

In The
United States Court of Appeals
For The Federal Circuit

EGYPTIAN GODDESS, INC.,

Plaintiff – Appellant,

and

ADI TORKIYA,

Third Party Defendant,

v.

SWISA, INC. and DROR SWISA,

Defendants/Third Party Plaintiffs - Appellees.

**APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
IN CASE NO. 3:03-CV-0594, JUDGE DAVID C. GODBEY.**

**BRIEF OF *AMICUS CURIAE* NIKE, INC.
SUBMITTED WITH LEAVE OF THE COURT**

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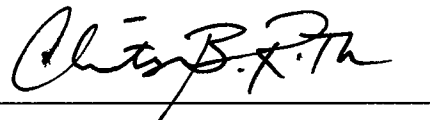
CERTIFICATE OF INTEREST

Counsel for the *amicus curiae*, NIKE, Inc., certifies the following:

1. The full name of every party represented by me is: NIKE, Inc.
2. The name of the real party in interest represented by me is:
NIKE, Inc.
3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the parties represented by me are:
None.
4. The names of all law firms and the partners or associates that appeared for the party or *amicus curiae* now represented by me in the trial court or agency or are expected to appear in this court are:

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**IDENTITY OF THE *AMICUS CURIAE*, ITS INTEREST IN THE CASE,
AND THE SOURCE OF ITS AUTHORITY TO FILE**

NIKE, Inc. (“NIKE”) is a corporation organized under the laws of the State of Oregon and has a principal place of business in Beaverton, Oregon. Since the late 1960’s, and continuing to the present, NIKE and its predecessor, Blue Ribbon Sports, have continuously engaged in the development, manufacture, and sale of athletic and fashion footwear, apparel, athletic equipment, and other products.

Every year, NIKE spends millions of dollars on the design and development of new products. Because of its substantial investment in design and the ornamental appearance of footwear, apparel, and sports equipment, NIKE frequently applies for and obtains patents on its innovative designs. Today, NIKE owns approximately 1,500 United States Design Patents that are still in their enforceable term. For 1977-2006, NIKE holds the second most US design patents of any organization with a total of 1754, second only to the Sony Corporation. For example, NIKE owns patents relating to its footwear designs (*see, e.g.*, D516,798), golf clubs (*see, e.g.*, D516,152), and watches (*see, e.g.*, D513,997).

Unfortunately, NIKE’s creative designs are often copied by others. As a result, NIKE has a real and substantial interest in the development of design patent jurisprudence. To this end, in *Egyptian Goddess, Inc. v. Swisa, Inc.*, No. 06-1562, 2007 WL 2439541 (Fed. Cir. (Tex.) Aug. 29, 2007), NIKE believes the panel upset

fundamental tenets of design patent law that NIKE and others rely upon when enforcing their design patents. Specifically, the panel's decision in this case departs from the Patent Act and this Court's own prior decisions, and, most importantly, portends an era in which presumptively valid design patents will have no enforceable scope.

Given the size of NIKE's design patent portfolio and the importance of its ability to enforce its patents against infringers, NIKE respectfully submits this *amicus curiae* brief under Fed. R. App. P. 29(a) with the leave of the Court granted on September 21, 2007 and with the consent of counsel for Plaintiff-Appellant Egyptian Goddess, Inc., and Third Party Defendant Adi Torkiya received on September 18, 2007.

TABLE OF CONTENTS

	Page
CERTIFICATE OF INTEREST	i
IDENTITY OF THE <i>AMICUS CURIAE</i> , ITS INTEREST IN THE CASE, AND THE SOURCE OF ITS AUTHORITY TO FILE.....	ii
TABLE OF CONTENTS.....	iv
TABLE OF AUTHORITIES	v
SUMMARY OF THE ARGUMENT	1
BACKGROUND	3
ARGUMENT	4
I. THE JUDICIALLY-CREATED POINT OF NOVELTY TEST MUST BE APPLIED IN A MANNER CONSISTENT WITH ITS INTENDED PURPOSE.....	4
II. <i>EGYPTIAN GODDESS</i> FASHIONS A RULE THAT LACKS PRECEDENTIAL SUPPORT AND CONFLICTS WITH THE FEDERAL CIRCUIT’S OWN PRECEDENT	6
III. <i>EGYPTIAN GODDESS</i> CREATES AN INFRINGEMENT TEST THAT WILL BE APPLIED INCONSISTENTLY BY THE COURTS.....	8
IV. <i>EGYPTIAN GODDESS’S</i> “NON-TRIVIAL ADVANCE” STANDARD IS IMPRACTICABLE	9
CONCLUSION.....	10
CERTIFICATE OF FILING AND SERVICE	
CERTIFICATE OF COMPLIANCE	

