

## OUTSIDE COUNSEL

BY DAVID A. KALOW AND MILTON SPRINGUT

### *Distinct Points-of-Novelty Test for Design Patents Ends*

**F**our years ago we wrote about the rising importance of design patents to the artistic and luxury goods communities and the increasing prevalence of design patents as the subject of litigation.<sup>1</sup>

At that time, in order to prevail on a claim of design patent infringement, a plaintiff was required to satisfy two tests: (1) the ordinary observer test, and (2) the points-of-novelty test. For over two decades patent holders and accused infringers have complained that the points-of-novelty test was unworkable. Responding to the complaints, the U.S. Court of Appeals for the Federal Circuit (CAFC) recently abolished that test and ushered in a new era of design patent law.

#### Design Patent Rights

Design patents constitute a relatively small part of most patent lawyers' practices; however, they are among the most valuable forms of intellectual property protection that many clients can obtain. Particularly in the fashion, jewelry and furniture industries, design patents offer a cost-effective means to protect against look-alikes, whether the result of independent creation or copying.

The scope of rights afforded by a patent on a design is similar to the patent rights that are afforded to utility inventions such as pharmaceuticals, lasers, software and automobile catalysts, although both the duration of protection and the requirements to obtain these two types of patents are somewhat different.

For example, while utility patents last for 20 years from the date of filing of an application,<sup>2</sup> design patents last only for 14 years



David A. Kalow

Milton Springut

from issuance.<sup>3</sup> Furthermore, while utility patents are issued for new, useful and non-obvious inventions,<sup>4</sup> i.e., how it works, design patents are issued for new, original and ornamental designs of articles of manufacture,<sup>5</sup> i.e., how it looks. Finally, and perhaps of particular significance to a client attempting to procure a design patent, the work, and thus cost, required to prepare and prosecute a design patent are significantly less than for a utility patent.

As most patent lawyers appreciate, design patents are sought and issued much less frequently than the more traditional utility patents. For example, over 7 million utility patents have issued to date while only approximately 500,000 design patents have issued. However, for both the client who owns or is planning to apply for a design patent, as well as the attorney who either routinely or for the first time finds himself or herself litigating, licensing, protecting or counseling a client on issues pertaining to design patents, it is important to appreciate the recent change in the rubric under which to analyze issues of design patent infringement.

#### Design Patent Cases: 1984-2008

Shortly after the CAFC was formed in 1982, it decided *Litton Systems Inc. v. Whirlpool Corp.*<sup>6</sup> In that decision, the CAFC held that in order to prove design patent infringement, there must be an application of both:

(1) the ordinary observer test which draws its genesis from *Gorham v. White*,<sup>7</sup> and provides: "if, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other"<sup>8</sup>; and

(2) what is now known as the points-of-novelty test, which stood for the proposition that the accused design must appropriate the novelty in the patented design.<sup>9</sup>

The points-of-novelty test was relatively easy to apply when the patent was directed to a single new feature as compared to the prior art. However, the test became particularly problematic when there were e.g., (i) multiple points of novelty, raising the issue of whether all of the points of novelty needed to be appropriated for there to be infringement or if not, how many and which ones needed to be appropriated; or (ii) no new individual features, but it was the combination of the old features that was the alleged point of novelty.

The problematic nature of these issues was highlighted in the *Lawman v. Winner* opinions. In *Lawman I*,<sup>10</sup> the CAFC stated that no combination of features could be a point of novelty because: "[i]f the combination of old elements shown in the prior art is itself sufficient to constitute a 'point of novelty' of a new design, it would be the rare design that would not have a point of novelty."<sup>11</sup> A petition for rehearing was filed and denied, but in a highly unusual move, the CAFC issued a Supplemental Opinion on Petition for Rehearing (*Lawman II*) in which the CAFC responded to several amicus curiae opinions that asserted that *Lawman I* was overboard and inconsistent with precedent. Seeking to backtrack from its earlier holding, the CAFC made the issue even more confusing when it stated that when there were eight points of novelty, there would not be an additional ninth point that reflects that combination of the other eight points; however, otherwise,

**David A. Kalow** and **Milton Springut** are partners at Kalow & Springut. **Scott D. Locke**, a partner at the firm, assisted in the preparation of this article.

the combination of elements could be a point of novelty so long as it was not the overall design that was the point of novelty.<sup>12</sup>

In *Lawman III*, which constituted the opinion of the dissenting judges from the petition for rehearing (and issued on the same day as *Lawman II*), those judges noted that the standards for the points-of-novelty tests were unclear, and the CAFC had an obligation to resolve the uncertainty of existing case law.<sup>13</sup> Between *Lawman III*, other opinions and the outcry from the patent bar, the time had come for revisiting the rubric under which to analyze issues of design patent infringement.

### 'Egyptian Goddess'<sup>14</sup>

In view of the uncertainty of how to determine whether a design patent is infringed, the CAFC, in an en banc decision, *Egyptian Goddess Inc. v. Swisa*, took up the issue of the appropriate legal standard to be used in assessing design patent infringement.

