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### DESIGN PATENTS

### FUNCTIONALITY

The author disagrees with recent commentary labeling as “dicta” the Federal Circuit’s statement in the *Egyptian Goddess* decision that district courts must identify individual functional elements of designs during patent claim construction.

## Recent Decision Reads *Egyptian Goddess* Correctly: Functionality Is Critical to Design Patent Analysis

BY FREDERICK LINTON MEDLIN

In December, this journal published two articles—one by me, and one by Perry J. Saidman presenting opposing views as to whether the landmark design patent decision in *Egyptian Goddess Inc. v. Swisa Inc.*, 543 F.3d 665, 88 USPQ2d 1658 (Fed. Cir. 2008) (en banc) (76 PTCJ 724, 9/26/08) cert denied (77 PTCJ 642, 4/10/09), required that district courts identify individual functional elements of designs during claim construction.

A district court recently read *Egyptian Goddess* as requiring such identification. *Richardson v. Stanley Works Inc.*, 2009 WL 943529, at \*1 (D. Ariz. April 6, 2009) (77 PTCJ 670, 4/17/09).

Frederick Linton Medlin is a patent attorney in Dallas. He represented the prevailing party Swisa Inc. before the en banc Federal Circuit in the *Egyptian Goddess* case.

Saidman’s article and subsequent commentary on *Richardson* reported in this journal risk giving rise to a myth that must be killed in its infancy: a theory that the en banc *Egyptian Goddess* court merely made an off-the-cuff remark on this issue, instead of expressly inquiring into the matter and responding to arguments on both sides by an imposing array of advocates.

I argued in the Dec. 5 article that *Egyptian Goddess*, in addition to eliminating the point of novelty test, made clear that district courts had to determine which individual aspects of a design were functional as part of claim construction. Frederick Linton Medlin, *Functionality of Individual Features in Design Patents: A New Role After Egyptian Goddess* (77 PTCJ 139, 12/5/08). Saidman wrote a lengthy response. Perry J. Saidman, *Functionality and the Test for Design Patent Infringement: Rarely the Twain Should Meet* (77 PTCJ 201, 12/19/08).

Saidman described my article as a “valiant attempt to morph functionality into a full-blown infringement defense.” *Id.* at p. 201. He said his goal was to “debunk

the notion that a court needs to delineate between so-called functional and non-functional design elements during *Markman* claim construction" prior to the fact finder applying the ordinary observer test, and he disagreed with the "dicta in *Egyptian Goddess* that suggests otherwise." *Id.*

According to Saidman, the *Egyptian Goddess* court's "pronouncement regarding the alleged functional/ornamental dichotomy" was dicta because the "the *Egyptian Goddess* en banc decision had nothing to do with the merits of the issue of functionality . . ." *Id.* Saidman asserted that the *Egyptian Goddess* court's indication there might be any need to delineate between functional and ornamental design features prior to the infringement analysis was "off the mark," but "in all fairness this question was not at issue in the *Egyptian Goddess* case." *Id.* at p. 207.

In a similar vein, the April 4 report in this journal on the recent *Richardson* decision quoted comments by Christopher V. Carani, a frequent speaker and author on design patent law, that implied that the *Egyptian Goddess* court had not given this issue full consideration. Tony Dutra, *District Court Discounts Functional Elements in Design Patent Ordinary Observer Test* (77 PTCJ 670, 4/17/09).

The article quoted Carani as saying that what *Richardson* had done was to "siphon off" functional features in claim construction, and that the court's claim construction analysis inappropriately had "the sound of factual issues." Carani explained that the judge was picking up on language the *Egyptian Goddess* court had quoted, but the issue, according to Carani, had not been "thoroughly vetted" in *Egyptian Goddess*. *Id.*

The article indicates that Carani at first thought *Richardson* would be a good vehicle for resolving the issue on appeal. *Id.* This comment, like Saidman's prior article, assumes that the unanimous en banc court's language on this matter will not bind future panels of the Federal Circuit—unless Carani envisions a second en banc visitation of the issue, or a Supreme Court decision.

