

DESIGN PATENTS ARE SINKING IN *INTERNATIONAL SEAWAY*

Rethinking Design Patent Anticipation

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I. INTRODUCTION

Design patents are sinking in International Seaway. This article will examine the underpinnings of that ill-considered decision, coming to the conclusion that Seaway's analysis of design patent anticipation is seriously flawed.

It is common practice for design patent applicants to receive the following analysis from a USPTO Examiner who has applied an anticipation rejection under 35 U.S.C. 102:

The ordinary observer test is the sole test for anticipation. *Int'l Seaway Trading Corp. v. Walgreens Corp.*, 589 F.3d 1233, 1237-38, 1240 (Fed. Cir. 2009).

"Two designs are substantially the same if their resemblance is deceptive to the extent that it would induce an ordinary observer, giving such attention as a purchaser usually gives, to purchase an article having one design supposing it to be the other." *Door-Master Corp. v. Yorktowne Inc.*, 256 F.3d 1308, 1313 (Fed. Cir. 2001) (citing *Gorham Co., v. White*, 81 U.S. 511, 528 (1871)).

"The mandated overall comparison is a comparison taking into account significant differences between the two designs, not minor or trivial differences that necessarily exist between any two designs that are not exact copies of one another. Just as 'minor differences between a patented design and an accused article's design cannot, and shall not, prevent a finding of infringement,' so too minor differences cannot prevent a finding of anticipation." *Int'l Seaway*, 589 F.3d at 1243 (citing *Litton Sys., Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1444 (Fed. Cir. 1984)).

The difficulty with the foregoing is that the *International Seaway* pronouncement that the ordinary observer test is the sole test for design patent anticipation is legally and logically flawed.

II. THE LAW OF ANTICIPATION

It is black letter law that anticipation requires each and every element of a claimed invention to be disclosed in a single prior art reference.

As stated in M.P.E.P. sec. 2131:

A claimed invention may be rejected under 35 U.S.C. 102 when the invention is anticipated (or is “not novel”) over a disclosure that is available as prior art. *To anticipate a claim, the disclosure must teach every element of the claim.* (emphasis added).

“A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, 2 USPQ2d 1051, 1053 (Fed. Cir. 1987) (emphasis added). ... “The *identical invention must be shown* in as complete detail as is contained in the ... claim.” *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1236, 9 USPQ2d 1913, 1920 (Fed. Cir. 1989) (emphasis added).

This “identical” standard for anticipation is repeated in section 103, which states:

A patent for a claimed invention may not be obtained, notwithstanding that the claimed invention is not *identically disclosed as set forth in section 102*, if the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art to which the claimed invention pertains. Patentability shall not be n by the manner in which the invention was made (*emphasis added*).

Sec. 103 states that sec. 102 denies a patent if the claimed invention is not *identically disclosed* in the prior art. Stated another way, to sustain an anticipation rejection requires the claimed invention to be *identical* to that disclosed in the prior art.

It is also well-established that the provisions of 35 U.S.C. apply to both utility and design patents (unless otherwise explicitly stated in the statute), 35 U.S.C. 171. Thus, the test for utility patent anticipation (that a single reference must identically disclose each and every element of the claimed invention) applies to design patents. This has been affirmed by the courts:

[In design patent applications] the factual inquiry in determining anticipation over a prior art reference is the same as utility patent applications. That is, the reference “must be *identical in all material respects*.” *Hupp v. Siroflex of America, Inc.*, 122 F.3d 1456, 43 USPQ2d 1887 (Fed. Cir. 1997). (*emphasis added*; hereafter “Hupp”).

The “identical” test for design patent anticipation in *Hupp* relied on the “identical” standard in a utility patent case 3 years earlier, *Beachcombers v. Wildewood Creative Products, Inc.*, 31 F.3d 1154, 1161 (Fed. Cir. 1994).²

The C.C.P.A. long ago said:

We do not agree that the test of section 102(a), insofar as it applies to a design case, is whether or not the generic ‘visual impression (of the claimed design) * * * is distinct from that formed by an observer of the * * * (reference),’ as argued by the solicitor. *Section 102(a) does not apply where the designs are not identical. Application of Marti*, 359 F.2d 900 (C.C.P.A. 1966) (*emphasis added*).

