



# PATENT, TRADEMARK & COPYRIGHT LAW DAILY



## Patents

### Court Says 'Ordinary Observer' Is Sole Test For Design Patent Validity Analysis

The "point of novelty" test is no longer applicable to design patent validity analysis, replaced by the "ordinary observer" test, the U.S. Court of Appeals for the Federal Circuit held Dec. 17 (*International Seaway Trading Corp. v. Walgreens Corp.*, Fed. Cir., No. 2009-1237, 12/17/09).

While vacating a summary judgment of patent invalidity in an infringement dispute on other grounds, the court agreed with the lower court that only the ordinary observer test should be used to determine whether the plaintiff's shoe design patent was anticipated by the popular Crocs shoe design.

The issue of the point of novelty test's applicability to design patent validity was left unresolved by the court in an earlier en banc ruling on design patent infringement in *Egyptian Goddess Inc. v. Swisa Inc.*. The court in that case overturned its jurisprudence requiring that, to be infringing, the accused device must appropriate the novelty in the patented device which distinguishes it from the prior art. It instead held that infringement depended on whether the two designs would be substantially similar in the eyes of an ordinary observer.

But the question of "whether *Egyptian Goddess* also requires a similar change in the test for invalidity" was reserved, according to Judge Timothy B. Dyk, writing in the instant case. He answered that affirmatively, saying that "the ordinary observer test must logically be the sole test for anticipation as well."

Senior Judge Raymond C. Clevenger III agreed with that judgment, but dissented as to the order directing the lower court's evaluation of the designs on remand.

Design patent experts contacted by BNA noted that anticipation analysis is made easier by the reduction to a single test, but also suggested that validity challenges will increase as a result and that the issues the dissent raised leave some questions unresolved.

**Clog Shoe Designs.** International Seaway Trading Corp. is the owner by assignment of three patents (D529,263; D545,032; and D545,033) on a type of footwear. The patent applicant had cited as prior art the designs of the Crocs-brand shoes, with pictures from that company's website of its Beach and Cayman models, but he claimed to be unaware of a patent on Crocs

shoes (D517,789) showing a filing date that preceded his invention.

Touchsport Footwear USA Inc. imports and supplies footwear to Walgreens Corp. Seaway contended that the footwear infringed its patents and sued Walgreens and Touchsport for Walgreens' profits and a permanent injunction. Walgreens filed a motion for summary judgment seeking to invalidate Seaway's patents because of the Crocs prior art.

In January, Senior Judge Kenneth L. Ryskamp of the U.S. District Court for the Southern District of Florida found that all three patents were invalid for anticipation by the Crocs patent under the ordinary observer test. 599 F. Supp. 2d 1307, 90 USPQ2d 1338 (S.D. Fla. 2009). In fact, he described the patented design as a "knock off" of the Crocs shoe.

Ryskamp cited throughout to the Federal Circuit's decision in *Egyptian Goddess Inc. v. Swisa Inc.*, 543 F.3d 665, 88 USPQ2d 1658 (Fed. Cir. 2008) (en banc), and that decision's reference to the definition of the ordinary observer test in *Gorham Manufacturing Co. v. White*, 81 U.S. 511 (1871).

He said that the *Egyptian Goddess* decision "clarified how a district court should compare a design to prior art." Ryskamp acknowledged that the appellate court in *Egyptian Goddess* was assessing infringement, not validity, but he said that it was "appropriate to expand the application of *Egyptian Goddess* when determining whether a design was anticipated by prior art."

Seaway appealed the decision, contending that the lower court should have applied the point of novelty test in assessing validity.

**Ordinary Observer Is Sole Test for Validity.** Dyk affirmed the ruling below, holding that the ordinary observer test was the sole test for anticipation and, though not at issue on appeal, for obviousness as well.

Dyk first said there were no significant differences between utility patents and design patents as to the standard for anticipation. He noted the different use of the word "useful" in Section 101 (35 U.S.C. § 101) compared to "original" in Section 171 on design patents, but said the latter has never been construed to treat design patents differently.

Both sections are "subject to the conditions and requirements of this title," he noted, and are therefore undifferentiated as to their application to issues of anticipation and obviousness in Sections 102 and 103, respectively.

In the utility patent context, the general rule is well established that “[t]hat which infringes, if later, would anticipate, if earlier,” Dyk said, quoting *Peters v. Active Manufacturing Co.*, 129 U.S. 530, 537 (1889). “The same rule applies for design patents,” he asserted.

