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DESIGN PATENTS

The author charges that the Federal Circuit's analysis of anticipation and obviousness in a two-year old design patent ruling has created a ''maelstrom'' in design patent law.

Design Patents Sunk in *International Seaway*

BY PERRY J. SAIDMAN

It is no longer possible to remain silent while design patents are drowning in the wake of the Federal Circuit's opinion in *International Seaway Trading Corp. v. Walgreens Corp.*[1]

Seaway has so obfuscated the key principles of anticipation and nonobviousness in design patent law that they are almost unrecognizable. Although some might argue that this ship has already sailed,[2] I nevertheless feel compelled to throw design patents a life preserver, before they are irretrievably pulled under by the *Seaway* vortex.

[1] 589 F.3d 1233, 93 USPQ2d 1001 (Fed. Cir. 2009) (79 PTCJ 220, 1/1/10).

[2] *Seaway* was handed down in December 2009.

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This article is not intended to be an in-depth exploration of the law of anticipation and obviousness as applied to design patents. Rather, it is intended to serve as a critique of the *Seaway* opinion, in an earnest attempt to halt the spread of its departure from precedent and disconcerting dicta before it gets ingrained too deeply into design patent case law, like so much other Federal Circuit dicta that has preceded it.[3]

The court made the following statements in *Seaway* regarding anticipation and obviousness in the design patent context:

1. ''[T]he ordinary observer test must logically be the sole test for anticipation.''[4]

2. ''For design patents, the role of one skilled in the art in the obviousness context lies only in determining whether to combine earlier references to arrive at a single piece of art for comparison with the potential design or to modify a single prior art reference. Once 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.''[5]

Following is a discussion of the maelstrom created by these two issues.

I. ANTICIPATION

The ''logical'' conclusion that ''the ordinary observer test must . . . be the sole test for anticipation'' has its foundation in an 1889 Supreme Court case, *Peters v. Active Manufacturing Co.*, which famously stated: ''[t]hat which infringes, if later, would anticipate, if ear-

[3] *See*, e.g., *Berry Sterling Corp. v. Pescor Plastics Inc.*, 122 F.3d 1452, 1455, 43 USPQ2d 1953 (Fed. Cir. 1997) (applying trademark functionality criteria to design patents); *In re Mann*, 861 F.2d 1581, 1582, 8 USPQ2d 2030 (Fed. Cir. 1988) (concluding that ''[d]esign patents have almost no scope'').

[4] *Seaway* at 1240.

[5] *Id.*

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lier.''[6] This is one of those ''maxims'' of patent law that has been handed down from generation to generation as if it were the gospel.

The Federal Circuit in 1987 took a hard look at this so-called maxim in *Lewmar Marine Inc. v. Barient Inc.*, and modified it to state: ''[t]hat which would *literally* infringe if later in time anticipates if earlier than the date of invention.''[7] This was an important modification, in that the court correctly recognized that a product which infringes via the doctrine of equivalents—by definition a product that is different in one or more respects than the claimed invention—would not necessarily anticipate the claimed invention were it to be prior art. In other words, in modern jurisprudence the ''maxim'' only makes sense in cases of literal infringement, since anticipation requires that each and every element of the claimed invention be found in a single prior art reference and literal infringement requires that each and every element of the claimed invention be found in the accused product.[8]

Unfortunately, this important distinction did not get picked up in the design patent decision of *Door-Master Corp. v. Yorktowne Inc.*,[9] which relied on the original ''maxim'' of *Peters v. Active*, i.e., the one without the ''literally'' modifier.

Door-Master was a bit confusing. First, it recited the standard design patent test for anticipation, from *Hupp v. Siroflex of America Inc.*[10]:

> ''As with a utility patent, design patent anticipation requires a showing that a single prior art reference is ''identical in all material respects'' to the claimed invention.''[11]

The *Peters v. Active* ''maxim'' was then brought into the equation, but without the allimportant ''literally'' modifier:

> ''Because '[t]hat which infringes, if later, would anticipate, if earlier,' the design patent infringement test also applies to design patent anticipation.''[12]

This resulted in a test for design patent anticipation that first required the court to ''construe'' the claimed design, and then employ the test for design patent infringement. The confusion is manifest when one considers the reverse of the *Peters v. Active* ''maxim'': if the *Hupp* test for anticipation were to become the design patent test for infringement—well, just imagine a test for infringement that requires the accused design to be ''identical in all material respects'' as the claimed design. Rare would be the design patent that is infringed.[13]