Thus, the statute, courts and the M.P.E.P. have clearly stated that the test for design patent anticipation is the same as the test for utility patent anticipation, namely

² The “identical” test of Hupp for design patent anticipation has been followed, e.g., in *Sun-Mate Corp. v. Koolatron Corp.*, 2011 WL 3322597, *7 (C.D.Cal. 2011), *Solar Sun Rings, Inc. v. Wal-Mart Stores, Inc.*, 2012 WE 5379144, *6 (C.D.Cal. 2012).

whether all of the claimed elements are identically disclosed in a single prior art reference. *Hupp, supra*.

III. THE “ORDINARY OBSERVER” TEST IS NOT PROPER FOR DESIGN PATENT ANTICIPATION

Since *Seaway* was decided, the USPTO no longer applies the *Hupp* “identical” standard for design patent anticipation. Instead, the test for anticipation is now equated with the test for infringement, i.e., the test for infringement is also the sole test for anticipation, citing *International Seaway Trading Corp. v. Walgreens Corp.*, 589 F.3d 1233, 1240 (Fed. Cir. 2009) (hereinafter “*Seaway*”).

It is submitted that the *Seaway* rule is untenable. The legal analysis that resulted in the *Seaway* formulation is seriously flawed.

The *Seaway* rule has its foundation in an 1889 utility patent Supreme Court case, *Peters v. Active Mfg. Co.*, which famously stated: “[t]hat which infringes, if later, would anticipate, if earlier.”³ 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 the utility patent case of *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.”⁴ This was an important modification, in that the Court correctly recognized that a

³ 129 U.S. 530, 537 (1889).

⁴ 827 F.2d 744, 747 (Fed. Cir. 1987)(*emphasis in original*).

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.⁵

Unfortunately, this important distinction did not get picked up in the design patent decision of *Door-Master Corp. v. Yorktowne, Inc.*⁶, which cited the original “maxim” of *Peters v. Active, i.e.*, the one without the “literally” modifier, and thereby distorted the test for design patent anticipation:

Because “[t]hat which infringes, if later, would anticipate, if earlier,” the design patent infringement test also applies to design patent anticipation.”⁷

The issue was further confounded in *Bernhardt, L.L.C. v. Collezione Europa USA, Inc.*⁸, which ignored *Hupp* but cited *Door-Master* with approval as the test for anticipation.

⁵ *Franks Casing Crew & Rental Tools, Inc. v. Weatherford Int. Inc.*, 389 F.3d 1370, 1378 (Fed. Cir. 2004) (“[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. Benneton Group SpA*, 401 F.3d 1307, 1312 (Fed. Cir. 2005); *Becton Dickinson & Co. v. C.R. Bard Inc.*, 922 F.2d 792, 796 (Fed. Cir. 1990).

⁶ 256 F.3d 1308 (Fed. Cir. 2001).

⁷ *Door-Master* at 1312, quoting *Peters v. Active Mfg. Co.*, *supra* note 3.

⁸ 386 F.3d 1371 (Fed. Cir. 2004).

Door-Master and *Bernhardt*, despite their flawed analyses, became the foundation of the “ordinary observer” test being used to determine design patent anticipation. Together with *Peters v. Active*, they were cited with approval in the *Seaway* decision, where the court justified using the same test for infringement as for anticipation by referring to “our well-established practice” - a practice enunciated in only two prior decisions: *Door Master & Bernhardt*.

Moreover, *Door Master*, *Bernhardt* and *Seaway* were all panel decisions which, despite contradicting *Hupp*, did not – and could not – overrule it.

Why is the “literally” modifier of *Peters v. Active* important? In most reported design patent cases, literal infringement is a non-issue. Nearly all accused designs differ in one or more respects from a claimed design; if they did not, the cases would likely settle, since infringement would not be contested.⁹ 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, are the ones where infringement is litigated.

⁹ For example, in *In re Certain Automotive Parts*, 2009 WL 1070797 (I.T.C. 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 F-150 truck), i.e., they were literal infringements, since they were designed to be used as identical replacement parts for the original vehicles.

