



# PATENT, TRADEMARK & COPYRIGHT



VOL. 76, NO. 1871 167-170

JOURNAL

JUNE 6, 2008

## Design Patents/Infringement

### En Banc Court Weighs Eliminating Litton's Point of Novelty Infringement Inquiry

Oral arguments before the U.S. Court of Appeals for the Federal Circuit on June 2 raised serious questions about the continued use of the point of novelty inquiry from the 1984 *Litton Systems Inc. v. Whirlpool Corp.* for showing infringement of design patents (*In re Bilski*, Fed. Cir., No. 2006-1562, argued 6/2/08).

The exchanges between the litigants and the judges also seemed to reveal no support for the court's earlier panel decision that a patentee must show a non-trivial advance over the prior art. Instead, the discussion focused largely on whether the point of novelty test should be abandoned altogether or made part of an affirmative defense.

Counsel for the litigants and several of the many parties who filed amicus briefs in the case provided a prompt analysis of the proceedings.

**Fingernail Buffer Design.** Egyptian Goddess Inc. holds a design patent (D467,389) on an ornamental fingernail buffer. The "point of novelty" claimed by Egyptian Goddess is a combination of four design elements, including a four-sided square design with pads on only three of the sides. One prior art patent (D416,648, the Nailco patent), differed only in that its body was triangular, with all three sides padded. Unpatented but readily-admitted prior art also included "at least five nail buffer designs with a square cross-section."

Swisa Inc.'s fingernail buffer differs from the '389 patent only in that its fourth side is padded.

Egyptian Goddess sued Swisa, alleging that the Swisa buffer infringed the patent. Judge David C. Godbey of the U.S. District Court for the Northern District of Texas instead granted Swisa's counterclaim for a summary judgment of noninfringement after determining that the Swisa buffer had not appropriated the design's point of novelty—the patented buffer's fourth, padless side.

Egyptian Goddess appealed.

**Panel Adds 'Non-Trivial Advance' Requirement.** A Federal Circuit panel affirmed the district court's decision last August, but in doing so introduced a new "non-trivial advance" requirement to its point of novelty test.

*Egyptian Goddess Inc. v. Swisa Inc.*, 498 F.3d 1354 (Fed. Cir. 2007) (74 PTCJ 568, 9/14/07).

Judge Kimberly Ann Moore said that infringement under the point of novelty test requires that "the accused device must appropriate the novelty in the patented device which distinguishes it from the prior art." She then added a second step for patents like the design here that are combinations of elements: For 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."

In first comparing the '389 patent against the prior art references, Moore said "Egyptian Goddess's asserted point of novelty constituted a non-trivial advance over the prior art." Then, comparing Swisa's design to the '389 patent, Moore said that "[w]hen considering the prior art in the nail buffer field, this difference between the accused design and the patented design cannot be considered minor."

In presenting this two-part analysis, Moore acknowledged that "[d]esign patent law has already intertwined the infringement and validity tests." She cited a 1984 Federal Circuit decision "explaining that the differences between the claimed and accused designs must be considered in light of the differences between the prior art and the claimed design." *Litton Systems Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 221 USPQ 97 (Fed. Cir. 1984) (27 PTCJ 395, 2/23/84)

Senior Judge Glenn L. Archer Jr. joined in the opinion, but Judge Timothy B. Dyk filed a strong dissent.

**Dissent in Panel Decision.** Dyk objected to the shift in the patentee's burden created by the majority's holding: "The burden of proof on obviousness rests with the accused infringer and must be established by clear and convincing evidence. Under the majority's test, however, the patentee would have to prove nonobviousness in order to establish infringement."

Dyk also objected to the addition of the non-trivial advance test to the analysis for two reasons—it only applies to combination designs and "it extends an obviousness-like test to each point of novelty, not merely the overall design (which is presently the focus of the obviousness analysis)."

Finally, he took issue with the majority's failure to conform to the court's precedents, and in particular, its addition of the non-trivial advance test:

Points of novelty in design patents are often not dramatically different from the prior art. It is difficult

enough to assess whether an overall design would have been obvious; it is almost impossible to determine whether a particular design feature represents a trivial or substantial advance over the prior art. The majority appears willing to have this issue resolved on summary judgment without factfinding by a jury, thus relegating to the court the determination whether there is a non-trivial advance over the prior art, a determination which a court is ill suited to make . . . .

**The Decision to Hear En Banc.** The Federal Circuit in November granted Egyptian Goddess's petition for rehearing en banc (75 PTCJ 111, 11/30/07). The court directed the parties and amici to address three questions:

1.) Should "point of novelty" be a test for infringement of a design patent?

