

Egyptian Goddess v. Swisa: A Tale of Two Tests

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I. INTRODUCTION

On September 22, 2008 the United States Court of Appeals for the Federal Circuit decided *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665 (Fed. Cir. 2008), *cert. denied* 129 S.Ct. 1917 (2009). The decision was a rehearing, *en banc*, of a decision regarding design patent infringement to address the appropriate legal standard to be used in assessing claims of infringement. Ultimately, the court held that the “point of novelty” test could no longer be used in the analysis of a claim of design patent infringement, but rather, that the test for infringement remains the “ordinary observer test” set out by the Supreme Court in 1871, *Gorham Co. v. White*, 81 U.S. 511 (1871).

For a case which ultimately upheld a legal test that had been in place since 1871, the

Egyptian Goddess decision has elicited a great deal of interest. It was the first time the Federal Circuit agreed to hear a design patent case *en banc*. Many *amici curiae* briefs had been filed, including from major corporations and bar associations. In fact it has been characterized as the most important design patent case since 1871. Christopher V. Caran, *Egyptian Goddess v. Swisa: En Banc Federal Circuit Court Searches for the Rosetta Stone for Design Patent Jurisprudence*, *Intellectual Property Today*, Oct. 2008, at 31.

Herein, *Egyptian Goddess* is reviewed. Also, lessons to be learned from the decision with respect to future design patent practice are considered.

II. FACTUAL AND PROCEDURAL BACKGROUND

Egyptian Goddess, Inc. (EGI) brought an action in the United States District Court for the Northern District of Texas, alleging that Swisa, Inc. and Dror Swisa (collectively “Swisa”) had infringed one of its design patents, US D467,389. The design patent is directed to a nail buffer, and it issued with one embodiment. The design patent included in the description the statement, “the dashed outlines in the views of Figs. 1 and 6 showing the location of indicia are for illustrative purposes only and form no part of the claimed design.” Figures 1 and 4 from the ‘389 patent are shown below:

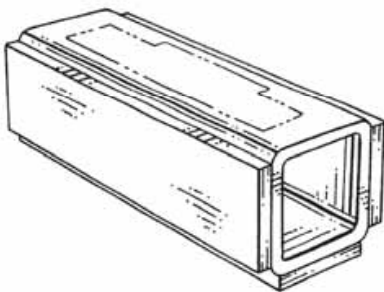


FIG. 1

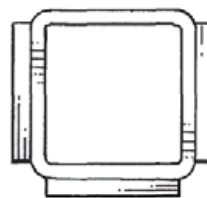
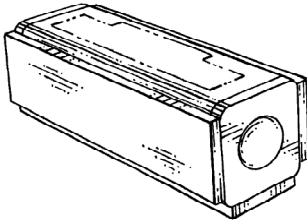


FIG. 4

US D467,389S issued December 17, 2002 from an application filed February 12, 2002 as a division of Application No. 29/149,507 filed October 11, 2001 and issued as U.S. Design Patent 459,548. US D459,548 issued with one embodiment:



The original design patent application had been filed with 14 figures, comprising two embodiments. The Patent Office identified the two embodiments as two inventions and required restriction. The applicant provisionally elected one of the embodiments by telephone in the parent application. The first examination by the Patent Office indicated allowability of the first embodiment, which became the subject matter of D459,548. In the divisional application, the Patent Office also issued a first action allowance.

The accused product was a nail buffer provided by Swisa, Inc. That nail buffer is similar to a “rectangular” design, but had a buffer on each of the four sides. The Swisa buffer is depicted below:



*Patented design
had buffers on
3 of 4 sides;
accused design
on all 4 sides.*

According to the Federal Circuit, the district court (N.D. Tex.) ruled that Swisa had not shown that the design of the patent was dictated solely by utilitarian purpose; therefore, the design was not invalid for being governed solely by function. In construing the claim, the district court sought to describe in words the design set forth in the patent, as follows:

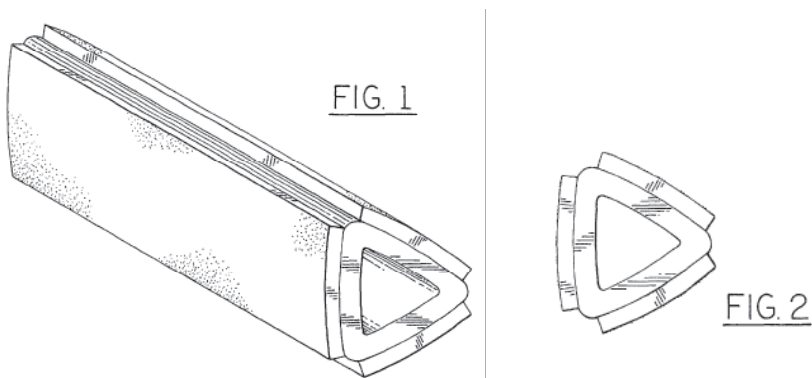
A hollow tubular frame of generally square cross section, where the square has sides of length S , the frame has a length of approximately 3 width and the frame has a thickness of approximately T equals $0.1 S$; the corners of the cross section around it, with the outer corner of the cross section rounded on a 90° radius of approximately $1.25 T$,

and the inner corner of the cross section rounded on a 90° radius of approximately 0.25 T; and with rectangular abrasive pads of thickness T affixed to three of the sides of the frame, covering the flat portion of the side while leaving the curved radius uncovered, on the fourth side of the frame bearing.

Swisa moved for summary judgment of noninfringement, and the district court granted the motion. The district court concluded that in a design patent case, the patent holder must show both: (1) that the accused device is “substantially similar” to the claimed design under what is referred to as the “ordinary observer” test; and (2) that the accused device contains substantially the same points of novelty that distinguished the patented design from the prior art.

Comparing the claimed design with the accused product, the district court held that Swisa’s product did not incorporate “the point of novelty” of the design patent, which the district court identified as a fourth, bare side to the buffer.

The district court noted in its decision that the parties disagreed as to the points of novelty in the ‘389 design patent. EGI had identified four elements of its design and had contended that the point of novelty was the combination of these four elements. The district court declined to address the question of whether the point of novelty could be found in that combination of elements because the court found that a single prior art reference contained all but one of elements of the patented design. The prior art was a Nailco design patent, U.S. 416,648, with FIGS. 1 and 2 pictured below:



This prior art design patent was characterized by the district court as disclosing: “a nail buffer with an open and hollow body, raised rectangular pads, and

open corners.” The district court found an element of the ‘389 design patent, which was not present in the Nailco design patent, was the fourth side without a pad, thereby transforming the equilateral triangular cross-section of the Nailco design into a square cross-section. The district court concluded that because the Swisa product did not incorporate that point of novelty (the fourth side without a pad), Swisa did not infringe EGI’s ‘389 patent.

EGI appealed, and a panel of the Federal Circuit Court affirmed, 498 F.3d 1354 (Fed. Cir. 2007). The panel agreed with the district court that there was no issue of material fact as to whether the accused Swisa buffer “appropriates the point of novelty of the claimed design.” *Id.* The panel stated that the point of novelty in a patented design “can be either a single novel design element or a combination of elements that are individually known in the prior art.” *Id.* at 1357. Furthermore, the panel reasoned that in order 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.” *Id.*

Accused product avoided infringement because it did not incorporate the “point of novelty.”

Ultimately, the panel determined that no reasonable juror could conclude that EGI’s asserted point of novelty constituted a non-trivial advance over the prior art, and also observed that the design elements of the claimed design “were each individually disclosed in the prior art.” *Id.* at 1358. The panel did observe that because the Swisa buffers have raised abrasive pads on all four sides, and not just on three of the four sides as in the claimed design, there was no infringement because when considering the prior art and the nail buffer field, this difference cannot be considered minor. *Id.*

The Federal Circuit granted a rehearing *en banc* and asked the parties to address several questions including: (1) whether the point of novelty test should continue to be used as a test for infringement of a design patent; (2) whether the court should adopt the “non-trivial advance test” as a means for determining whether a particular design feature qualifies as a point of novelty; (3) how the point of novelty test should be administered, particularly when numerous features of the design differ from prior art designs; and (4) whether district courts should perform formal claim construction in design patent cases. 256 Fed. Appx. 357 (Fed. Cir. 2007).