Since literal design patent infringement is generally not a contested issue, the *Peters v. Active “maxim”*, even as modified by the Federal Circuit in *Lewmar* and subsequent cases¹⁰, has little practical application in design patent cases.

The *Peters v. Active “maxim”* in its corrected *Lewmar* form –with the modifier “literally” – does not apply to design patents for another reason. The ordinary observer test used in determining design patent infringement 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 observer¹¹. The words “substantially the same” are words of equivalence, harking back to the seminal *Graver Tank* Supreme Court case which 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 produce the same result [emphasis added].¹²

The Federal Circuit recognized that the design patent ordinary observer test for infringement 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

¹⁰ See, e.g., *Ecolab, Inc. v. FMC Corp.*, 569 F.3d 1335, 1348 (Fed. Cir. 2009); *Tyco Healthcare Group LP v. Ethicon Endo-Surgery, Inc.*, 514 F.Supp.2d 351, 352 (D. Conn. 2007); *Schawbel Corp. v. Conair Corp.*, 122 F.Supp.2d 71, 81 (D. Mass. 2000).

¹¹ *Gorham Co. v. White*, 81 U.S. (14 Wall.) 511 (1871).

¹² *Graver Tank & Mfg. Co., Inc. et al. v. Linde Air Products, Inc.*, 339 U.S. 605, 608 (1950).

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.”¹³

The illogic of *Seaway* is now apparent. How can the design patent 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.¹⁴

This also makes sense in the real world, in that rare is the case when an identical third-party prior art reference is identified.¹⁵ Most designs are truly unique, and are intended to be that way, so that it would only be by infrequent happenstance that a

¹³ *Lee v. Dayton-Hudson Corp.*, 838 F.2d 1186, 1189-90 (Fed. Cir. 1988)(internal citation omitted).

¹⁴ See discuss of *Hupp*, *supra* sec. 8.A.

¹⁵ However, there are situations 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.

truly identical third party prior art reference even exists. It is much more common for prior art to be found that allegedly renders the claimed design obvious under §103.¹⁶

As a result of the Court's flawed legal analysis in *Seaway* and its predecessor cases, they should revert to the long-standing *Hupp* "identical in all material respects" standard as the test for design patent anticipation.¹⁷

IV. THE SEAWAY TEST CONFLATES ANTICIPATION WITH OBVIOUSNESS

Perhaps even more troubling is that the use of the *Seaway* "substantially the same" standard for anticipation improperly conflates it with the analysis of design patent obviousness.

Obviousness analysis for a design patent first requires identification of a primary reference which is "basically the same" as the claimed design:

When assessing the potential obviousness of a design, one must first find a single primary reference, a something in existence, the design characteristics of which are *basically the same* as the claimed design. *In re Rosen*, 673 F.2d 388, 390 (CCPA 1982) (emphasis added). Without a primary reference, it is improper to reject a claimed design on grounds of obviousness. *Durling v. Spectrum Furniture Co.*, 101 F.3d 100, 103 (Fed. Cir. 1996).

¹⁶ Even design patent applications that contain a §103 rejection are relatively rare, *i.e.*, perhaps only 10-15% of the cases. See Dennis Crouch, Design Patent Rejections (2010), <http://www.patentlyo.com/patent/2010/01/design-patent-rejections.html>.

¹⁷ See Mueller and Brean, "Overcoming the 'Impossible Issue' of Nonobviousness in Design Patents," Kentucky Law Journal, Vol. 99, No. 3 (2010-2011) ("We recommend that the novelty of designs be assessed in a manner that more closely parallels the 'strict identity' standard imposed on utility patent inventions", p. 541).

The “substantially the same” standard for anticipation under *Seaway* is very similar to – and indistinguishable from – the “basically the same” standard for identifying a primary reference in obviousness analysis. It follows that a claimed design for which a primary reference is found to be “basically the same” in finding obviousness would, under the *Seaway* standard, also be found to be anticipated by the same reference under the *Seaway* “substantially the same” test.