2.) If so, (a) should the court adopt the non-trivial advance test adopted by the panel majority in this case; (b) should the point of novelty test be part of the patentee's burden on infringement or should it be an available defense; (c) should a design patentee, in defining a point of novelty, be permitted to divide closely related or ornamentally integrated features of the patented design to match features contained in an accused design; (d) should it be permissible to find more than one "point of novelty" in a patented design; and (e) should the overall appearance of a design be permitted to be a point of novelty? See *Lawman Armor Corp. v. Winner International LLC*, 449 F.3d 1190, [79 USPQ2d 1382] (Fed. Cir. 2006)[(72 PTCJ 107, 6/2/06)].

3.) Should claim construction apply to design patents, and, if so, what role should that construction play in the infringement analysis? See *Elmer v. ICC Fabricating Inc.*, 67 F.3d 1571, 36 USPQ2d 1417 (Fed. Cir. 1995)(50 PTCJ 702, 10/19/95).

**Patent Holder: Point of Novelty Test Flawed.** The June 2 argument showed that many of the judges have grave concerns about continuing use of the point of novelty test of *Litton* as an infringement element, or about making the point of novelty part of an affirmative defense.

*Litton* said that in order to show design patent infringement under the point of novelty test, "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.'" The *Litton* court found that, even if a court compares two items through under the ordinary observer test of *Gorham Co. v. White*, 81 U.S. (14 Wall.) 511 (1871), "it must nevertheless, to find infringement, attribute their similarity to the novelty which distinguishes the patented device from the prior art."

From the outset, many of the Federal Circuit judges expressed concern about how to even identify a point of novelty. In questioning patent holder Egyptian Goddess's counsel, Robert G. Oake Jr. of Oake Law Office, Allen, Texas, Judge Randall R. Rader asked about how one can identify what point of novelty exists in a patent based on a combination of many elements, such as a piece of furniture with a variety of decorative features.

Oake, who opposes the point of novelty test, acknowledged a real difficulty in defining a point of novelty in a given case.

The patentee has an obligation to select his point of novelty, Rader said. Is this fair?

There is an obligation only because this court has said so, Oake stated, referencing *Litton*. The patentee

selects one point of novelty, and the defendant selects another. The district court here selected the fourth padless side as the point of novelty, but it came to that conclusion through "linguistic manipulation," Oake insisted.

However, Judge Alan D. Lourie pointed out that the Federal Circuit was bound by the Supreme Court's ruling in *Smith v. Whitman Saddle Co.*, 148 U.S. 674 (1893), which Moore relied upon in the panel decision. There, the Supreme Court said that "[i]f, however, the selection and adaptation of an existing form is more than the exercise of the imitative faculty and the result of is in effect a new creation, the design may be patentable."

Oake responded that *Whitman Saddle* never mentioned identifying a single point of novelty.

Even if it did not mention point of novelty exactly, wasn't *Whitman Saddle* talking about the same concept, Lourie asked.

While Lourie tried to get Oake to agree that a point of novelty inquiry strives to give guidance to the ordinary observer inquiry, Oake said that recent Supreme Court precedent advises against rigid and formulaic inquiries in the patent context. Here, Oake was apparently referencing the ruling in *KSR International Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 82 USPQ2d 1385 (2007)(74 PTCJ 5, 5/4/07), which found that the Federal Circuit rigidly applied its obviousness inquiry in utility patent cases.

In response to a question from Judge Richard Linn, Oake said that point of novelty is a question of fact. Linn then asked how the fact-finder resolves the matter, and what happens if and when there is more than one point of novelty.

There certainly can be more than one point of novelty, and the point of novelty becomes more problematic as the numbers of novel points and prior art references increase, Oake said.

When Rader joined in, Oake insisted there were two points of novelty in the '389 design patent—a square cross-section and a fourth bare side.

Judge Pauline Newman later agreed that too narrowly focusing the inquiry on finding a "point" of novelty is likely to hinder the ability to see novelty in an overall design.

**Where's the Proof on *Litton* 'Unworkability'?** However, Chief Judge Paul R. Michel questioned Oake's assertions that *Litton*'s point of novelty test is problematic, unworkable, hard for juries to apply, and leads to adverse results for patentees.

Do you have statistics, data, or studies showing that *Litton* has resulted in a disaster such that it should be overruled, Michel asked.

Oake could not cite any specific evidence, but stuck with his claim.