The issue was further confounded in *Bernhardt LLC v. Collezione Europa USA Inc.*,[14] which ignored *Hupp* but cited *Door Master* with approval as the test for anticipation. *Bernhardt* went even further in stating that the test for anticipation required application of the then-existing two-tier test for design patent infringement: the ordinary observer test and the point of novelty test.[15] The mental gymnastics required to apply the point of novelty test as part of the test for anticipation was never clearly explained.[16] Fortunately we were spared those machinations when *Egyptian Goddess* abolished the point of novelty test four years later.[17]

Nevertheless, *Door-Master* and *Bernhardt*, despite their flawed analyses, became the go-to cases for design patent anticipation. Together with *Peters v. Active,* they reared their ugly heads in the *Seaway* debacle, where the court justified using the same test for infringement as for anticipation by referring to ''our well-established practice.''[18]

Why is the ''literally'' modifier of *Peters v. Active* important? In virtually every reported design patent case, literal infringement is a non-issue. Most accused products differ in one or more respects from a claimed design; if they did not, the cases would either settle very early on, or infringement would not be contested.[19] Stated another way, only those patented and accused designs that are not identical, i.e., those in which a reasonable jury can differ as to infringement, generally get

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[6] 129 U.S. 530, 537 (1889).

[7] 827 F.2d 744, 747, 3 USPQ2d 1766 (Fed. Cir. 1987) (*emphasis in original*).

[8] *Frank's Casing Crew & Rental Tools Inc. v. Weatherford International Inc.,* 389 F.3d 1370, 1378, 73 USPQ2d 1065 (Fed. Cir. 2004) (69 PTCJ 114, 12/3/04) (''[L]iteral Infringement requires that each and every limitation set forth in a claim appear in an accused product.''). *See also V-Formation Inc. v. Benetton Group SpA*, 401 F.3d 1307, 1312, 74 USPQ2d 1042 (Fed. Cir. 2005) (69 PTCJ 542, 3/25/05); *Becton Dickinson & Co. v. C.R. Bard Inc*., 922 F.2d 792, 796, 17 USPQ2d 1097 (Fed. Cir. 1990).

[9] 256 F.3d 1308, 59 USPQ2d 1472 (Fed. Cir. 2001) (62 PTCJ 222, 7/13/01).

[10] 122 F.3d 1456, 1461, 43 USPQ2d 1887 (Fed. Cir. 1997)

[11] *DoorMaster* at 1312, quoting *Hupp*, *supra* note 10. The *Hupp* test is so universally accepted that it is the Patent and Trademark Office's test for design patent anticipation, M.P.E.P. § 1504.02 [R2].

[12] *DoorMaster* at 1312, quoting *Peters v. Active Manufacturing Co*., *supra* note 6.

[13] It would be as if the 1871 *Gorham* case had gone the other way.

[14] 386 F.3d 1371, 72 USPQ2d 1901 (Fed. Cir. 2004) (68 PTCJ 727, 10/29/04).

[15] *See Litton Systems Inc. v. Whirlpool Corp., 728 F.2d 1423, 1444, 221 USPQ 97 (Fed. Cir. 1984) (''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 observer, it must nevertheless, to find infringement, attribute their similarity to the novelty which distinguishes the patented device from the prior art.*'').

[16] In the context of anticipation, in *Bernhardt,* the court looked to earlier prior art to determine the points of novelty in the alleged anticipatory reference, and then looked to see if those points of novelty were present in the claimed design. *Bernhardt*, *supra* note 14 at 1384. It is difficult to understand what difference this should make, given that the time-honored test for patent anticipation requires each and every element of a claimed invention to be found in a single prior art reference, not just so-called novel elements.

[17] *See Egyptian Goddess Inc. v. Swisa Inc.,* 546 F.3d 665, 678 (Fed. Cir. 2008) (76 PTCJ 724, 9/26/08) (''On the basis of the foregoing analysis, we hold that the 'point of novelty' test should no longer be used in the analysis of a claim of design patent infringement.'').

[18] This practice was ''well-established'' by merely two prior decisions—*Door Master* and *Bernhardt*.

[19] For example, in *In re Certain Automotive Parts*, 2009 WL 1070797 (Int'l Trade Comm'n 2009), the issue of infringement was not contested. The accused car part designs were by definition identical to the patented designs (various exterior parts of a Ford F150 truck), i.e., they were literal infringements, since they were designed to be used as identical replacement parts for the original vehicles.

