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DESIGN PATENTS

The Federal Circuit's recent ruling in *Egyptian Goddess Inc. v. Swisa Inc.* not only eliminated the point-of-novelty test for infringement of design patents. It also altered the doctrine of functionality used to determine which parts of the prior art should be considered when evaluating the scope of design patents.

Functionality of Individual Features in Design Patents: A New Role After *Egyptian Goddess*

By FREDERICK LINTON MEDLIN

The Federal Circuit dramatically changed design patent law in its first en banc design patent decision, *Egyptian Goddess Inc. v. Swisa Inc.*, 543 F.3d 665, 88 USPQ2d 1658 (Fed. Cir. 2008) (en banc) (76 PTCJ 724, 9/26/08). Although the decision is famous for eliminating the point of novelty test and altering the ordinary observer test, it also clarified the role that "functionality" of design elements should play in the scope of design patents.

Claim Construction Inquiry by Court.

The en banc court had asked the parties and amici to brief, besides questions going to the point of novelty

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test, whether claim construction should apply to design patents, and if so, what role it should play in the infringement analysis. The court decided that ordinarily it would be preferable if district courts did not try to construe design patent claims by providing detailed verbal descriptions, although a district court's level of detail in describing claimed designs was within its discretion.

The Federal Circuit then, by its use of a parenthetical quotation from an earlier case, strongly suggested that as a part of claim construction a district court must identify the patented design's non-functional aspects:

[A] trial court can "usefully guide" the finder of fact by addressing a number of other issues that bear on the scope of the claim. Those include . . . such matters as distinguishing between those features of the claimed design that are ornamental and those that are purely functional, see *OddzOn Products Inc. v. Just Toys Inc.*, 122 F.3d 1396, 1405, 43 USPQ2d 1641 (Fed. Cir. 1997) (54 PTCJ 326, 8/14/97) ("Where a design contains both functional and non-functional elements, the scope of the claim *must* be construed in

order to identify the non-functional aspects of the design as shown in the patent.”).

543 F.3d at 680 (emphasis added).

This language seems to answer two questions that had previously been raised as to the role of the functionality doctrine in the infringement analysis. Other recent Federal Circuit decisions suggest an answer to a third question, and when combined, the answers to these three questions suggest new life for the doctrine of functional features in design patent law.

Question 1. If individual aspects of designs are functional, should they be excluded from the ordinary observer test comparison in the infringement analysis?

Design patents are meant to protect the ornamental characteristics of designs. They “do not and cannot include claims to the structural or functional aspects of the article.” *Lee v. Dayton Hudson Corp.*, 838 F.2d 1186, 1188, 5 USPQ2d 1625 (Fed. Cir. 1988).

The *OddzOn* decision cited by the *Egyptian Goddess* court recognized that if a design contained both functional and ornamental features, the patentee had to show, in the comparison under the ordinary observer test, that the perceived similarity was based on the ornamental features of the design. Put differently, the plaintiff had to show that the ordinary observer would be deceived by reason of the common features in the claimed and accused designs that were ornamental. *OddzOn*, 122 F.3d at 1405.

In order to exclude functional features from the comparison, the court had to identify as part of claim construction what was functional and what was ornamental. Given this context, the *Egyptian Goddess* court’s quotation from *OddzOn* that “the scope of the claim must be construed in order to identify the non-functional aspects of the design” would seem to further imply that under the new ordinary observer test the fact finder should eliminate functional elements from the comparison.

That the en banc court meant to indicate this is further confirmed by a look at the briefs before the court. Swisa argued that identifying functional elements in claim construction was necessary to eliminate those features from the comparison that the fact finder would make between the accused and claimed designs during the infringement analysis. Swisa’s En Banc Appellee’s Brief at pp. 45-46.

In sharp contrast was the argument made by the Saidman Design Group’s amicus brief for Apple Inc., which was the only amicus brief the en banc court cited in its decision, albeit for a different proposition.

Apple’s brief argued that functionality was “a validity issue, not an infringement issue,” and it was “not necessary to parse ornamental and functional features during claim construction, since the design patentee has already claimed all features shown in solid lines in the drawings, regardless of whether such features are new, old, ornamental or functional.” Amicus Brief for Apple Inc. at p. 12, n.14 (internal citations omitted). It argued that cases holding that “so-called functional features” needed to be “extracted” during claim construction were “based on the erroneous premise that a design patent cannot claim a design having features that perform a function.” *Id.*

As support for the proposition that a design patent could claim functional features, Apple’s brief relied on *Elmer v. ICC Fabricating Inc.*, 67 F.3d 1571, 1577, 36 USPQ2d 1417 (Fed. Cir. 1995) (50 PTCJ 702, 10/19/95), a case the en banc court had specifically referenced in its question about claim construction.