TABLE OF AUTHORITIES

Page(s)

Cases

Egyptian Goodess, Inc. v. Swisa, Inc.,
No. 06-1562, --- F.3d ----, 2007 WL 2439541
(Fed. Cir. (Tex.) Aug. 29, 2007)..... *passim*

Goodyear Tire & Rubber Co. v. Hercules Tire & Rubber Co.,
162 F.3d 1113 (Fed. Cir. 1998)7

Gorham Company v. White,
81 U.S. 511 (1871).....8

Lawman Armor Corp. v. Winner Int’l, LLC and Winner Holding LLC,
437 F.3d 1383 (Fed. Cir. 2006)7

Litton Sys., Inc. v. Whirlpool Corp.,
728 F.2d 1423 (Fed. Cir. 1984)4, 7

Statutes

35 U.S.C. § 1035

35 U.S.C. § 282.....6

SUMMARY OF THE ARGUMENT

NIKE takes no position on the panel's ultimate conclusion affirming summary judgment of non-infringement. Rather, NIKE urges this Court to apply the proper legal standard in *Egyptian Goddess*, and all other design patent cases. NIKE specifically urges this Court to reconsider and revise its "point of novelty" analysis in *Egyptian Goddess, Inc. v. Swisa, Inc.*, No. 06-1562, 2007 WL 2439541 (Fed. Cir. (Tex.) Aug. 29, 2007), for the following four reasons.

First, *Egyptian Goddess* fails to apply the point of novelty test in a manner consistent with its intended purpose. As a result, *Egyptian Goddess* impermissibly transforms an infringement test into a validity test with a lower (i.e., substantial, rather than clear and convincing evidence) burden of proof.

Second, the "non-trivial advance" test created by the *Egyptian Goddess* panel lacks precedential support and conflicts with the Federal Circuit's own precedent.

Third, *Egyptian Goddess's* adoption of the non-trivial advance test creates an infringement test that will, by definition, be inconsistent in its application. Specifically, *Egyptian Goddess* will force courts and litigants to place focus, in part, on nebulous categorizations of a design's point of novelty as "trivial" or "non-trivial," essentially guaranteeing varied and inconsistent point of novelty jurisprudence.

Fourth, *Egyptian Goddess* has set forth an impracticable point of novelty standard as it is almost impossible to determine whether a single particular design feature represents a “trivial” or “substantial” advance over the prior art. Additionally, the panel’s lack of further guidance as to factors to consider in making such a determination makes a difficult analysis even more difficult.

BACKGROUND

In *Egyptian Goddess*, the panel agreed with the district court and therefore held that Swisa's accused product "did not contain the 'point of novelty'" EGI asserted in its opposition to Swisa's summary judgment motion. *Egyptian Goddess*, 2007 WL 2439541, at *3. Because Swisa's accused product lacked the only arguable, non-trivial point of novelty not found in the prior art, the panel, like the district court, determined that *Egyptian Goddess* could not establish infringement, as a matter of law. *Id.*

Importantly, the panel, held that "for a combination of individually known elements to constitute a point of novelty, the combination must be a non-trivial advance over the prior art." *Id.* at *2. NIKE respectfully submits this aspect of the panel's decision establishes a new and incorrect legal standard, and therefore must be reconsidered.

ARGUMENT

I. THE JUDICIALLY-CREATED POINT OF NOVELTY TEST MUST BE APPLIED IN A MANNER CONSISTENT WITH ITS INTENDED PURPOSE

In addition to setting a higher bar for the point of novelty test, the panel abandoned the intended purpose of the longstanding point of novelty test. More specifically, the Court’s “point of novelty” test is an infringement test that ensures an accused product that is substantially similar to a patented design also appropriates the novel contribution found in the patent. Under the point of novelty test first articulated by this Court in *Litton Systems Inc. v. Whirlpool Corp.*, a court must determine whether “the accused device ... appropriate[s] the novelty in the patented device which distinguishes it from the prior art.” *Litton Systems, Inc. v. Whirlpool Corp.*, 728 F.2d 1423 (Fed. Cir. 1984).

