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Phone: +1 212 537 6331 | Fax: +1 212 537 6371 | customerservice@portfoliomedia.com

Fed. Circ. Scraps Novelty Test In Design Patent Case

By Erin Coe

Law360, New York (September 22, 2008) -- Although a patent holder of a nail buffer design on Monday persuaded a federal appeals court to eliminate one of the tests required to show infringement of a design patent, it lost its case alleging a competitor violated its patent.

In a unanimous en banc ruling, the U.S. Court of Appeals for the Federal Circuit affirmed a lower court's decision that Swisa Inc. did not infringe Egyptian Goddess Inc.'s four-sided nail buffer, but came to that determination after rejecting the use of the "point of novelty" test in design patent cases.

The case marks the first time that the en banc Federal Circuit has heard a design patent case.

Despite Egyptian Goddess coming up empty in its suit, the ruling was seen as a victory for design patent holders, according to Tracy-Gene G. Durkin, one of the attorneys who filed an amicus brief on behalf of the Intellectual Property Owners Association in support of neither party.

"Clearly the decision breathes new life into design patents, and design patent holders should be happy with this decision," said Durkin, director of Sterne Kessler Goldstein & Fox PLLC.

The Federal Circuit on Monday reduced the number of steps that design patent holders need to take to prove infringement, holding that the "ordinary observer" test should be the sole test for proving whether a design patent has been infringed and that the "point of novelty" test no longer needed to be used.

Since an 1871 Supreme Court ruling, design patent owners have been required to show under the "ordinary observer" test that an ordinary observer would believe the accused design, when considered as a whole, is substantially similar to the patented design.

In 1984, the Federal Circuit added the “point of novelty” test that required design patent owners also prove that the accused design includes a feature or group of features that distinguish the patented design from the prior art.

Judge William C. Bryson said the purpose of the “point of novelty” test was to focus on aspects of a design that render the design different from prior art designs, but he said that purpose could be equally well served through the “ordinary observer” test.

“Unlike the point of novelty test, the ordinary observer test does not present the risk of assigning exaggerated importance to small differences between the claimed and accused designs relating to an insignificant feature simply because that feature can be characterized as a point of novelty,” Judge Bryson said.

In another boost for design patent holders, the appeals court ruled that the burden of producing prior art designs would be placed on the accused infringer.

“The accused infringer is the party with the motivation to point out close prior art, and in particular to call to the court’s attention the prior art that an ordinary observer is most likely to regard as highlighting the differences between the claimed and accused design,” Judge Bryson wrote.

Christopher J. Renk, an attorney who has closely followed the case, said the court emphasized that its approach will often involve comparisons between the claimed design and the prior art.

“In such cases, the court placed the burden of producing the prior art on the accused infringer; however, it made clear that the ultimate burden of proving infringement always remains on the patent owner,” said Renk, a partner of Banner & Witcoff Ltd.

The case also raised a question as to whether claim construction should be conducted in design patent cases. The Federal Circuit said the level of detail to be used in describing the claimed design is a matter within a court’s discretion.

“The court’s decision to issue a relatively detailed claim construction will not be reversible error. At the same time, it should be clear that the court is not obligated to issue a detailed verbal description of the design if it does not regard verbal elaboration as necessary or helpful,” Judge Bryson wrote.

Christopher V. Carani, author of neutral amicus briefs for the American Intellectual Property Law Association, said the Federal Circuit cautioned trial courts from issuing verbalizations of design patent drawings.

"As a general rule, the en banc court stated that the trial courts should not attempt to verbalize a design patent claim; rather the drawings speak for themselves," said Carani, a partner at McAndrews Held & Malloy Ltd.

Even though Egyptian Goddess made some headway for design patent holders, it was unable to pin infringement claims on Swisa.

The Federal Circuit affirmed the district court's entry of summary judgment in favor of Swisa, but only by using the "ordinary observer" test, not the "point of novelty" test as used by the district court.

"We hold that the accused design could not reasonably be viewed as so similar to the claimed design that a purchaser familiar with the prior art would be deceived by the similarity between the claimed and accused designs, 'inducing him to purchase one supposing it to be the other,'" Judge Bryson wrote.

Carani said the Federal Circuit opinion weeds out a significant amount of the uncertainty that has haunted design patent jurisprudence and puts teeth back into design patents.

"The Federal Circuit rightfully scrapped the point of novelty test. While the purpose of the 'point of novelty' test addressed the valid concern of preventing infringement findings where the accused design simply reads on the prior art, the creation of a separate and distinct test is unnecessary because the 'ordinary observer' test already takes prior art into account," Carani said.

In the case, Egyptian Goddess accused Swisa of infringing its combination of elements for its four-sided buffer patent, but in August 2007 the Federal Circuit upheld a lower court's grant of summary judgment in favor of Swisa after finding that Swisa's nail buffers did not include the point of novelty of the invention.

The Federal Circuit held that the point of novelty had to contain features of the claimed design that distinguish it from the prior art and that a combination of design elements must be a nontrivial advance over the prior art.

An appeal of the decision led the Federal Circuit in November to vacate the panel's decision and grant a rehearing en banc.

Attorneys for Egyptian Goddess and Swisa were not available for comment.

The patent-at-issue is U.S. Design Patent Number 467,389.

Egyptian Goddess Inc. is represented in this matter by Oake Law Firm.

Swisa Inc. is represented in the matter by K&L Gates LLP.

The case is Egyptian Goddess Inc. v. Swisa Inc., case number 06-1562, in the U.S. Court of Appeals for the Federal Circuit.

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