In *Elmer*, the plaintiff patentee, rather than the defendant, had argued that certain elements of the claimed design were functional. The allegedly functional elements gave the patented design a distinctive overall appearance that differed from the accused design. Nevertheless, the jury had found substantial similarity.

The Federal Circuit reversed, holding that no reasonable jury could have found the overall visual appearance of the accused and claimed designs substantially similar. The Federal Circuit held that because the allegedly functional features were in solid lines in the patent drawings, they “effectively limited the scope” of the patent. Presumably this meant that in the context of the case the functional features should not be eliminated from the comparison between claimed and accused designs.

Elmer should not be read as holding that design patents protect functional features. *Elmer* is more correctly understood as holding that although infringement may not be found based on a similarity of functional features in the claimed and accused designs, the absence of claimed functional features in the accused design, when it leads to a substantially different overall ornamental appearance, may rule out infringement.

Put differently, one can defend against an infringement claim by showing that any substantial similarity is based on common functional features, but at the same time one may not claim infringement based on a similarity arrived at only by subtracting functional features that have been claimed when including them in the analysis would result in a different overall appearance.

Such a reading of *Elmer* is consistent with both prior precedent and the en banc holding in *Egyptian Goddess*.

Question 2. Does the fact finder or the court as part of claim construction decide whether aspects of a patented design are functional?

The language of *OddzOn*, even before it had been quoted by the en banc court in *Egyptian Goddess*, would seem to have left little doubt that identification of functional elements was part of claim construction. Yet despite this, numerous courts after *OddzOn* had held that identification of functional features of a design was a matter for the jury at trial.

It would appear that the cause of this mistake has been a confusion of functionality of the whole design, which leads to patent invalidity, with functionality of individual features of a design, which only limits the patent’s scope.

An example of this confusion is seen in the way in which a district court relied upon *PHG Technologies LLC v. St. John Companies Inc.*, 469 F.3d 1361, 1365, 81 USPQ2d 1088 (Fed. Cir. 2007) (73 PTCJ 111, 12/1/06). In *PHG Technologies* there was a question of whether the patented design might be invalid based on invalidity of the entire design, and, addressing functionality of the entire design, the Federal Circuit stated that “[w]hether

a patented design is functional or ornamental is a question of fact.” 469 F.3d at 1365 (emphasis added).

But a district court subsequently cited *PHG Technologies* for the entirely different proposition that “[t]he determination of whether an aspect of a patented design is functional or ornamental is a question of fact.” *Softpool LLC v. Intex Recreation Corp.*, No. 07-cv-00097-CE, 2007 WL 4522331 at *2 (E.D. Tex., Dec. 19, 2007) (emphasis added).

Similarly, another district court stated that “[w]hether the features of a design are functional or ornamental is an issue of fact,” in *ADC Communications Inc. v. Panduit Corp.*, 200 F. Supp. 1022, 1035 (D. Minn. 2002) (emphasis added). But for this proposition the ADC court cited to *Hupp v. Siroflex of America Inc.*, 122 F.3d 1456, 1460, 43 USPQ2d 1887 (Fed. Cir. 1997). In *Hupp*, the issue again had been whether a design patent was invalid because the entire design was functional.

As will be discussed further below, a proper determination of whether a feature is functional requires weighing such matters as whether it affects the cost or quality of the article. This would seem to emphasize that what is going on is a kind of fact finding, even if done as part of the claim construction process.

One court opined that determining during claim construction which features were ornamental and which were functional could be fairly argued as improperly infringing upon a litigant’s Seventh Amendment right to a jury trial on invalidity, while leaving the determination solely to the jury could be argued as improperly shifting the role of claim construction to the jury. *Colgate-Palmolive Co. v. Ranir*, No. 06-cv-00417-GMS, 2007 WL 2225888, at *3 (D. Del. July 31, 2007).

The court concluded that claim construction of design patents was a mixed question of law and fact. It declined to identify as part of its claim construction order which features were functional, but stated that it might further limit the construction at trial by factual determinations regarding functionality and ornamentality of features. *Id.*

Although plaintiffs may continue to argue otherwise, the language in the *Egyptian Goddess* decision quoting *OddzOn* should make clear that the determination of whether an individual feature is functional is properly a matter of claim construction for the court.

Question 3. How is functionality defined with respect to individual features?

This third question was not addressed in the en banc decision in *Egyptian Goddess*, but was hotly contested at the claim construction phase in the district court. The patent sued upon by *Egyptian Goddess* was for a three-way buffer, meant for a three-step buffing process. The accused design, the *Swisa Buffer*, was a four-way buffer meant for a four-way buffing process.