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litigated to the point where there's a written court opinion involving the issue of infringement.

Since literal design patent infringement is virtually never a contested issue, the *Peters v. Active* ''maxim,'' as modified by the Federal Circuit in *Lewmar* and subsequent cases,[20] simply does not apply to design patent cases.

The *Peters v. Active* ''maxim'' in its correct form —with the modifier ''literally''— does not apply to design patents for another reason. The ordinary observer test—the sole test to be used in determining design patent infringement[21]—by its very language consists of a doctrine of equivalents analysis. The ordinary observer test requires the patented and accused designs to be ''substantially the same'' in the eye of an ordinary observer.[22] The words ''substantially the same'' are words of equivalence, harking back to the seminal *Graver Tank* Supreme Court case that set forth the basic doctrine of equivalents test for utility patents using very similar language. *Graver Tank* said that even if an accused product does not literally infringe a claimed invention, it nevertheless can be held to infringe in the event that the accused product performs ''*substantially the same* function, in *substantially the same* way, to product the same result [*emphasis added*].[23]

The Federal Circuit has itself recognized that the design patent ordinary observer test subsumes a doctrine of equivalents:

> ''While the way/function/result test of [*Graver Tank*] is not directly transferable to design patents, it has long been recognized that the principles of equivalency are applicable under *Gorham* . . . . Indeed, the standard set forth in *Gorham* itself requires that infringement be found where 'two designs are substantially the same,' thus using words associated with equivalency.''[24]

The illogic of *Seaway* is now apparent. How can a doctrine of equivalents infringement test, which by definition is only used when each and every element of the claimed design is *not* found in an accused design, be used to determine anticipation which requires just the opposite, i.e., that each and every element of the claimed design is found in a single prior art reference?

Stated another way, how can a claimed design be anticipated, i.e., fully met by a single prior art reference, if that reference is only ''substantially the same'' as the claimed design? The latter as a standard for anticipation is a far cry from the long-accepted *Hupp* standard that requires the prior art reference to be identical in all material respects as the claimed design.[25]

This also makes sense in the real world, in that rare is the case when a truly anticipating third-party prior art reference is identified.[26] Most designs developed by legitimate designers are truly unique, and are intended to be that way, so that it would only be by infrequent happenstance that a truly anticipating third party prior art reference exists. It is more common for prior art to be found that allegedly renders the claimed design obvious under 35 U.S.C. § 103.[27]

II. OBVIOUSNESS

Seaway's pronouncements regarding nonobviousness fly in the face of established precedent, the force of logic, and the language of the statute itself.

35 U.S.C. § 103(a) states:

> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made *to a person having ordinary skill in the art to which said subject matter pertains*. Patentability shall not be negatived by the manner in which the invention was made.[28]

35 U.S.C. § 171 requires that the ''conditions and requirements of this title'' be applied to design patents, thus requiring application of the provisions of Section 102 (anticipation) and Section 103 (obviousness).

According to the plain language of Section 103(a), the role of one skilled in the art is that of determining whether the design *as a whole* would have been obvious, taking into account the differences between the claimed design and the prior art.

The basic factual inquiries guiding the evaluation of obviousness, as outlined by the Supreme Court in *Graham v. John Deere Co.*,[29] are applicable to the evaluation of design patentability:

(A) determining the scope and content of the prior art;

(B) ascertaining the differences between the claimed invention and the prior art;

(C) resolving the level of ordinary skill in the art; and

(D) evaluating any objective evidence of nonobviousness (i.e., so-called ''secondary considerations'').[30]

In *Seaway*, however, the role of one skilled in the art was narrowly and inexplicably limited to only determining whether to combine prior art references to arrive at a single piece of art for comparison with the claimed design. The statute is silent about combining prior art ref-

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[20] *See, e.g., Ecolab Inc. v. FMC Corp.*, 569 F.3d 1335, 1348, 91 USPQ2d 1225 (Fed. Cir. 2009) (78 PTCJ 220, 6/19/09); *Tyco Healthcare Group LP v. Ethicon EndoSurgery Inc.*, 514 F. Supp.2d 351, 352 (D. Conn. 2007); *Schawbel Corp. v. Conair Corp.*, 122 F. Supp.2d 71, 81 (D. Mass. 2000).