III. THE FEDERAL CIRCUIT *EN BANC* DECISION

The Federal Circuit began by stating that the starting point for any discussion of the law of design patents is *Gorham Co. v. White*, 81 U.S. 511 (1871). In that decision, which concerned handles for tableware, the Supreme Court noted that the test of identity of design must be “sameness of appearance” and that slight variances “will not destroy substantial identity.” *Id.* at 527. *Gorham* noted that designs need not be the same “to the eye of an expert” because if that were the test, there never could be infringement because “human ingenuity has never yet produced a design, in all its details, exactly like another.” *Id.*

In *Gorham v. White*, the Supreme Court set forth the often-cited test that 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, the first one patented is infringed by the other.” *Id.* at 528. This test is often referred to as the “ordinary observer” test. In articulating this test, the Supreme Court referenced the “purchaser.” The “purchaser” has been interpreted to mean the ordinary observer in the relevant market, who may be someone other than the actual purchaser. For example, with children’s goods, the purchaser may be the parents while the relevant market is the children.

How do you apply the “ordinary observer” test when the patented design has many “prior art” features?

An issue, however, arises in design patent infringement assessments, when the patented design includes many “prior art” features. For example, when the patent design includes a single distinguishing characteristic from a prior art, unpatented design, the problem with the ordinary observer test is the risk that in applying the test to find infringement, a court could overlook the fact that the reason the accused product looks like a design patent is that it incorporates the design features of the prior art, and not the design features that distinguish that the patented design from the prior art.

As a result of this issue, in such cases as *Litton Systems, Inc. v. Whirlpool Corp.*, 728 F.2d 1423 (Fed. Cir. 1984), the Federal Circuit has held that proof of similarity under the ordinary observer test is not enough to establish design patent infringement. Rather, according to the court in *Litton Systems*:

For a design patent to be infringed . . . 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.” That is, even though the court compares two items through the eyes of the ordinary observ-

er, it must nevertheless, to find infringement, attribute their similarity to the novelty which distinguishes the patented device from the prior art.

Thus, in cases decided after *Litton Systems*, the Federal Circuit interpreted the law to require that the test for design patent infringement requires consideration from the perspective of: (a) an ordinary observer; and (b) the particular novelty of the claimed design.

As noted by the Federal Circuit in *Egyptian Goddess*, in various decisions the “ordinary observer” test and “point of novelty” test were described as conjunctive; and in others they been described as “two distinct tests.” 543 F.3d at 671.

In *Egyptian Goddess*, the point of novelty test was characterized as reasonably easy to apply in simple cases in which the claimed design is based on a single prior art reference and that departs from that prior art reference in a single aspect. In such cases, it was argued, it is a simple matter to identify the point of novelty to determine whether the accused design has appropriated the point of novelty. *Id.*

In *Egyptian Goddess*, the Federal Circuit noted, however, that the point of novelty is difficult to apply where the claimed design has numerous features that can be considered points of novelty, or when multiple prior art references are at issue and the claimed design consists of a combination of features, each of which could be found in one or more of the prior art designs. *Id.*

After an exhaustive review of decisions, the Federal Circuit *en banc* concluded that the point of novelty test, as a second and freestanding requirement for proof of design patent infringement, is inconsistent with the ordinary observer test laid down in *Gorham*, is not mandated by precedent, and is not needed to protect against unduly broad assertions of design patent rights. *Id.* at 672. In general, the court read prior decisions as “applying a version of the ordinary observer 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.” *Id.* at 676. According to the court, when the differences between the claimed and accused designs 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 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. *Id.*

The “point of novelty” test is inconsistent with the “ordinary observer” test.

The court noted that because “the patentee bears the ultimate burden of proof to demonstrate infringement by preponderance of the evidence,” the patentee has a burden of production as to any comparison of prior art needed in applying the ordinary test. *Id.* at 679.

As noted above, in making its *en banc* review, the Federal Circuit raised the issue of whether the trial courts should conduct claim construction in design patent cases. In general, the Federal Circuit observed that “the preferable course would ordinarily be for a district court not to attempt to ‘construe’ a design patent by providing a detailed verbal description of the claimed design.” *Id.* at 679. However, the court also observed that it would not be reversible error, absent a showing of prejudice, for a district court to prepare such an evaluation description. *Id.*

District courts shouldn't construe a design patent through verbal description of the claimed design.