To come here with the charge of overruling *Litton*, you should have brought some data to show proof of the disaster that *Litton* has allegedly brought about, Michel said.

Rader asked Oake about a study cited in an amicus brief filed by Apple Inc., which purportedly shows that a disproportionate number of design patent cases—8 to 1—result in summary judgments of noninfringement following claim constructions.

When Rader asked if this was good or bad news, Oake said such an outcome in this case, at least, was bad news. The district court here arbitrarily selected a

point of novelty, and the issue should have gone before a jury, he said.

Dyk asked Oake what test he would substitute for point of novelty. He asked whether Oake would agree to the ordinary observer test of *Gorham* plus a consideration of whether the accused design is more similar to the prior art or the patented design.

Oake said he would favor such a comparison, citing the Sixth Circuit's application of the *Gorham* ordinary observer test in *Applied Arts Corp. v. Grand Rapids Metalcraft Corp.*, 67 F.2d 428, 19 USPQ 266, 268 (6th Cir. 1933). Under that "three-way" test, if the accused design appears to be visually closer to the prior art than it is to the patented design, the trier of fact will more likely conclude that the designs are not substantially the same, and there is no infringement. However, if the patented and accused designs are visually closer than either is to the closest prior art, the trier of fact is more likely to conclude that the designs are substantially the same.

**Accused Infringer: Three-Way Test Unworkable.** Accused infringer Swisa Inc.'s counsel, Frederick L. Medlin of Kirkpatrick & Lockhart Preston Gates Ellis, Dallas, defending the point of novelty test, told Dyk that the three-way test is unworkable. When Michel asked why, Medlin said that only the most recent prior art would be considered under such a test, and that other prior art more closely related to the accused design would probably be overlooked.

However, Dyk noted that *Whitman Saddle* instructed consideration of a hypothetical piece of prior art that combines multiple prior art elements.

That court picked out the element not in the combination, so that must be the point of novelty, Medlin insisted.

Returning to the instant case, Moore asked Medlin to define his "starting point" for the point of novelty test, i.e., which prior art reference shows that the accused design did not appropriate the patented design. Medlin cited the triangular shaped Nailco buffer.

Moore fired back, saying that her five year old could tell that a four-sided (unpatented, "Tammy Taylor") buffer in the prior art was more like the design in the '389 patent than the three-sided Nailco buffer.

When Dyk asked Medlin why the square buffer was not his choice for a starting point, Medlin responded that the patented buffer had more commonalities with the Nailco buffer, despite the different shapes. Medlin said that design patents have very little scope, and that starting with the square shape would allow the patentee here to improperly broaden the scope of the patent.

When Linn later asked whether the point of novelty test lends itself to "gamesmanship" by the opposing parties, Medlin insisted that this was not an issue in this case.

**Whose Burden Is It?** In its brief, Egyptian Goddess insisted that a patentee should not have to prove patentability to obtain the patent and then have to show non-obviousness in the infringement inquiry.

The en banc court seemed very concerned about preserving the presumption of patent validity under 35 U.S.C. § 282 in this context.

Rader suggested to Medlin that the point of novelty inquiry should be a defense to validity, not an infringement test. Medlin said that the patentee would still have to prove appropriation of its design. When Lourie asked

if point of novelty was relevant to both inquiries, Medlin said yes but stressed that the inquiries are different.

But isn't the burden being shifted to the patentee to show validity when the point of novelty test is involved, Judge Arthur Gajarsa asked.

The statutory presumption of validity should govern for design patents, just as it does for utility patents, but it should not be extended to allow the patentee to get the presumption that its invention was appropriated, said Medlin.

Gajarsa returned to the issue of whether point of novelty was an affirmative defense to infringement. As a practical matter, the defendant comes forward with the point of novelty, but the plaintiff has the burden of showing that what was appropriated was what the patent protected, he said.

During the rebuttal argument, Michel asked Oake whether this case should be remanded even if the point of novelty test and the non-triviality tests are overruled.

Oake insisted that issues of material fact still remain in this case and that remand is warranted.

**AIPLA Amicus Brief Author Responds.** Christopher V. Carani of McAndrews, Held & Malloy, Chicago, who authored the amicus brief submitted by the American Intellectual Property Law Association, which supports Egyptian Goddess's argument that the point of novelty test fails to capture the inventiveness in its buffer design.

Before the hearing, Carani told BNA that the en banc hearing represented a chance for the Federal Circuit to "clean house" of many outstanding issues in design patent law. He noted that the questions posed by the court for en banc appeal "leapfrogged the hurdle of combination designs" that was the focus of the panel decision in November.

