

Design Patent Law Still Murky Post-Egyptian Goddess

By **Ryan Davis**

Law360, New York (March 24, 2010) -- A year and a half ago, the U.S. Court of Appeals for the Federal Circuit shook up the world of design patents with its Egyptian Goddess ruling, establishing the ordinary observer test as the standard for proving infringement, but recent decisions by the appeals court have provided as much confusion as clarity on design patent issues, according to experts.

"There's a lot of shakeout from the Egyptian Goddess ruling," said Christopher Carani, a shareholder at McAndrews Held & Malloy Ltd.

In its Feb. 24 decision in *Crocs Inc. v. U.S. International Trade Commission*, the Federal Circuit emphasized that courts should focus on the illustrations that accompany design patents when determining infringement, and cautioned against using written descriptions of the invention when construing claims.

As the first time the appeals court had applied its own Egyptian Goddess standard, the *Crocs* ruling provided a useful road map for practitioners navigating the new standard for design patent cases, experts said.

But two other design patent rulings by the Federal Circuit — its December decision in *International Seaway Trading Corp. v. Walgreens Corp.* and its *Richardson v. Stanley Works Inc.* ruling on March 9 — are less clear-cut and leave open questions for future rulings, according to attorneys.

The *Egyptian Goddess Inc. v. Swisa Inc.* decision in 2008, which involved a design patent for a nail buffer, scrapped the point of novelty test that required design patent holders alleging infringement to prove that the offending design included features distinguishing the patented design from prior art.

That test, along with the ordinary observer test — which requires patent holders to show that an ordinary observer would believe the accused design, considered as a whole, is substantially similar to the patented design — had been the standard for proving infringement since 1984.

But the appeals court ruled in *Egyptian Goddess* that only the venerable ordinary observer test, established in 1871, was required to prove infringement.

In *Crocs*, which dealt with the titular company's signature plastic clogs, the Federal Circuit further explicated its views on the application of the ordinary observer test.

The appeals court found that looking at design patent illustrations was the best way to depict a design, and that verbal constructions of design patents distract from the proper infringement analysis of considering the design as a whole.

The Federal Circuit held that minor differences between the accused and patented designs should not prevent a finding of infringement, and that courts should conduct a visual side-by-side analysis of the two items to look for similarities in the overall design that constitute infringement.

Reaction to *Crocs*

The *Crocs* ruling was a victory for patent holders because it made clear that even items that are not exact copies can infringe if they give the same overall impression, said Tracy-Gene Durkin, leader of the mechanical patent and trademark group at Sterne Kessler Goldstein & Fox.

"From a patentee's perspective, things don't need to be knockoffs in order to infringe," Durkin said. "Companies that make a living targeting popular products should be wary. It's not clear where the line is for infringement."

The decision was particularly useful as a guide, Carani said, because the appeals court did not remand the matter to the ITC, but decided for itself that the allegedly infringing shoe design had the same overall effect as the patented design, and reversed the lower court's judgment of noninfringement.

"It's one thing to reiterate a legal proposition, but it's another thing to give an example of what the court meant. That's what's significant here," he said, adding that the decision was well-received by industrial designers.

While there is always some degree of subjectivity in analyzing design patents, viewed as they must be through the eyes of the hypothetical ordinary observer, the case provides another ruling to look at when gauging what the courts consider an infringing design, Carani said.

Keith Sorge, of counsel at Arthur Chapman Kettering Smetak & Pikala PA, identified one passage in the decision as particularly helpful for attorneys.

The Federal Circuit stated that if the patented and accused shoes were presented to an ordinary consumer in matching colors and mixed up randomly, it would be difficult for the consumer to tell them apart "without very careful and prolonged effort."

"That's a nice tool for how to litigate a design patent case," Sorge said, adding that it clarifies the emphasis that should be placed on a consumer's point of view.

Chester Rothstein, a partner at Amster Rothstein & Ebenstein LLP, was less convinced of the significance of the Crocs ruling, however.

While it's helpful to have another example to add to the 100-plus years of case law related to design patents, Rothstein said, "I don't think Crocs dramatically changed the law or analysis. We still have the ordinary observer test."

Moreover, he said, the type of written claims construction done by the ITC in the Crocs case and criticized and overturned by the Federal Circuit has not been the norm since Egyptian Goddess, Rothstein said.

"My impression is that most courts did the correct visual analysis," he said, referring to pre-Crocs decisions.

Seaway and Stanley Works

While "the court got it right," in the Crocs case, Banner & Witcoff Ltd. attorney Christopher Renk said the Seaway and Stanley Works decisions, on the other hand, offered conflicting opinions that left some areas of design patent law murky.

"What it shows is that the court is having difficulty trying to apply and develop the Egyptian Goddess tests," Renk said, adding that the only thing attorneys now know for certain is that only the ordinary observer test should be used for proving infringement.

The Seaway case, like Crocs, dealt with plastic clogs and actually involved the same patent as the Crocs case, this time as an anticipatory reference.

In its ruling, the Federal Circuit held that, just as in infringement cases under Egyptian Goddess, only the ordinary observer test should be used to determine whether a patented design is substantially similar to the prior art.

In so doing, the appeals court, which had already eliminated the point of novelty test for infringement in Egyptian Goddess, eliminated it for anticipation, and articulated an arguably broader substantially similar standard for anticipation, Renk said.

As a result, more design patents could be more frequently challenged as anticipated under the ordinary observer test, a situation that has patent holders and practitioners "up in arms," he said.

This expansion of the reach of anticipatory prior art in Seaway is cause for concern among patent holders, Durkin said, and could have implications for future design patent applications.

Historically, unless the item in question is very close to the prior art, the courts have found that it is not anticipated, but after Seaway, the U.S. Patent and Trademark Office may decide it needs to cast a wider net when considering prior art, she said.

"It scares me what could happen if the patent office applies the Seaway standard," Durkin said. "It may become more difficult to get a design patent."

In the Stanley Works decision, which involved a design for a combination hammer-crowbar, the Federal Circuit took up another aspect of design patent law: the question of how much weight should be applied to the functional elements of a design patent.

The appeals court held that the functional elements should mostly be discounted when analyzing whether a design patent is infringed.

Ignoring the functional elements of the two tools at issue, the Federal Circuit found that the two designs were different and that the accused product embodied a different overall effect under the ordinary observer test.

Rothstein said the ruling provided a "significant new arrow in the quiver of defendants" by allowing functional elements to be discounted and making clear that functional features should not be a part of design patent cases.

But there is still some uncertainty surrounding the ruling, in that it doesn't address whether the jury should exclusively look at nonfunctional elements or just give the functional elements less weight, Durkin said.

The Crocs case is seen as a victory for plaintiffs, while the Seaway and Stanley Works case are positive for defendants, so it remains difficult to get a clear sense of the Federal Circuit's direction on design patents, Renk said.

"Predictability will be tough," he said.

But as more cases come down, design patent law will continue to evolve, Carani said.

"We're in the infant stages of the post-Egyptian Goddess world," he said.