DESIGN LAW 2022

35 U.S.C. 289

Should courts be applying the 4-factor test proposed by the DOJ in Apple/Samsung; is it workable and is it fair?

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Design Patent Damages

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Design Patent Damages

35 U.S.C. §289

Whoever during the term of a patent for a design, without license of the owner, (1) applies the patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or (2) sells or exposes for sale any article of manufacture to which such design or colorable imitation has been applied shall be liable to the owner to the extent of his total profit, but not less than $250, recoverable in any United States district court having jurisdiction of the parties.

Design Patent Damages

Samsung Elecs. Co., Ltd. v. Apple Inc.

137 S . Ct. 429 (2016)

- In the case of a multicomponent product, the relevant "article of manufacture" for arriving at a §289 damages award need not be the end product sold to the consumer but may be only a component of that product.

- Arriving at a damages award under §289 involves two steps:

    - First, Identify the article of manufacture to which the infringed design has been applied; and

    - Second, Calculate the infringer's total profit on that article of manufacture.

Design Patent Damages
Further Limitations on Recovery

Statutory Provision	What	Further Limitations
		Apple v. Samsung (Fed. Cir., 2012)
35 U.S.C. §283 Injunction	Equitable remedy to prevent violation of any right secured by patent	Protects against irreparable harm, not adequately compensated by monetary damages, and requires nexus between harm (lost customers and market share) and infringement
35 U.S.C. §284 Damages	Damages adequate for compensate for the infringement; actual damages (lost profit) or no less than a reasonable royalty	Entire Market Value Rule Smallest Saleable Patent Practicing Unit (component)
		Samsung v. Apple (2016)
35 U.S.C. §289 Additional Remedy for Design Patent Infringement	Liability for total profit for applying the patented design or any colorable imitation thereof to any article of manufacture for the purpose of sale, sales or offering.	In the case of a multi-component product, the relevant article of manufacture for arriving at a §289 damages award need be the entire end product sold but may be only a component of that product.

Design Patent Damages
Further Limitations on Recovery

Solicitor General's test

(1) "the scope of the design claimed in the plaintiff[']s patent, including the drawing and written description, provides insight into which portions of the underlying product the design is intended to cover, and how the design relates to the product as a whole"

(2) "the relative prominence of the design within the product as a whole;"

(3) "whether the design is conceptually distinct from the product as a whole;" and

(4) "the physical relationship between the patented design and the rest of the product may reveal that the design adheres only to a component of the product."

Design Patent Damages
Further Limitations on Recovery

General Criticisms of Solicitor General's Test and Current State of Affairs

- Not a statement of the law;
- Neither the Supreme Court nor Federal Circuit has adopted any of these factors;
- 6 years later, many questions remain, e.g.,
    - Whether damages under §289 is an equitable or factual inquiry;
    - How to calculate profit where the relevant article for §289 is found to be a component, not the entire product as sold;
- Uncertain case value impedes settlement and makes litigation more complex and expensive;
- Constraints and challenges with Jury Instructions and Jury Verdict Forms;
- Discovery and expert intensive.

Design Patent Damages
Further Limitations on Recovery

Apple v. Samsung

5-11-cv-1846 (N.D. Cal.)

- On remand, Judge Koh adopted the 4 factors as "most likely to help the fact-finder perform its task of identifying the article of manufacture to which the claimed design is applied, without unnecessarily sweeping in aspects of the product that are unrelated to the design."

- Jury Awarded $539 million

Design Patent Damages
Further Limitations on Recovery

Nike Inc. v. Skechers U.S.A., Inc.

8-19-cv-01118 (C.D. Cal.)

- Motion for Summary Judgement on identifying the relevant article of manufacture denied
    - Defendant argued Factor 1 (scope of design claimed in patent) should be limited to uppers and soles rather than the entire shoe.

Design Patent Damages
Further Limitations on Recovery

Sure Inc. v. Clearone, Inc.

1-19-cv-01343 (D. De.)

Pending, Jury trial scheduled for July 2023

- District court judge overruled objections to magistrate report granting motion exclude Expert who erred in calculating lost profits for the bundle rather than the product

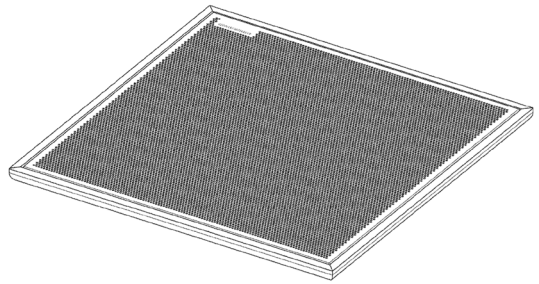


FIG. 1

D865,723
Array Microphone Assembly

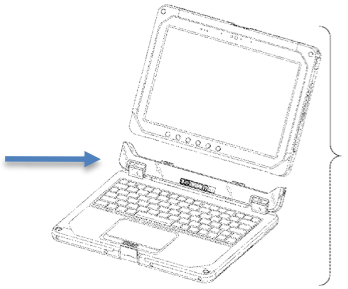
Design Patent Damages
Recent Litigation

Panasonic Hold's Corp. v. Getac Technology Corp.

