

Intellectual Property Client Service Group

To: Our Clients and Friends

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International Seaway Trading Corp. v. Walgreens Corp. - - Federal Circuit concludes that the “ordinary observer” test is the sole test for assessing anticipation of design patents.

In *International Seaway Trading Corp. v. Walgreens Corp.*, No. 2009-1237 (Fed. Cir. December 17, 2009), Seaway sued Walgreens, claiming the sale of certain clog-like shoes infringed three Seaway design patents. Walgreens moved for summary judgment, and the District Court granted Walgreens’ motion, finding that the patents-in-suit were invalid as anticipated under 35 U.S.C. § 102(a) and (e) based on a design patent assigned to Crocs, Inc., maker of the colorful and ubiquitous foam clogs. Without addressing obviousness, the District Court held that the “ordinary observer” test was the sole test of design patent invalidity under 35 U.S.C. § 102. Seaway appealed, and the Federal Circuit confirmed that the “ordinary observer” test is the sole test for assessing both infringement and anticipation.

Seaway brings the law regarding design patent anticipation in line with the Federal Circuit’s decision in *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665 (Fed. Cir. 2008) (en banc), which changed the test for infringement of design patents. In *Egyptian Goddess*, the Federal Circuit held that the “point of novelty” test should no longer be used in the analysis of a claim of design patent infringement and that the “ordinary observer” test should be the sole test for determining whether design patent infringement exists. The issue of whether the holding of *Egyptian Goddess* applied to invalidity had been unresolved, until now.

The *Seaway* holding prevents inconsistencies from developing between the analyses for infringement and anticipation and maintains the well-established standard of applying identical tests for anticipation and infringement.

Walgreens fell short, however, of a complete victory on summary judgment. The Federal Circuit held that the District Court erred by not considering the insoles of the prior art and the patented shoes in its anticipation analysis because, according to the District Court, they could only be seen at the point of

sale and not while the shoes are being worn. The District Court was instructed to consider whether any differences in the insole patterns bar a finding of anticipation or obviousness.

In a dissenting opinion, Judge Clevenger took issue with the majority's "bifurcation" of the insole and exterior design differences, stating that this violated the rule that designs be compared "as a whole" to determine anticipation; it is the "summation of all of the design differences [that count], not the comparison of differences one by one, isolated from each other." Judge Clevenger was concerned that remanding for consideration of the insole inappropriately focuses the fact-finder on a single feature of the claimed design instead of the design as a whole.

While *Seaway* eliminates any differences between the test for anticipation and the test for infringement, the differences between the majority and the dissenting opinion may presage refinements or changes to come in the application of the "ordinary observer" test.

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