How can anticipation and obviousness have the same test?¹⁸

Traditionally, a design that is anticipated by a prior art reference may very well be found obvious over that same reference. However, a design that is considered to be obvious in view of a proper primary reference is not necessarily (and is usually not) anticipated by the same reference.¹⁹

¹⁸ Of course, under *Seaway*, the “substantially the same” test for anticipation is viewed through the eyes of an ordinary observer, and the “basically the same” test for obviousness is viewed through the eyes of a designer of ordinary skill. But both of those sets of eyes are those of the judge when ruling on anticipation or obviousness. “... the issue of obviousness of a given design is ultimately resolved subjectively according to the visual perception of the judge who finds himself cast in the role of the ‘ordinary observer’, *Application of Leslie*, 547 F.2d 116, 121 (CCPA 1977). The same is true for the other factfinders: juries. “[I]n *Gorham*, the Supreme Court did not state, or suggest, that a panel of jurors was anything other than a panel of ordinary observers capable of making a factual determination as to whether they would be deceived by an accused device’s design similarity to a patented design”, *Braun, Inc. v. Dynamics Corp. of America*, 975 F.2d 815, 24 U.S.P.Q.2d 1121, 1126 (Fed. Cir. 1992).

¹⁹ *In re Phillips*, 315 F.2d 943, 944 (C.C.P.A. 1963) (the prior art did not anticipate the claimed design, but did render it obvious). *Application of Cooper*, 480 F.2d 900 (C.C.P.A. 1973) (claimed design was found obvious over a reference would not likely be anticipated by the same reference), see also *In re Nalbandian*, 661 F.2d 1214 (C.C.P.A. 1981), *MRC Innovations, Inc. v. Hunter Mfg., LLP*, 747 F.3d 1326 (Fed. Cir. 2014).

It is clear that under the *Seaway* test for anticipation, whenever a court found a claimed design to have been obvious over a proper primary reference, it would necessarily find that it was anticipated by the same reference.

Clearly, this improperly conflates the two standards. It cannot be the law.

V. THE PRIOR ART SHOULD NOT BE RELEVANT TO ANTICIPATION

In the seminal *Egyptian Goddess* case, the Federal Circuit in its *en banc* decision concluded that “the ordinary observer test is the sole test for infringement.”²⁰

Importantly, the Court in *Egyptian* explained how the ordinary observer test was to be applied:

“... the ordinary observer is deemed to view the differences between the patented design and the accused product *in the context of the prior art.*” *Egyptian* at 676. (emphasis added).

“The context in which the claimed and accused designs are compared, i.e., the *background prior art*, provides ... a frame of reference and is therefore often useful in the process of comparison.” *Id.* at 677. (emphasis added).

“[W]hen the claimed and accused designs are not plainly dissimilar, resolution of the question whether the ordinary observer would consider the two designs to be substantially the same *will benefit from a comparison of the claimed and accused designs with the prior art.*” *Id.* at 678. (emphasis added).

“Where there are *many examples of similar prior art designs*.... Differences between the claimed and accused designs that might not be noticeable in

²⁰ *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 678 (Fed. Cir. 2008).

the abstract can become significant to the hypothetical ordinary observer who is *conversant with the prior art.*" *Id.* (emphasis added).

Thus, according to *Egyptian*, integral to the ordinary observer test is consideration of the prior art. *Door-Master* and *Bernhardt* were decided before *Egyptian*, and thus cannot be fairly accused of ignoring the prior art.²¹

The *Seaway* court overlooked the prior art in analyzing the ordinary observer test, and thus overlooked it in stating its test for anticipation. This points to another of the difficulties in using the ordinary observer test as the test for anticipation, since prior art other than the reference being applied is not being considered.

VI. CONCLUSION

The Federal Circuit needs to revert to the long-standing test for design patent anticipation, i.e., whether the single applied reference is identical in all material respects to the claimed design. The current ordinary observer test for anticipation sprang from a poorly reasoned interpretation of *Peters v. Active*, is not in accordance with the Court's own precedent in *Hupp* and *Lewmar*, cannot be reconciled with black letter patent

²¹ *Bernhardt* was very convoluted. The Court stated that the test for anticipation required application of the then-existing 2-part test for design patent infringement: the ordinary observer test and the point of novelty test. In its analysis of anticipation, the Court reviewed 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* at 1384. It is difficult to reconcile this, given that there is no logic for considering so-called novel elements in determining patent anticipation.

anticipation law, goes against the plain meaning of the statute, and simply doesn't make sense.