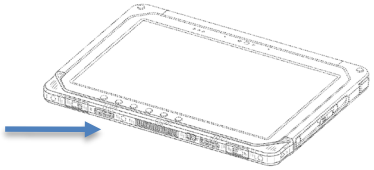
8-19-cv-01118 (C.D. Cal.)

Jury Verdict - June 8, 2022

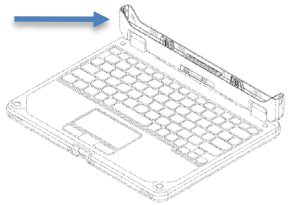
$17,515,616 awarded for infringement of 3 design patents by 2 products



D766,232
Portable Computer



D756,998
Portable Computer



D785,634
Portable Computer Connection Terminal with Keyboard

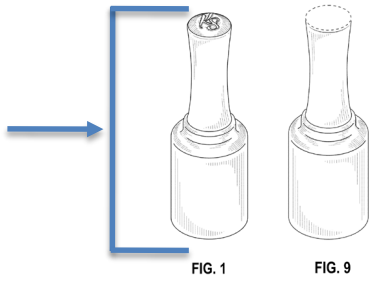
Design Patent Damages
Recent Litigation

Glam and Glits Nail Design, Inc. v. iGel Beauty, LLC

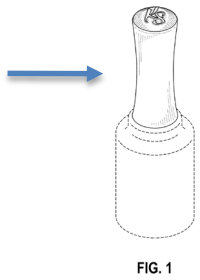
8-20-cv-0008 (C.D. Cal.)

- Motion for Summary Judgement on identifying the relevant article of manufacture denied
  - **D** requested the to Court hold as a matter of law that the relevant article of manufacture is the cap and bottle that make up the packaging and not the liquid nail polish sold within the packaging;
  - Court: identification of the article of manufacture is generally a question of fact and the court is not persuaded that it can be determined as a matter of law in this case.

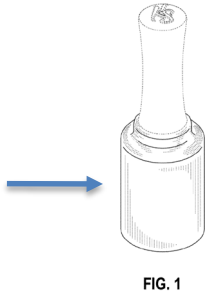
Plaintiff's
Commercial Embodiment



D758,737
Cosmetics Bottle



D813,551
Nail Polish Bottle Applicator Cap



D836,444
Nail Polish Bottle

Accused Product

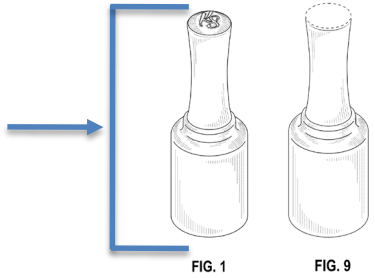
Design Patent Damages
Recent Litigation

Glam and Glits Nail Design, Inc. v. iGel Beauty, LLC

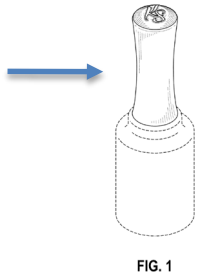
8-20-cv-0008 (C.D. Cal.)

- Motion to exclude **P** expert testimony denied
  - Design expert identified the patent articles as titled and the accused product in its entirety, bottle, cap and polish
  - Damages expert opined that one could conceivably allocate profit to specific components by multiplying the cost ratio
  - Defendants argue they don't sell a product of the patented articles so disgorgement is impermissible
    - Microsoft v. Corel - **D** argued it didn't sell a display screen

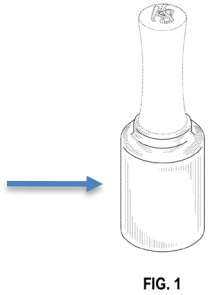
Plaintiff's
Commercial Embodiment



D758,737
Cosmetics Bottle



D813,551
Nail Polish Bottle Applicator Cap



D836,444
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8-20-cv-0008 (C.D. Cal.)

Court:

The Supreme Court not only declined to set out a test for identifying the relevant article of manufacture, but also did not discuss what damages would be available under section 289 where the article of manufacture was only a component of the product sold to a consumer. Thus, the question before the Court is whether section 289 allows for apportionment of total profits to an article of manufacture that is only a component of a product sold to a consumer.

Courts have not addressed the question of whether apportionment of profits would in fact be permissible if the jury determined that the article of manufacture was only a component of the final product for sale.

While section 289 clearly bars apportionment as performed in Dobson, the Samsung holding that an article of manufacture could be a component of the product sold to a consumer opened the door to the possibility that a different type of apportionment may be permissible.

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Thank you!

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