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Designing Around the Supreme Court?

The Federal Circuit nods to the Court's design patent test and keeps going.

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A new appellate ruling on design patent law, *Egyptian Goddess Inc. v. Swisa Inc.*, may signal the beginning of a new phase of the relationship between the U.S. Court of Appeals for the Federal Circuit and the Supreme Court.

For about 20 years after the Federal Circuit was created, the Supreme Court was content to leave development of critical patent law doctrines to what it called the Federal Circuit's "sound judgment" in its "area of its special expertise." Since 2001, however, the Supreme Court has repeatedly considered, and for the most part rejected, the Federal Circuit's resolution of basic patent law principles.

INTELLECTUAL PROPERTY | A Practice Focus

After the yin and yang of the last 25 years, *Egyptian Goddess,* decided by the *en banc* Federal Circuit on Sept. 22, may signal a more judicially sophisticated court, one that adheres to Supreme Court precedent while seeking to advance the goals of patent law.

Although in *Egyptian Goddess* the Federal Circuit sought to advance its views of design patent law rather subtly, we suggest that the Federal Circuit take a more explicit approach to advocating for its judgments of sound patent law.

BEYOND THE HIGH COURT

The commissioner of patents created patent protection for designs in 1841 to "fill a gap between copyright protection for authors and patent protection for inventors in the mechanical arts." The U.S. Patent and Trademark Office issues design patents for "new, original, and ornamental" designs on "an article of manufacture."

In 1871, in *Gorham Co. v. White,* the Supreme Court first articulated a test to determine whether the design of an article infringed a design patent: "[I]f, 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, the first one patented is infringed by the other." This became known as the "ordinary observer" test.

In 1984, shortly after the court's establishment, the Federal Circuit in *Litton Systems Inc. v. Whirlpool Corp.* articulated an additional test for design patent infringement, adding a consideration of prior art to the "ordinary observer" standard.

The court in *Litton* held: "For a design patent to be infringed … 'the accused device must appropriate the novelty in the patented device which distinguishes it from the prior art.' That is, even though the court compares two items through the eyes of the ordinary observer, it must *nevertheless*, to find infringement, attribute their similarity to the novelty which distinguishes the patent device from the prior art" (emphasis added).

Until the *Egyptian Goddess* decision, Federal Circuit law regarding design patents was impossible to reconcile with Supreme Court precedent. The key word from *Litton*—emphasized by us—is "nevertheless." The *Litton* court, and future Federal Circuit decisions, made clear that a design patent would not be infringed, even if it met the Supreme Court's "ordinary observer" test for infringement, unless it also met an additional "point of novelty" test devised by the Federal Circuit.

NAILS AND NOVELTY

In *Egyptian Goddess,* the Federal Circuit wrote an opinion that expressly reorients design patent law to fit within the formal contours of *Gorham.*

At issue in *Egyptian Goddess* was U.S. Design Patent No. 467,389, a design for a nail buffer with three abrasive sides. The patentee claimed that another nail buffer, manufactured by Swisa Inc. and including four abrasive sides, infringed on the '389 patent.

The district court applied the Federal Circuit's "point of novelty/ordinary observer" test for infringement and found that the Swisa nail buffer does not infringe the '389

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patent. A divided panel of the Federal Circuit affirmed, stating that no issue of material fact existed as to whether the Swisa nail buffer "appropriates the point of novelty of the claimed design." In so doing, the panel majority noted that there are "two distinct requirements for establishing design patent infringement"; the "first" is set out in *Gorham* and the "second" is set out in *Litton*.

In granting rehearing *en banc*, the Federal Circuit asked the parties to brief several issues, including whether the point-of-novelty test should continue to be used as a test for infringement. The patentee, Egyptian Goddess, urged the Federal Circuit to abandon the point-of-novelty infringement test and adopt what appears to be a compromise, that of an "ordinary observer, familiar with the prior art." Swisa encouraged the continued application of the point-of-novelty test.

Not Just a Reiteration

Judge William Bryson, writing for a unanimous *en banc* court, begins and ends with quotations from *Gorham*. "The starting point for any discussion of the law of design patents is the Supreme Court's decision in *Gorham v. White*," he writes, while the final sentence expressly invokes "the language used by the Supreme Court in *Gorham*."

In between, the analysis holds that the original "ordinary observer" test as articulated by the Supreme Court in *Gorham* should be the "sole test for determining whether a design patent has been infringed." The court expressly rejected the point-of-novelty test, finding it "inconsistent" with the test laid out in *Gorham*.

Egyptian Goddess, however, is not simply a reiteration of *Gorham*. Instead, the Federal Circuit sought to capture the essence of *Litton* but in a framework that is formally consistent with *Gorham*.

"In some instances," the court wrote, "the claimed design and the accused design will be sufficiently distinct that it will be clear without more that the patentee has not met its burden of proving the two designs would appear 'substantially the same' to the ordinary observer, as required by *Gorham*." But the court continued, "[i]n other instances, when the claimed and accused designs are not plainly dissimilar, resolution of the question … will benefit from a comparison of the claimed and accused designs with the prior art."

Turning to the facts before it, the court thought it necessary to consider the prior art before concluding whether the Swisa buffer was substantially the same as the patented buffer.

A New Approach?

It is impossible to read *Egyptian Goddess* without realizing that the opinion is written in the shadow of Supreme Court scrutiny.

The outcome of the case was easy. At the end of the day, the only difference between the patented product and the accused product was one obvious under any test: The patented product had only three abrasive pads for buffing nails, while the accused product has four buffer pads. A 25 percent increase in buffing capacity is a major design difference when the sole purpose of the product is nail buffing.

A simple application of *Gorham* was all that was necessary to resolve the dispute.

Thus, the decision to grant *en banc* review in *Egyptian Goddess*, even when it may not affect the case's outcome, could reflect concern about potential Supreme Court review of design patent law.

In many respects, the Federal Circuit's opinion accords with the approach that the Supreme Court has urged. The essence of the Supreme Court's recent criticism in several recent cases is that the Federal Circuit has in the past allowed "[h]elpful insights" to "become rigid and mandatory formulas," in the words of *KSR International v. Teleflex* (2007).

By formally abandoning the point-of-novelty test while allowing for consideration of the prior art, the Federal Circuit has preserved what it believes to be the helpful insight from *Litton* while abandoning a test that may well have been vulnerable to Supreme Court reversal. Indeed, the unanimity of the Federal Circuit's decision might well have had more to do with agreement that the current doctrine was incompatible with *Gorham* than unanimity about the details of design patent law.

One could question whether the *Litton* insight is necessary or helpful, particularly in this case, but one cannot question that this approach makes it far less likely that the Supreme Court will intervene in design patent cases.

Surprisingly, the Federal Circuit's *en banc* decision on design patent law does not pause to explain the purpose of affording patent protection to designs. Design—be it in architecture (think Frank Gehry), cars (think the VW Beetle), or electronics (think Apple)—has never before been so prominent. The Federal Circuit is uniquely placed to develop intellectual property doctrines that best promote the public's interest in a sensible protection of designs.

The decision may mark a new era in which the Federal Circuit hews more closely to Supreme Court precedent. But if the Federal Circuit believes that the *Litton* analysis advances the policies behind protecting design patents, it ought to say so explicitly. The next step of the Federal Circuit's judicial evolution might well be for the court to more expressly connect its judgments about patent doctrine with the policies reflected in congressional laws and Supreme Court precedent.

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