinary observer test.

By Charles R. Macedo, Amster, Rothstein & Ebenstein LLP

Charles Macedo is author of *The Corporate Insider's Guide to Patent Practice*, forthcoming from Oxford University Press in 2009.

Charles R. Macedo is a partner at Amster, Rothstein & Ebenstein LLP. The firm's practice focuses exclusively on all facets of intellectual property law. The author can be contacted at cmacedo@arelaw.com.

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