In the final portion of the opinion, the Federal Circuit applied the test and concluded that EGI failed to meet its burden of showing, by a preponderance of the evidence, “that an ordinary observer, taking into account the prior art, would believe the accused design to be the same as the patented design.” *Id.* at 682. Thus, the same ultimate result was reached, as was reached by the district court.

IV. THE FOLLOW UP TO THE *EGYPTIAN GODDESS* DECISION

In commentary following *Egyptian Goddess*, it was asserted that “design patent owners have a reason to celebrate the decision.” Rebecca L. Hanovice, *Egyptian Goddess revises design patent analysis*, Nat'l Law J., Dec. 1, 2008, at S3. This position is curious, given that the Federal Circuit: (1) affirmed a test that has been in existence since at least 1871; (2) acknowledged that while there should be no such thing as a “point of novelty” test, evaluation of the point of novelty is an inherent part of applying “the ordinary observer” test; (3) did not fully rebuke a district court practice of creating detailed written characterizations of designs; and (4) found no infringement.

In spite of this result, some commentators have asserted that “design patents have sharper claws now, and thus merit careful consideration.” *Id.* The reason for such an assertion has been that by reaffirming the ordinary observer test, *Egyptian Goddess* arguably makes it easier for plaintiffs to assert a design patent because the infringement requirements of the point of novelty test are avoided.

One reason at least one commentator has asserted that the *Egyptian Goddess* decision is considered to be good for design patent holders is that the “Federal Circuit ... has deprived alleged infringers of their two major weapons in avoid-

ing infringement.” Perry J. Saidman, *Egyptian Goddess Exposed! But Not In the Buff(er)*, 20 J. Pat. & Trademark Off. Soc’y 884-85 (2008). The two major weapons referred to by that commentator are, of course, the point of novelty test and the district court creating a written characterization of the design.

V. BY SELECTIVELY CHOOSING DRAWINGS IN DESIGN PATENT PRACTICE, DESIGN PATENT HOLDERS HAVE ALWAYS BEEN ABLE TO “SELECT” THEIR TEST

United States design patent principles allow the applicant a number of options in presenting drawings of a design patent claim. For example, portions of the drawing can be presented in phantom lines. 37 C.F.R. §1.152. Portions can be shown with broken lines to indicate variability in dimension and proportions, § 1503.02 *Manual of Patent Examining Procedure*, 8th ed., rev. 5; drawings can be lined for color, or color can be left out, *id.*; and drawings can be detailed for texture, or texture can be left undefined, *id.*

Thus, for a given selected design, a number of different sets of drawings can be prepared. For example, phantom lines can be applied to “prior art” aspects of a design, so that a patent holder can focus attention, for that particular embodiment, on the new feature or “point of novelty.” If there are a number of such features, by showing those features as solid lines and other portions in phantom, again the patent holder can direct attention where desired, with respect to the evaluation of infringement.

The Patent Office often will issue a restriction requirement between two sets of drawings in a patent application when they only differ by the amount of feature depicted in phantom lines. Assuming a court will acknowledge the differences in the scope of the claims recognized by the Patent Office, by issuing restriction requirements, the result, with respect to the “broader” claim, will inherently require overlooking the phantom line portions in making a comparison.

In the example of the *Egyptian Goddess* design patent drawings, as a simple example, had the fourth side been drawn with the emery board shown in phantom lines on that fourth side, Swisa arguably would not have avoided infringement.

What if the fourth side had been drawn in phantom lines?

It is recognized that for design patent applications having multiple embodiments differing by features or collection of features shown in phantom lines, prosecution costs will be somewhat higher than single embodiment design applications. Nevertheless, in those instances in which line drawings are used for

the pictures, it can be relatively inexpensive, once a first set of drawings exists, to modify portions to be shown in phantom. Because design patent costs are relatively low, including a number of different embodiments varied by phantom line features can be a straightforward task of nominal incremental investment over initial costs.

Thus, while the *Egyptian Goddess* decision is significant and may indeed be a boost to design patent holders, in spite of the fact that no infringement was found in the decision, it is not a substitute for creative patent preparation in the first instance. The problem with the *Egyptian Goddess* design patent can be asserted to be a lack of creative alternate embodiments in the design drawings, which could have led to at least one embodiment infringed.