[21] *Egyptian Goddess*, *supra* note 17 (''[I]n accordance with *Gorham* and subsequent decisions, we hold that the 'ordinary observer' test should be the sole test for determining whether a design patent has been infringed.'').

[22] *Gorham Co. v. White,* 81 U.S. (14 Wall.) 511 (1871).

[23] *Graver Tank & Manufacturing Co. v. Linde Air Products Inc.*, 339 U.S. 605, 608, 85 USPQ328 (1950).

[24] *Lee v. Dayton-Hudson Corp.*, 838 F.2d 1186, 1189, 5 USPQ2d 1625 (Fed. Cir. 1988) (internal citation omitted).

[25] See discussion of *Hupp*, *supra* Section I.

[26] However, there are those cases where the patentee's own prior acts raise an issue of anticipation, e.g., when a claimed design is on sale, or in public use, or described in a printed publication, by the patentee or his/her agents over a year before filing the patent application.

[27] Even design patent applications that contain a Section 103 rejection are relatively rare, i.e., perhaps only 10-15 percent of the cases. *See* Dennis Crouch, Design Patent Rejections (2010), http://www.patentlyo.com/patent/2010/01/designpatentrejections.html.

[28] 35 U.S.C. § 103(a)(emphasis added).

[29] 383 U.S. 1, 17 (1966).

[30] M.P.E.P. § 1504.03 [R5].

erences, and the case law is directly in conflict with such an approach.[31]

Seaway dispensed with the person of ordinary skill in making the ultimate determination of obviousness, saying that that job is reserved to an ordinary observer.

> ''Once 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.''[32]

What about those instances where a case of obviousness is based upon a single prior art reference? According to *Seaway*, since in such a situation there are no prior art references to combine, there is no role whatsoever for a person of ordinary skill in the art in an obviousness determination. Can this really be the law?

If it is desirable to make it easier to invalidate design patents, i.e., to evaluate obviousness through the eye of an ordinary observer, it must be enacted by Congress, since it is not currently in the statute.[33]

The great debate in the seminal *Gorham v. White* design patent infringement case was whether infringement was going to be judged through the eye of an expert/one skilled in the art, or by an ordinary observer.[34] The Supreme Court decided that it should be judged by an ordinary observer, since an expert/one skilled in the art would notice so much more about the designs in issue. It would thus be relatively easy to conclude noninfringement based on the many observed differences. As stated by the court:

> ''[If infringement were judged through the eyes of an expert] [t]here never could be piracy of a patented design, for human ingenuity has never yet produced a design, in all its details, exactly like another—so like that an expert could not distinguish them.
>
> . . .
>
> The purpose of the law must be effected if possible, but plainly it cannot be if, while the general appearance of the design is preserved, minor differences of detail in the manner in which the appearance is produced, observable by experts but not noticed by ordinary observers, by those who buy and use, are sufficient to relieve an imitating design from condemnation as an infringement.''[35]

Thus, the Supreme Court opted for the ordinary observer to make the judgment in the infringement context, and it has been established law for over 140 years.[36]

In the validity context, Congress decided the other way that obviousness would be judged by a person of ordinary skill in the art, a higher standard than that for design patent infringement. Since an issued patent is presumed valid, perhaps it should be more difficult to invalidate it, and one way to accomplish that end is for a person of ordinary skill to make the obviousness determination.[37]

Moreover, there is binding precedent that runs counter to the pronouncements in *Seaway*. A five-judge panel of the U.S. Court of Customs and Patent Appeals (the predecessor to the Federal Circuit)[38] in *In re Nalbandian*[39] explicitly overruled its earlier decision of *In re Laverne*[40] that had held that design patent obviousness was to be determined by an ordinary observer. The CCPA in *Nalbandian* said:

> ''Accordingly, with this case we hold that the [ordinary observer] test of Laverne will no longer be followed. In design cases we will consider the fictitious person identified in section 103 as 'one of ordinary skill in the art' to be the designer of ordinary capability who designs articles of the type presented in the application. This approach is consistent with *Graham v. John Deere Co.*, 383 U.S. 1 (1966) which requires that the level of ordinary skill in the pertinent art be considered.
>
> [I]n view of the statutory requirement that patents for designs must be evaluated on the same basis as other patents, the [person of ordinary skill in the art] test of *Graham* must be followed.[41]

Moreover, the notion of ''combining two references to arrive at a single piece of art for comparison with the claimed design'' is directly contrary to established design patent jurisprudence. To have a prima facie case of design patent obviousness requires there to be a single primary reference, a ''something in existence,'' whose appearance must be ''basically the same'' as the claimed design.[42] Thus, if as the initial step in determining design patent obviousness there needs to be a single prior art reference, it cannot be created by a person of ordinary skill in the art combining two references as asserted in *Seaway*.