Egyptian Goddess impermissibly turns the point of novelty infringement test into a new obviousness invalidity test, and does so in a manner that not only reduces the burden of proof from clear and convincing evidence to a preponderance of the evidence, but also shifts this burden from the patent challenger to the patent owner. The panel’s reasoning in support of its holding and in its rebuttal of the dissent admits of this sea change in the law:

Design patent law has already intertwined the infringement and validity tests. The infringement test at issue in this case is called the “point of novelty” test. *The question is not whether the infringement*

and invalidity analyses are similar or conflated, they already are. The question is: When the patentee claims a combination of old prior art elements as its asserted point of novelty should the test be one of anticipation or obviousness? We conclude that non-triviality ought to apply—if the standard is akin to anticipation then a combination with even the most trivial difference would meet the standard.

Egyptian Goddess, 2007 WL 2439541, at *2 (Footnote 3)(emphasis added).

The viability of patent protection for designs consisting of multiple elements existing in the prior art is governed by 35 U.S.C. § 103, not any variation of the point of novelty infringement test. Importantly, if a design claim, when viewed as a whole, satisfies 35 U.S.C. § 103 (and other essential statutory criteria), the patent laws mandate that it is entitled to patent protection, and hence some legally cognizable scope.

By way of example, an accused product that is an exact duplicate of the claimed design *must, as a matter of law, always infringe* the asserted design patent, because it misappropriates any and every contribution made by the patented design vis-à-vis the prior art. Nonetheless, applying the new *Egyptian Goddess* rule to these facts, a court arguably would apply its non-trivial advancement standard to the elements forming the point of novelty in isolation, and hence could find no infringement.

Importantly, the new *Egyptian Goddess* point of novelty test would effectively render the patent invalid under a preponderance of the evidence standard, rather than the statutorily mandated clear and convincing standard. *See Egyptian Goddess*, WL 2439541 at *4 (Dissent – “...by conflating the criteria for infringement and obviousness, the test eviscerates the statutory presumption of validity by requiring the patentee to affirmatively prove nonobviousness.”); *See also* 35 U.S.C. § 282.

In short, *Egyptian Goddess* applies the point of novelty test in a way that is inconsistent with its intended purpose. More importantly, it shifts the burden of proof to the patent owner, impermissibly turns an infringement test into one for validity, and eliminates the statutory presumption of validity mandated by 35 U.S.C. § 282.

II. EGYPTIAN GODDESS FASHIONS A RULE THAT LACKS PRECEDENTIAL SUPPORT AND CONFLICTS WITH THE FEDERAL CIRCUIT’S OWN PRECEDENT

The *Egyptian Goddess* holding – that a combination of individually known design elements can only constitute a point of novelty if the combination is a non-trivial advance over the prior art – lacks precedential support and conflicts with numerous cases.

Indeed, none of the cases cited for support in fashioning a new point of novelty rule supports a requirement that the patentee demonstrate nonobviousness of elements in isolation, as opposed to the overall design. As stated in the dissent:

The most that any of the cases cited by the majority can establish is that we have, in certain instances, used the results of our obviousness analysis to determine the point of novelty under the point of novelty test. ***But no case has come close to requiring a showing of nonobviousness as part of the novelty test.***

See Egyptian Goddess, WL 2439541 at *4 (emphasis added).

More importantly, *Egyptian Goddess*'s new point of novelty test is in direct conflict with numerous Federal Circuit cases. For example, in a recent design patent case, this Court refused to apply an obviousness analysis during its point of novelty infringement analysis. *Id.* at *5 (citing *Lawman Armor Corp. v. Winner International, LLC*, 437 F.3d 1383 (Fed. Cir. 2006)). Several other cases also clearly treat novelty and obviousness as separate inquiries. *See, e.g., Litton*, 728 F.2d at 1424 (explicitly holding that “this ‘point of novelty’ approach applies only to a determination of infringement.”); *Goodyear Tire & Rubber Co. v. Hercules Tire & Rubber Co.*, 162 F.3d 1113 (Fed. Cir. 1998).

Egyptian Goddess sets forth a judicially created rule devoid of caselaw support. Further, this test directly conflicts with numerous precedential decisions

by this Court. Therefore, *Egyptian Goddess* should be reconsidered and the panel's language setting forth this new rule of law should be removed or rewritten.

