

Authors:

Alan L. Barry

alan.barry@klgates.com

+1.312.807.4438

Heather A. Boice

heather.boice@klgates.com

+1.312.807.4335

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Federal Circuit Changes Design Patent Invalidity Standards

Since the Federal Circuit issued its landmark decision in *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665 (Fed. Cir. 2008) (en banc), the legal test for determining invalidity under 35 U.S.C. §§ 102 or 103 for a design patent has been unclear. Before *Egyptian Goddess*, the law was well established that the *Gorham Co. v. White*, 81 U.S. 1 Wall. 511, 528 (1871), ordinary observer test and the point of novelty test for design patent infringement also applied to design patent anticipation under 35 U.S.C. § 102. See *Door-Master Corp. v. Yorktowne, Inc.*, 256 F.3d 1308, 1312 (Fed. Cir. 2001) (citing *Peters v. Active Mfg. Co.*, 129 U.S. 530, 537 (1889)). Patent invalidity for anticipation is often the flipside of the infringement coin because of the well-known axiom “that which infringes, if later, would anticipate if earlier.” *Id.* For invalidity of a design patent under 35 U.S.C. § 103 for obviousness the central inquiry was “whether the design would have been obvious to ‘a designer of ordinary skill who designs articles of the type involved.’” *In re Borden*, 90 F.3d 1570, 1574 (Fed. Cir.1996) (citations omitted).

The Federal Circuit’s *Egyptian Goddess* decision created uncertainty in these well-established invalidity tests. In *Egyptian Goddess*, the Federal Circuit eliminated the point of novelty test for design patent infringement requiring only that an ordinary observer, conversant with the prior art, decide whether an accused design infringed a patented design. See 543 F.3d at 676-78. The Court, however, specifically “emphasize[d] that although the approach we adopt will frequently involve comparisons between the claimed design and the prior art, it is not a test for determining validity, but is designed solely as a test of infringement.” *Id.* at 678. Thus, in *Egyptian Goddess*, the Federal Circuit left open the question of whether the point of novelty test remained a part of the anticipation analysis. The *Egyptian Goddess* en banc opinion also did not discuss invalidity for obviousness. See *id.*

In *International Seaway Trading Corp. v. Walgreens Corp.*, Appeal No. 2009-1237 (Fed. Cir. Dec. 17, 2009), the Federal Circuit addressed design patent anticipation analysis when deciding whether the United States District Court for the Southern District of Florida “erred by basing its invalidity determination solely on the ordinary observer test and by failing to apply the point of novelty test.” 2009-1237 at 2. While reiterating that the ordinary observer test had been “refined” in *Egyptian Goddess* and that the point of novelty test had been abandoned, the Federal Circuit acknowledged that Supreme Court and Federal Circuit precedent require “that the same tests must be applied to infringement and anticipation” and that under *Egyptian Goddess* “the ordinary observer test is the sole test for infringement.” *Seaway*, 2009-1237 at 9-10.

The Federal Circuit therefore held that “the ordinary observer test must logically be the sole test for anticipation as well.” *Id.* at 10.

Even though design patent invalidity under 35 U.S.C. § 103 was not an issue on appeal, the Federal Circuit considered whether juries may be confused when applying the test for anticipation from the ordinary observer’s perspective and the test for obviousness from the perspective of a designer of ordinary skill. *Id.* at 10-11. The Federal Circuit reasoned that jury confusion is unlikely because while anticipation is considered from the perspective of the “ordinary consumer” design patent obviousness is also determined from the perspective of an ordinary observer. *Id.* at 11. Without citation to any precedent, the Federal Circuit stated a new two-part test for determining obviousness of a design patent. *Id.* First, one of ordinary skill in the art determines “whether to combine earlier references to arrive at a single piece of prior art for

comparison with the potential design or to modify a single prior art reference.” *Id.* Second, “[o]nce that piece of prior art has been constructed, obviousness, like anticipation, requires application of the ordinary observer test, not the view of one skilled in the art.” *Id.* The Federal Circuit has now brought the ordinary observer into the design patent obviousness determination.

This new two-part test is in direct conflict with 35 U.S.C. § 103 which mandates that invalidity for obviousness is determined by whether the differences between the subject matter sought to be patented and the prior art would have been obvious to a person having ordinary skill in the art. Future cases will determine how the law under *Seaway* is interpreted.

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