After the hearing, Carani said he was generally pleased by the depth of the court's questions and the way counsel presented both sides of the issues.

"Right out of the box, Judge Rader asked how does one identify the point of novelty where the patent claims a complex design and there are many pieces of prior art. His question seemingly was directed at the difficulties in identifying a point of novelty. The point of novelty was initially set up to serve as a double check on infringement. But over the years the test has effectively, and improperly, morphed into a back-door attack on validity and patentability."

Carani had predicted there would be a considerable amount of discussion on *Whitman Saddle Co.*, which many proponents claim as the genesis of the point of novelty test (and the last time the Supreme Court addressed the issue). That turned out to be an accurate prediction, as Lourie in particular characterized that holding as the same concept as and essentially an application of the point of novelty test.

Carani found it interesting, however, that Dyk proposed that the three-way test could easily be traced to *Whitman Saddle*, instead of distinguishing that case as the genesis of the point of novelty test.

However, Carani admitted to wanting to respond in court to Michel's plea for evidence of problems with the point of novelty test. Michel argued that to abandon the point of novelty test means overruling *Litton*, and that the court overrules precedent only if there has been an intervening Supreme Court contrary decision or statute

change, or “where the practical application [of one of our decisions] is a disaster.”

The best evidence that the point of novelty test is unworkable, Carani said, is “the body of Federal Circuit and district court case law over the last 20 years that illustrates mass confusion on how to apply the point of novelty test.” The confusion is evident, he said, in a series of questions the court would still have to answer if they retain the point of novelty test, such as “Can a point of novelty be found in a combination of *old* elements?” and “If the point of novelty is articulated in a combination, must every element of the combination be appropriated?”

To Judge Michel’s comment that the determination of relevant points of novelty is simply a fact issue (i.e., each side presents its point of novelty and the fact-finder makes the call), Carani said that “the problem with this approach is that the fact-finder has zero guidance on the test for determining who is right.”

Carani was disappointed that the court made almost no mention of the claim construction issue, though, and was surprised that the validity question received so much attention. “The point of novelty issue is all about infringement; it has nothing to do with validity,” he said. “Any concerns about the validity of a design patent should be vetted through Section 102 and 103 challenges,” he said, referring to provisions in the Patent Act addressing patent invalidity. Those provisions, he said “are replete with second-guessing safeguards such as the presumption of validity and the heightened burden of proof of clear and convincing evidence.”

**Bar Group Holds Post-Argument Briefing.** The claim construction issue was touched on during a panel discussion convened immediately after the oral arguments in Washington, D.C., by the Federal Circuit Bar Association.

The discussion, moderated by John Josef Molenda of Jenner & Block, N.Y., included Oake and Medlin, as well as two amicus attorneys—Perry J. Saidman of the Saidman DesignLaw Group, Silver Spring, Md., repre-

sented Apple Inc., and Heather A. Boice of Bell, Boyd, and Lloyd, Chicago, representing members of the aftermarket parts industry.

Asked by Molenda whether design patent claim construction should involve the court’s written description of the design, Oake said no, that designs should not be verbalized. The jury should be shown the drawings and compare them to the accused device, Oake said. The problem with written claim constructions, he said, is that the judge’s written description supplants the design itself.

Medlin countered that there must be some kind of claim construction in design patent cases, even if it may not be easy to verbalize the design. It is the duty of the court to determine the scope of the patent and to point out what elements are functional (and thus unprotectable), rather than purely ornamental, Medlin said.

Saidman, who said he would like to “bury” the point of novelty test, agreed with Oake that verbalizing the claim construction of design patents is improper. Such descriptions “can go on page after page,” Saidman complained, adding that they improperly reduce the scope of the design patent and effectively do away with the possibility of establishing infringement under the doctrine of equivalence.

Boice, explaining her clients’ interest in the case, said that the aftermarket parts industry was dealt a blow by a U.S. International Trade Commission ruling that banned importation of third-party component parts that were found to infringe design patents owned by Ford Motor Co. *In re Certain Automotive Parts*, No. 333-TA-557 (ITC May 4, 2007) (75 PTCJ 527, 3/21/08). By affording protection to both functional and nonfunctional portions of the Ford design patents, Boice suggested, the ITC’s ruling, which is on appeal to the Federal Circuit, threatens to impede consumer access to affordable replacement parts for their automobiles.

BY ERIC YEAGER AND TONY DUTRA

*Audio files of the oral arguments are on the Federal Circuit’s Web site at <http://www.cafc.uscourts.gov/index.html>*