

Federal Circuit Examines Design Patent Test

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Monday, Jun 02, 2008 --- In a high-stakes case that could open the door for more design patents, a federal appeals court panel on Monday considered whether to do away with one of the tests determining infringement of patents that aim to protect the way products look.

Taking its first design patent case ever, an en banc panel of the U.S. Court of Appeals for the Federal Circuit heard oral arguments in Egyptian Goddess Inc.'s infringement suit, which claims Swisa Inc. violated its design of a four-sided nail buffer.

At issue is the "point of novelty" test, which requires the design patent owner to prove that the accused design includes "points of novelty" or a feature or combination of features that set the patented design apart from prior art.

However, it has been widely criticized as an "unworkable" test that is too subjective and is being used to attack the validity of patents at the wrong stage.

The additional test, created by the Supreme Court in 1871, requires the patent owner to further prove infringement by presenting how an "ordinary observer" would believe the accused design overall is substantially similar to the patented design.

On Monday, the panel considered whether to modify or abandon the point-of-novelty test, according to attorneys who attended the hearing.

Judge Richard Linn raised concerns that the test is vulnerable to gamesmanship because parties could focus on points of novelty that are self-serving, according to attorneys at the hearing.

The en banc court considered whether to remove the burden on the patent owner of proving the patent's novelty and place it on the defendant as an affirmative defense, but some judges questioned whether that would solve the underlying problems of the point-of-novelty test.

"If the point-of-novelty test were an affirmative defense, instead of the plaintiff making the first move, the defendant would make the first move. While it has shelf appeal, the maladies of identifying the point of novelty still remain," said Christopher V. Carani, one of the attorneys who wrote the amicus briefs for the American Intellectual Property Law Association (AIPLA) at both the petition and rehearing stages.

Carani, a partner at McAndrews Held & Malloy Ltd., said the Federal Circuit also weighed two versions of a three-way test proposed by several amicus briefs. One version involved a sliding-scale analysis to determine whether the accused design was closer to the patented design or the prior art.

If it was closer to the patented design, that would point to a finding of infringement, whereas if it was closer to the prior art, that would point to a finding of noninfringement.

The other version called for sticking with the ordinary-observer test but also looking at the prior art.

While Egyptian Goddess argued that the point-of-novelty test should not be retained and endorsed either version of the three-way test, Swisa looked skeptically on the three-way test as being too subjective, attorneys said.

"I think the Supreme Court's ordinary-observer test fully accommodates the concerns the point-of-novelty test was intended to address. The key is that the ordinary-observer test should not be done in a vacuum; it should be done in view of the prior art," Carani said.

David R. Gerk, who contributed on the amicus briefs on behalf of Nike Inc. and Electrolux Home Products Inc., said the companies hoped that the Federal Circuit would strengthen the protection of design patents by including the consideration of prior art with the existing ordinary-observer test.

"We're strong believers that design patents should be enforced and the test should be clear so that when large companies, small companies and individual inventors try to protect their innovations, they can go into it knowing where the line is going to be and what the rules are," said Gerk, a partner at Banner & Witcoff Ltd.

He added that the point-of-novelty test was allowing parties to challenge the validity of a design patent through a lower standard of infringement instead of through a higher standard of validity.

Judge Randall R. Rader noted that when a case involves multiple design patents, numerous prior art references or complex designs, the point-of-novelty test is impossible and breaks down, according to attorneys at the hearing.

Those that are in favor of the point-of-novelty test are trying to prevent patentees from broadening their patent coverage.

"If the court does eliminate the point-of-novelty test ... it makes design patents a more appealing option," Carani said.

In the case, Egyptian Goddess accused Swisa of infringing its combination of elements for its four-sided buffer patent, but in August 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.

The amicus briefs submitted on behalf of Nike and AIPLA did not support either party.

The patent at issue is U.S. Design Patent No. 467,389.

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

Swisa Inc. is represented in the matter by Kirkpatrick & Lockhart Preston Gates Ellis 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.