**Issue Was Contested, Ruling Precedential** Thus, Saidman by express statement and Carani by implication gave the impression that the propriety of determining the functionality of individual aspects of a design as part of claim construction was not a hotly contested issue in *Egyptian Goddess*, and that therefore the court's conclusion on the point is not now established law. To appreciate the full precedential value of the decision in this regard, it is important to understand the attention the question received.

The en banc court had expressly requested argument on the role that claim construction should play in design patent law, and numerous briefs before the court argued the precise issue of whether courts should identify functional features as part of claim construction.

Only one issue as to claim construction had gone up on appeal. *Egyptian Goddess* is recognized as, in addition to scrapping the point of novelty test, having established that courts need not provide lengthy verbal descriptions of designs as part of claim construction, and that "the preferable course ordinarily will be for a district court not to attempt to 'construe' a design patent claim by providing a detailed verbal description of the claimed design."

**Dispute Aired in Briefs.** But neither the appellees—Dror Swisa and Swisa Inc.—nor Egyptian Goddess Inc. had asserted that the district court should or should not have provided a detailed written description of the design, and neither side had challenged the particular verbal description the district court did provide. On the other hand, Swisa had argued in its briefing and oral argument to the Federal Circuit panel that the district court had erred in not finding during claim construction that individual elements of the accused design were functional, and thus should not be included in the ordinary observer test comparison. Swisa's Appellee's Brief, 2006 WL 3846627 at \*36-50.

The panel did not reach this issue, but in response to the en banc court's order to brief what role claim construction should play in the infringement analysis, Swisa had argued that claim construction should include identification of functional features. Swisa's en banc Appellee's Brief, 2008 WL 890914 at \*45.

Swisa quoted *Bernhardt L.L.C. v. Collezione Europa USA Inc.*, 386 F.3d 1371, 1383, 72 USPQ2d 1901 (Fed. Cir. 2004) (68 PTCJ 727, 10/29/04), quoting *OddzOn Products Inc. v. Just Toys Inc.*, 122 F.3d 1396, 1405, 43 USPQ2d 1641 (Fed. Cir. 1997) (54 PTCJ 326, 8/14/97), for the proposition that "the scope of the claim must be construed in order to identify the non-functional aspects of the design as shown in the patent." Swisa Brief at p. 46.

Both Saidman and Carani wrote briefs taking the opposite position. Saidman, in his amicus brief on behalf of Apple Inc., argued that functionality was "a validity issue, not an infringement issue," so that it was "not necessary to parse ornamental and functional features during claim construction . . ." Amicus Brief for Apple Inc., 2008 WL 699183, at \*12, n. 14 (internal citations omitted). Saidman 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.*

Carani argued a position akin to Saidman's in his amicus brief for the American Intellectual Property Law Association. Carani asserted that "determinations regarding whether aspects of a patented design are functional or ornamental is a question for the fact-finder, not the court, and that the issue of "functionality" is a validity issue, not an infringement issue." Amicus Brief of AIPLA, 2008 WL 644360, at \*23, n. 11.

Nor were the briefs of Swisa, Apple, and the AIPLA the only ones to address this question. An array of other lawyers weighed in.

For example, William Dunnegan and Nikitas E. Nikolakis, both of New York, argued that a court should "construe the design patent to determine what portions of it, if any are functional because they can only have one shape or a limited number of shapes," and the court "should then exclude those functional features from the design patent before applying [the] Gorham test." Amicus Brief for Industrial Designers Society of America, 2008 WL 644362 at \*10. In its concluding paragraph, their brief argued that the en banc court should "hold that claim construction for a design patent should involves no more than eliminating the functional elements from the design drawings before applying the Gorham test." *Id.*

Valerie K. Friedrich of Baker & McKenzie, Houston, argued that "following this Court's guidance, trial

courts may properly exclude those parts of a patented design that are functional in its claim construction.” Amicus Brief of Houston Intellectual Property Law Association, 2008 WL 699184 at \*26.

Similarly, another amicus brief, submitted by Edward D. Manzo of Cook Alex, Chicago, in arguing that claim construction should be required in design patent cases, pointed out that “infringement should not lie where the main reason for any similarity is that primarily functional features are used by the competitor.” Amicus Brief of Elite Group Inc. and Sensio, 2008 WL 545143 at \*12-13.

