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On December 17, 2009, the Federal Circuit clarified the standard for determining the validity of design patents. It rejected the use of the point of novelty test in determining whether a design patent claim is invalid based on anticipation by prior art. The court ruled that only the ordinary observer test applies for this validity analysis.

In *International Seaway*, International Seaway Trading Corporation sued Walgreens Corporation and Touchsport Footwear USA, Inc. for design patent infringement in the Southern District of Florida. Seaway's design patents claim clog shoe designs including the one shown below in FIG. 1. The District Court granted summary judgment in favor of Walgreens and Touchsport, finding that Seaway's design patent claims were invalid because they were anticipated by a patented design owned by Crocs, Inc., shown below in FIG. 2.

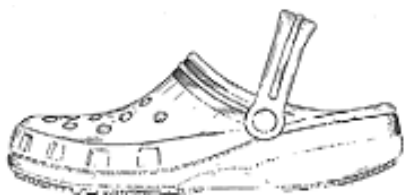


FIG. 1

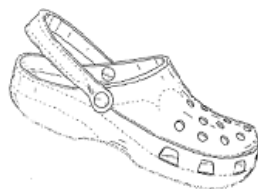


FIG. 2

On appeal, Seaway argued that the District Court erred by basing its invalidity determination solely on the ordinary observer test and failed to apply the point of novelty test. The Federal Circuit rejected Seaway's argument and ruled that the District Court correctly concluded that only the ordinary observer test applies.

In its two-part analysis, the Federal Circuit first decided that the point of novelty test should not be applied in addition to the ordinary observer test when determining whether a design patent claim is invalid as anticipated by prior art. This decision brought the determination of design patent invalidity into accord with the Federal Circuit's 2008 *en banc* decision in *Egyptian Goddess*, which changed the test for design patent infringement in part by eliminating the point of novelty test. Specifically, the Federal Circuit reasoned that the *Egyptian Goddess* decision logically required a change in the standard for anticipation in the invalidity context, consistent with the 120-year-old general rule for utility patents: "[t]hat which infringes, if later, would anticipate, if earlier," citing *Peters v. Active Mfg. Co.*, 129 U.S. 530, 537 (1889). Based on that general rule, the Federal Circuit held that the ordinary observer test must be the sole test for anticipation to prevent inconsistency between infringement and validity (anticipation) analyses and to continue the practice of maintaining identical tests for infringement and anticipation for both utility and design patents.

The Federal Circuit then considered whether the District Court misapplied the ordinary observer test by failing to compare the entirety of Seaway's patented designs with the prior art. It concluded that four minor variations on the exterior of the shoe designs (*e.g.*, the number and arrangement of circular openings on the clogs' uppers) are insufficient to preclude a finding of anticipation because they do not change the overall visual impression of the shoe. Nevertheless, the Federal Circuit decided that the District Court erred in failing to compare the insole patterns of Seaway's patented designs to the insoles of the prior art as part of the overall comparison of the designs.

The Federal Circuit concluded that a genuine issue of material fact remained as to whether the patented and prior art designs would be viewed as substantially similar in the eyes of an ordinary observer armed with knowledge of the prior art. The case was remanded to the District Court to determine whether the differences in the insole patterns between the prior art and the patented designs bar a finding of anticipation or obviousness.