III. EGYPTIAN GODDESS CREATES AN INFRINGEMENT TEST THAT WILL BE APPLIED INCONSISTENTLY BY THE COURTS

Since Justice Strong's decree that there "must be a uniform test" in *Gorham v. White*, courts have consistently recognized the necessity for a uniform design patent infringement test. *Gorham Company v. White*, 81 U.S. 511, 523 (1871). No practical reason exists for having a different test for design patents where the point of novelty is a combination of design elements. Multiple infringement tests will improperly shift the focus in litigation from whether innovative design elements have been misappropriated to one that questions the statutory presumption of validity.

A single uniform test also facilitates consistent and efficient judicial resolution. Multiple infringement tests, on the other hand will further burden the judiciary with having to resolve whether the point of novelty is a combination of elements and increase uncertainty in the public thus defeating the "public notice" function of the patent system.

Egyptian Goddess injects inconsistency and further uncertainty into the design patent infringement analysis because it "applies a special test only to designs which involve a combination of design elements." *Egyptian Goddess*, at

*4. In setting out a different point of novelty test relevant only to design patents with a point of novelty involving a combination of multiple elements, *Egyptian Goddess* destroys the possibility of a uniform design infringement test and causes undue importance to be placed on the categorization of the design's point of novelty.

IV. *EGYPTIAN GODDESS'S* "NON-TRIVIAL ADVANCE" STANDARD IS IMPRACTICABLE

Determining whether the differences between one particular feature of the patented design and a feature found in the prior art are "trivial" is next to impossible. In the context of designs, even seemingly small variations to a single feature of the design may have a drastic effect on the overall appearance on the design as a whole. Merely comparing a single feature of the patented design with another single feature found in the prior art in isolation often minimizes the effect these changes may have on the overall appearance of the design and disregards the statutory tests for infringement and validity. Accordingly, many unique designs made up of combinations of existing elements will never be enforceable under the new test articulated in *Egyptian Goddess*.

The "non-trivial advance" rule without further guidance from the Court as to the level necessary for a "non-trivial advance" and the factors used to determine a

“non-trivial advance” results in a nebulous rule that adds confusion and uncertainty into the infringement analysis. As stated by the dissent:

Points of novelty in design patents are often not dramatically different from the prior art. It is difficult enough to assess whether an overall design would have been obvious; *it is almost impossible to determine whether a particular design feature represents a trivial or substantial advance over the prior art.*

Egyptian Goddess, 2007 WL 2439541 at *4. (emphasis added).

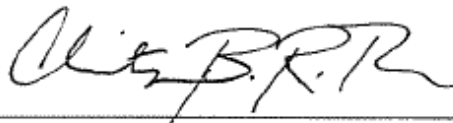
If the accused device is substantially similar in overall appearance and shares a point of novelty (regardless of whether the point of novelty is a single element or combination of elements), it should infringe. The further requirement that a point of novelty be non-trivial, a whole new standard, without further guidance from this Court as to the parameters for this new standard will increase the complexity and costs of enforcing whole classes of valid design patents.

CONCLUSION

Egyptian Goddess marks a stark departure from existing design patent law that should be reconsidered and revised consistent with precedent. The panel’s new, “non-trivial advance” standard lacks precedential support, misapplies the judicially created point of novelty test, contradicts the statute, and will result in substantial inconsistency in design patent jurisprudence. For these reasons, NIKE urges the Court to reconsider its decision apropos point of novelty.

Respectfully submitted,

Dated: September 28, 2007

By: _____

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CERTIFICATE OF FILING AND SERVICE

I hereby certify that on this 28th day of September, 2007, I hand-filed the original and eleven copies of the foregoing Brief of *Amicus Curiae* NIKE, Inc. Submitted With Leave of the Court with the Clerk's Office of the United States Court of Appeals for the Federal Circuit, and further certify that I served, via UPS Next Day Air Transportation, two copies of said brief to the following:

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I hereby certify that **BRIEF OF *AMICUS CURIAE* NIKE, INC.**
SUBMITTED WITH LEAVE OF THE COURT complies with the page
limitation and type-volume limitations of F.R.App.P. 29(d) and Fed.Cir.R.
35(g).

September 28, 2007