Therefore, since *Egyptian Goddess* established “that the ordinary observer test should serve as the sole test for design patent infringement. . . , we now conclude that the ordinary observer test must logically be the sole test for anticipation as well.”

But Dyk also addressed how that test applies in the context of obviousness, as Seaway contended that the two validity tests would have different reference points—a “designer of ordinary skill” for obviousness determinations and “the perspective of the ordinary consumer” for anticipation.

Dyk rejected the argument saying,

For design patents, the role of one skilled in the art in the obviousness context lies only in determining whether to combine earlier references to arrive at a single piece of art for comparison with the potential design or to modify a single prior art reference. Once that piece of prior art has been constructed, obviousness, like anticipation, requires application of the ordinary observer test, not the view of one skilled in the art.”

**Insoles Should Be Considered Too.** But in the district court, Ryskamp had also determined not to compare the insoles of the shoe designs in his anticipation assessment, because they were not visible to the ordinary observer in normal use, relying on the Federal Circuit’s decision in *Contessa Food Products v. Conagra Inc.*, 282 F.3d 1370, 62 USPQ2d 1065 (Fed. Cir. 2002).

Dyk faulted the lower court for that omission because the court in *Contessa* “explained that ‘normal use’ in the design patent context extends from the completion of manufacture or assembly until the ultimate destruction, loss, or disappearance of the article. *Id.* at 1379-80.” In the instant case, “the point of sale for a clog clearly occurs during its normal use lifetime,” he said, as does any instance where the wearer removes the clog temporarily.

Dyk identified differences between the Crocs insole and that of the patent at issue. “Because we cannot say that these differences are insignificant as a matter of law, a genuine issue of material fact exists as to whether the designs would be viewed as substantially similar in the eyes of the ordinary observer armed with the knowledge of the prior art,” he said.

But in determining the proper criteria for the lower court to address the insole analysis, Dyk, acknowledging “slight variations” were found in several places in the designs, distinguished the design as a whole and its parts:

We agree with the district court that these minor variations in the shoe are insufficient to preclude a finding of anticipation because they do not change the overall visual impression of the shoe. Although the ordinary observer test requires consideration of the design as a whole, . . . this does not prevent the district court on summary judgment from determining that individual features of the design are insignificant from the point of view of the ordinary observer and should not be considered as part of the overall comparison. The mandated overall comparison is a comparison taking into account significant differences between the two designs, not minor or trivial differences that necessarily exist between any two designs that are not exact copies of one another. Just as minor differences between a patented design and an accused article’s design cannot, and shall not, prevent a finding of infringement, so too minor differences cannot prevent a finding of anticipation.

He accordingly vacated the summary judgment on validity and remanded the case “on the limited issue of whether the differences in the insole patterns between the prior (Crocs) art and the patented designs bar a finding of anticipation or obviousness.”

Judge William C. Bryson, who wrote the opinion for a unanimous court in *Egyptian Goddess*, joined the opinion.

**Dissent Contests Separate Insole Assessment.** Clevenger dissented as to the portion of the remand order requiring a new “carved out” assessment of the insoles only.

“I agree that the differences in the inner sole designs are to be assessed as part of the anticipation inquiry,” Clevenger said. “But the differences in the inner sole designs must be appreciated in conjunction with all of the design differences.”

He argued that isolating pieces of the design “invites the problems we sought to eliminate by rejecting the ‘point of novelty’ test.” He concluded,

“The effect of the summation of all the design differences is what counts, not the comparison of differences one by one, isolated from each other.” He said that the remand order should require the district court to evaluate the differences in the designs as a whole.

**Experts Question Utility Patent Parallel.** Earlier this year, the Federal Circuit had a chance to decide which test should apply to evaluate a claim of design patent invalidity based on obviousness. However, that case, *Titan Tire Corp. v. Case New Holland Inc.*, 566 F.3d 1372, 90 USPQ2d 1918 (Fed. Cir. 2009), involved a motion for preliminary injunction, and the court affirmed a denial of the motion without addressing which test to use.

BNA contacted several design patent experts, and their responses to the court’s opinion in the instant case generally revealed a considerable amount of concern about how the ruling will play out in district courts.

First, as to the main decision on the basis for determining a sole test for anticipation, Perry J. Saidman of the DesignLaw Group, Silver Spring, Md., was most critical, saying, “The Federal Circuit’s entire discussion of anticipation in *International Seaway* is misguided.”

He was particularly disappointed in the court’s reference to *Peters v. Active*. The Federal Circuit has redefined the “maxim” from that case as being “that a product ‘which would literally infringe if later in time anticipates if earlier.’” Saidman said, noting that the court made that point first in *Lewmar Marine Inc. v. Bariant Inc.*, 827 F.2d 744, 3 USPQ2d 1766 (Fed. Cir. 1987).