In still another amicus brief, George M. Sirilla of Pillsbury Winthrop Shaw Pittman, McLean, Va., and Stephanie F. Goeller of the Pillsbury firm’s Washington, D.C., office, argued that “[a]bsent claim construction, the jury might wrongly rely upon functional features shown in the drawings when making the comparison to assess whether the accused device embodies the patented design.” Amicus Brief of Daisy Manufacturing Co., 2008 WL 699182 at \*7.

For this proposition the brief cited the same language from *OddzOn Products Inc. v. Just Toys Inc.*, 122 F.3d 1396, 1405 (Fed. Cir. 1997) that Swisa had used, doing so in a parenthetical that would reappear, in fuller form, in the en banc opinion.

**Court’s Reliance on OddzOn, Read.** When the en banc opinion came down, the court, through its use of the quotation from *OddzOn*, indicated that as a part of claim construction a district court *must* identify the patented design’s non-functional aspects, or at the least could “usefully” do so:

[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 Prods., Inc. v. Just Toys, Inc.*, 122 F.3d 1396, 1405 (Fed. Cir. 1997) (“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”).

*Egyptian Goddess*, 543 F.3d at 680 (emphasis added).

Nor is this some misleading, out-of-context quotation. The *OddzOn* court had also stated that if a claimed design contained both functional and ornamental features, the plaintiff had to show that the perceived similarity between the two designs under the ordinary observer test was based on the ornamental features of the claimed design. 122 F.3d at 1405.

A court had to identify functional and nonfunctional features as part of claim construction prior to the application of the ordinary observer test because a patentee “must establish that an ordinary person would be deceived by reason of the common features in the claimed and accused designs which are ornamental.” *Id.*, quot-

ing *Read Corp. v. Portec Inc.*, 970 F.2d 816, 825, 23 USPQ2d 1426 (Fed. Cir. 1992) (44 PTCJ 245, 7/16/92).

Given this, the en banc 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 as shown in the patent” indicates that, as the *OddzOn* and *Read* courts had recognized, the ordinary observer test requires that the observer be deceived by a similarity in ornamental, rather than functional features. Thus the *Richardson* court had it entirely right when it noted that in “performing the ordinary observer test, [t]he trial court is correct to factor out the functional aspects of various design elements.” *Richardson*, 2009 WL 943529 at \* 5, quoting *Amini Innovation Corp. v. Anthony California Inc.*, 439 F.3d 1365, 1372, 78 USPQ2d 1147 (Fed. Cir. 2006) (71 PTCJ 498, 3/10/06).

**Not Mere ‘Dicta.’** Saidman’s characterization of the en banc court’s language regarding claim construction and functional elements as “dicta” raises a fine point concerning what constitutes dicta. Dicta has been defined as “opinions of a judge which do not embody the resolution or determination of the court, and made without argument, or full consideration of the point, are not the professed deliberate determinations of the judge himself.” BLACK’S LAW DICTIONARY, 454 (6th ed. 1990).

The Federal Circuit has defined dicta as statements made by a court that are “unnecessary to the decision in the case,” and therefore not precedential, although they may be considered persuasive. *National American Insurance Co. v. United States*, 498 F.3d 1301 (Fed. Cir. 2007).

But what is “necessary to the decision in a case” when an en banc court, making plain its intention to reconsider fundamental principles of design patent law, has set out a list of questions that includes one as to claim construction that does not go the issues necessary for deciding the case before it? At that point, it would seem misguided to claim that the en banc courts’ unanimous answer to its own question constitutes mere dicta.

Again, the only issue as to claim construction that was before the panel in *Egyptian Goddess* involved Swisa’s claim that the district court had erred in not determining that certain aspects of the design were “functional,” so that it could hardly be argued that anything the en banc court said about claim construction in design patent cases was any less dicta than its statement about functional elements. Would Saidman then assert that the unanimous en banc ruling as to the proper role of claim construction in design patent cases was all just dicta, including its determination that lengthy verbal descriptions are unnecessary?

It seems highly unlikely that the en banc court meant for district courts or practitioners to dismiss as dicta its guidance on a topic that it had *sua sponte* decided to consider, had asked for and received briefing on, and had pronounced upon in the course of rewriting design patent law. District courts should follow *Egyptian Goddess* in this regard in the future, as the court did in *Richardson*.