The recent case of *Vanguard Identification Systems Inc. v. Patent of Bank of America Corp.* confirmed *Rosen*, and went further in holding that an alleged primary reference which is missing a critical element of the claimed design is, in fact, insufficient to establish a prima facie case, and that it is impermissible to import the missing critical element from a secondary reference.[43] The words ''ordinary observer'' did not appear in the opinion.

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[31] *See* discussion, *infra* this section.

[32] *Seaway* at 1240.

[33] See the very intriguing proposal by Janice M. Mueller and Daniel H. Brean to do just that in their forthcoming article *Overcoming the ''Impossible Issue'' of Nonobviousness in Design Patents*, *available at* http://ssrn.com/abstract=1505384.

[34] *Gorham*, *supra* note 22.

[35] *Id.* at 527-28.

[36] *See Egyptian Goddess, supra* note 17.

[37] Mueller, *supra* note 33 at 527-33.

[38] In its first decision, the Federal Circuit adopted the CCPA's case law as controlling precedent. *South Corp. v. United States*, 690 F.2d 1368, 215 USPQ 657 (Fed. Cir. 1982).

[39] 661 F.2d 1214, 211 USPQ 782 (C.C.P.A. 1981).

[40] 356 F.2d 1003, 148 USPQ 674 (C.C.P.A. 1966).

[41] *Nalbandian*, *supra* note 39 at 1216.

[42] *In re Rosen*, 673 F.2d 388, 391, 213 USPQ 347 (C.C.P.A. 1982).

[43] 2010 WL 1064484 (Bd. Pat. App. & Int. 2010) (''We understand . . . *Rosen* as merely stating that modifications to the primary reference during the obviousness analysis cannot be to an extent so as to destroy the fundamental characteristics of a primary reference. We do not understand it as stating that '[a] reference is a suitable 'primary reference' provided that the modifications to it that would be needed to achieve the claimed design would not 'destroy fundamental characteristics' of the primary reference' as argued by the Respondent. . . . The Respondent's obviousness analysis . . . bypasses the necessary initial step, and identifies a reference which does not have design characteristics basically the same as the claimed design, and then proceeds to extract features from

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III. CONCLUSION

Well reasoned case law has established the standard for design patent anticipation: the prior art must be ''identical in all material respects''[44] to the claimed design. Regarding obviousness, it is clear beyond peradventure that it is to be judged by a designer of ordinary skill in the art.[45] *Seaway* is an abrupt departure from these sound standards. It mistakenly adhered to an old, outdated ''maxim'' that required the same tests to be applied for both infringement and anticipation.[46] *Seaway's* ''careful consideration''[47] failed to recognize that the maxim it clung to is properly limited to cases of literal infringement, and that the ordinary observer's ''substantially the same'' infringement test is not a test of literal infringement.[48] Then, in its earnest attempt to resolve its conflation of the tests for anticipation and obviousness, *Seaway* posited that the ultimate determination of obviousness is to be made from the perspective of the ordinary observer.[49] This was both dicta and contrary to well established case law.

The use in design patent litigation of *Seaway's* holding regarding anticipation and dicta regarding obviousness should be strongly challenged so that the Federal Circuit can be given an opportunity to bring design patent validity analyses back to a safe harbor.

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secondary references to achieve the claimed design. . . .''), aff'd without opinion, 407 Fed. Appx. 479 (Fed. Cir. 2011).

[44] *Hupp*, *supra* note 10. *See* discussion, *supra* Section I.

[45] *Nalbandian*, *supra* note 39. *See* discussion, *supra* this section.

[46] *See Seaway* at 1241 (''In light of Supreme Court precedent and our precedent holding that the same tests must be applied to infringement and anticipation, and our holding in *Egyptian Goddess* that the ordinary observer test is the sole test for infringement, we now conclude that the ordinary observer test must logically be the sole test for anticipation as well. In doing so, we will prevent an inconsistency from developing between the infringement and anticipation analyses, and we will continue our well established practice of maintaining identical tests for infringement and anticipation.'').

[47] *Seaway* at 1237.

[48] *See* discussion, *supra* Section I.

[49] *Seaway* at 1240.