“In other words, the maxim is limited to literal infringement situations,” he said. “Since *Gorham v. White*, and by extension *Egyptian Goddess*, are not tests for literal infringement, they cannot be used to test for design patent anticipation.”

Saidman pointed out that the language used in both cases, requiring that the designs be “substantially the same,” represents a test for infringement by equivalents. “The Federal Circuit in *Lee*

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*v. Dayton-Hudson Corp.*[, 838 F.2d 1186, 5 USPQ2d 1625 (Fed. Cir. 1988)] affirmed that *Gorham* subsumes the doctrine of equivalents for designs,” he said.

Christopher V. Carani of McAndrew Held and Malloy, Chicago, similarly criticized the court for bringing equivalence analysis into an anticipation assessment, and he cited other Federal Circuit cases that supported the point. He noted that the court in the instant case cited *Door-Master Corp. v. Yorktowne Inc.*, 256 F.3d 1308, 1313, 59 USPQ2d 1472 (Fed. Cir. 2001), but added that that case also held that “design patent anticipation requires a showing that a single prior art reference is ‘identical in all material respects’ to the claimed invention.”

That was earlier stated by the court in *Hupp v. Siroflex of America*, 122 F.3d 1456, 1461, 43 USPQ2d 1887 (Fed. Cir. 1997), which, Carani added, acknowledged that the prior art was “similar” but not anticipatory because it failed to meet the “identical in all material respects” test.

**Impact on Design Patent Litigation.** As to including the insole as part of the ordinary observer test, Carani told BNA that the majority was correct in its “normal use” analysis. “But that was an easy question,” he said.

“The critical part of the case is exactly the part Clevenger hits on in dissent,” Carani said, worrying that this may result in “*déjà vu* all over again,” as Yogi Berra is famous for saying. “What the court has invited the district courts to do is to look at all the features of the design and decide that some are insignificant and table those and others are significant and consider those.”

Tracy-Gene G. Durkin of Sterne, Kessler, Goldstein & Fox, Washington, D.C., agreed with Carani, and also expressed concern about the consequences of the court’s analysis. “Judge Clevenger has picked up on a very subtle point in the majority decision that could become a nightmare for design patent owners and the next battle ground on issues of validity,” she told BNA. “Rather than arguing about points of novelty, litigants may be arguing over whether certain features of a design are ‘insignificant’ and can be ignored in the overall comparison with the prior art.”

Marshall J. Brown of Foley & Lardner, Chicago, was slightly more optimistic. He first expressed to BNA muted support for the result, saying, “Using the point of novelty text in an invalidity context essentially required

an entirely separate comparison of prior art to its own prior art, potentially turning an analysis of relatively simple designs into a much more complex exercise. By eliminating the point of novelty test, it should be easier for litigants, judges and jurors to focus their respective invalidity arguments and analyses in the future.”

However, he thought the Federal Circuit may still need to revisit just how the ordinary observer test is to be applied in validity contexts. “In *Egyptian Goddess*, the Federal Circuit emphasized that prior art would continue to serve as an important frame of reference in infringement determinations under the ordinary observer test,” Brown said. “In this case, the court didn’t really address this point in an invalidity context, namely the importance of the ‘prior art of the prior art’ as a frame of reference the ordinary observer invalidity analysis.”

Several of the experts were also critical of the majority’s comment about bifurcating obviousness into roles for “one skilled in the art” and the ordinary observer.

The court “seems to be saying that the ‘designer of ordinary skill’ determines whether references are combinable, but that once they are combined, it is the ordinary observer who decides if they two designs are substantially the same,” Durkin said. “It will be interesting to see how this plays out with experts in design patent litigation. Will they only be able to testify on the first issue, but not the second?”

Though Durkin said she was “generally pleased with the results in that it harmonizes the tests for infringement and anticipation,” she also added, “I fear that it may make it easier to invalidate patents, especially because of the language criticized by Judge Clevenger.”

Saidman went further, predicting a significant increase in both challenges to design patent validity and success in those challenges. “The Federal Circuit has made it a lot easier to invalidate a design patent under Sections 102 and 103,” he said.

George L. Pinchak of Tarolli, Sundheim, Covell & Tummino, Cleveland, represented Seaway. Walgreens was represented by Mark P. Walters of Darby & Darby, Seattle.

By TONY DUTRA

Full text at <http://pub.bna.com/ptcj/091237Dec17.pdf>