The only difference between the *Egyptian Goddess* design and the nearest prior art was that the *Egyptian Goddess* design had added a fourth long side without a buffing pad, thus converting the triangular ends into square ends. *Swisa* argued that in a four-way buffer such as the *Swisa Buffer*, having four long sides was a functional feature. But the parties differed dramatically over what “functional” meant in this context.

Design patent plaintiffs, including *Egyptian Goddess*, prefer an extremely restrictive view of what defines an individual aspect of a design as functional, because such an approach more fully protects all the features of

their designs. Plaintiffs have drawn language supporting such an approach from a decision in the context of patent invalidity based on functionality, *Rosco Inc. v. Mirror Lite Co.*, 304 F.3d 1373, 1378, 64 USPQ2d 1676 (Fed. Cir. 2002) (64 PTCJ 483, 10/4/02).

The *Rosco* court reversed a district court decision that a design for a mirror was functional, noting that the defendant has not shown by clear and convincing evidence that there were no other designs that had “the same functional capabilities as *Rosco*’s oval mirror.” 304 F.3d 1373. *Egyptian Goddess*, citing *Rosco*, argued that the four-sidedness was not functional in a four-way buffer because other designs were at least possible, and that functionality had nothing to do with the best or most practical design.

In contrast to this approach, defendants, like *Swisa*, will generally prefer an approach that makes it easier to classify a feature as functional, and thus not protected. Exemplifying this alternative is the decision in *Berry Sterling Corp. v. Pescor Plastics Inc.*, 122 F.3d 1452, 1455-56, 43 USPQ2d 1953 (Fed. Cir. 1997). There the court held that the existence of alternative designs was only one among several factors in determining whether a challenged design was invalid for functionality, and other factors included whether the protected design represented the “best design.” 122 F.3d at 1456.

During the claim construction briefing, *Swisa* argued that the existence of other alternatives did not necessarily mean that a design feature was not still primarily functional, and that it still mattered whether the way in which a feature achieved a function was the best or the most direct or inexpensive way—because these are all functional considerations. For this proposition, *Swisa* mustered *Berry Sterling*—a case that *Egyptian Goddess* painted as constituting a “distinct minority view” that the Federal Circuit had “abandoned.” Plaintiff’s Brief in Support of Motion for Claim Construction, 2004 WL 5521521 at p. 7.

Swisa also argued that in the related area of the functionality doctrine in the trademark context, the U.S. Supreme Court had repeatedly made clear that in general terms, a product feature is functional not only when it was essential to the use or purpose of the article but also “if it affects the cost of quality of the article.” *Inwood Laboratories Inc. v. Ives Laboratories Inc.*, 456 U.S. 844, 851, fn. 10, 214 USPQ 1 (1982) (24 PTCJ 103, 120, 6/3/82).

The district court accepted *Egyptian Goddess*’ argument. Citing *Rosco*, the district court ruled that no element of the buffer design was functional because *Swisa* had not shown that a four-sided block shape was required for a nail buffer, and a variety of geometrical shapes could conceivably perform a similar function. But although *Swisa* failed to persuade the district court of its broader definition of functionality, subsequent Federal Circuit cases vindicated *Swisa*.

In *PHG Technologies*, *supra*, addressing functionality of an overall design in the validity context, the panel quoted language from *Berry Sterling* that *Swisa* had relied upon. In doing so the *PHG Technologies* court confirmed that a consideration in determining functionality was whether alternative designs would adversely affect the utility of the specified article.

Similarly, another panel of the Federal Circuit quoted in a design patent case the same language from *Inwood* that *Swisa* had quoted: “An aspect is functional ‘if it is essential to the use or purpose of the article or if it af-

fects the cost or quality of the article.’ ” *Amini Innovation Corp. v. Anthony California Inc.*, 439 F.3d 1365, 1371, 78 USPQ2d 1147 (Fed. Cir. 2006) (71 PTCJ 498, 3/10/06) (emphasis added).

PHG Technologies and *Amini* demonstrate that, for purposes of determining whether a design or element is functional, it matters whether using any alternative would affect the utility or quality of the article. The combination of this broader definition of functionality with the recognition that identification of functional

features is properly part of claim construction, and that such features are deleted from the ordinary observer’s comparison, may give new life to functionality of features as a defense in design patent cases.

Although on balance *Egyptian Goddess* was a significant victory for the holders of design patents, in effect expanding the scope of those patents, defendants should find that the clarification of the law regarding functional aspects of patented designs works to their benefit.