The patent was directed to a nail buffer. Applying the then-existing standards of the CAFC, the district court noted that the plaintiff must prove that when the patent is applied to the accused device both the ordinary observer test and the points-of-novelty test are satisfied. As is common in many design patent cases, the parties disagreed as to the points of novelty. Ultimately, however, the trial court found that there was only one point of novelty and that the accused device did not incorporate it. Initially, the CAFC affirmed, but only after noting that when the combination of individually known design elements constitutes a point of novelty, the novelty must constitute a nontrivial advance over the prior art.<sup>15</sup> Subsequently, the CAFC granted rehearing en banc.

In addressing the issue of what is the appropriate standard to apply, the CAFC traced the genesis of the ordinary observer test to the Supreme Court's decision in *Gorham v. White* and the genesis of the points-of-novelty test to *Litton Systems*. The CAFC acknowledged that the extent to which the points-of-novelty test had been a separate test was not always clear in the case law and that the test was difficult to apply when the claimed design had numerous novel features or the combination of features was the point of novelty.<sup>16</sup>

After reviewing the development of the points-of-novelty tests, half of the test for design patent infringement, the CAFC determined that a more appropriate standard would be a test: "in which the ordinary observer is deemed to view the differences between the patented design and the accused product in the context of the prior art."<sup>17</sup> It explained:

"[w]hen the differences between the claimed and accused design are viewed in light of the prior art, the attention of the hypothetical ordinary observer will be drawn to those aspects of the claimed design that differ from the prior art. And when the claimed design is close to the prior art designs, small differences between the accused design and the claimed design are likely to be important to the eye of the hypothetical ordinary observer."

The court emphasized that the differences between the claimed design and the prior art remain relevant, but instead of being considered as part of a separate test, they would be folded into the ordinary observer test. Thus, while in simple cases in which a claimed design and accused design are sufficiently distinct, it will be clear that there is no infringement without referring to the prior art, "when the claimed and the accused designs are not plainly dissimilar, resolution of the questions whether the ordinary observer would consider the two designs to be substantially the same will benefit from a comparison of the claimed and accused designs with the prior art."<sup>18</sup>

While this new analysis seems to incorporate a validity analysis, the CAFC issued a preemptive defense to that criticism and held that the approach that it adopted "will frequently involve comparisons between the claimed design and the prior art, [but] it is not a test for determining validity."<sup>19</sup>

After developing this new standard, the CAFC turned to two other issues directed to burdens and the management of design patent cases by the trial courts. First, under this new standard, if the accused infringer elects to rely on the comparison prior art as part of its defense to infringement, i.e., it is closer to the prior art, it has the burden of production of that art.<sup>20</sup> Second, the CAFC recommended that a district court not attempt to construe a design patent claim by providing a detailed verbal description of the claimed design.<sup>21</sup> After clarifying its new standard, the CAFC upheld the district court's determination of noninfringement.

### Conclusion

The removal of the points-of-novelty test is likely to be well-received by the patent bar. However, it is far from certain that the new test will not raise its own issues. Although the CAFC stated that it was not merging the issues of infringement and validity, one must wonder whether it is deceiving itself.

Prior art has always been required to analyze invalidity challenges. It is also a canon of claim construction that in ambiguous cases

claims are to be construed to avoid the prior art. Yet the existence of differing scopes of construction must first exist. It should not be the rule that the scope of a claim can vary depending on the prior art challenges raised by an accused infringer.

Here the CAFC has set out a standard that will enable a patentee to change the scope of his claim depending on the prior art raised by an accused infringer. If, for example, in a first case, the accused infringer relies solely on the art of record, then for purposes of infringement, its device will be judged against the claimed design in view of that art and may for example be held to infringe in view thereof. If a second infringer makes an identical product, but does a better prior art search and finds prior art that is closer to his design, the identical product may be deemed not to infringe. Thus, contrary to the CAFC's assertion, under *Egyptian Goddess*, the results of a prior art search may affect not only validity issues, but also infringement.

This variability in the potential scope of a patent will do little to improve certainty in litigation and it may make it easier for patent holders to prove infringement. If this is the case, then the value of existing and new design patents has been increased by the CAFC. Accordingly, clients should be advised about the potential to obtain valuable rights through their own design patents and warned of the dangers of selling a product that an ordinary observer might conclude infringes the design patent of another.

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1. Design Patents Take Center Stage in the Federal Circuit, NYLJ, Vol. 232-121 (Dec. 23, 2004).

2. 35 U.S.C. §154.

3. 35 U.S.C. §173.

4. 35 U.S.C. §§101, 102, 103.

5. 35 U.S.C. §171.

6. 728 F.2d 1423 (Fed. Cir. 1984).

7. 81 U.S. 511 (1871).

8. *Id.* at 528.

9. *Litton Systems*, 729 F.2d at 1444.

10. 437 F.3d 1383 (Fed. Cir. 2006).

11. *Id.* at 1386.

12. 449 F.3d 1190 (2006).

13. 449 F.3d 1192 (2006).

14. 2006-1562 Slip. Opinion (Fed. Cir. Sept. 22, 2008).

15. 498 F.3d 1354 (Fed. Cir. 2007).

16. *Egyptian Goddess*, Slip at 7-8.

17. *Id.* at 17.

18. *Id.* at 22.

19. *Id.*

20. *Id.*

21. *Id.* at 24.