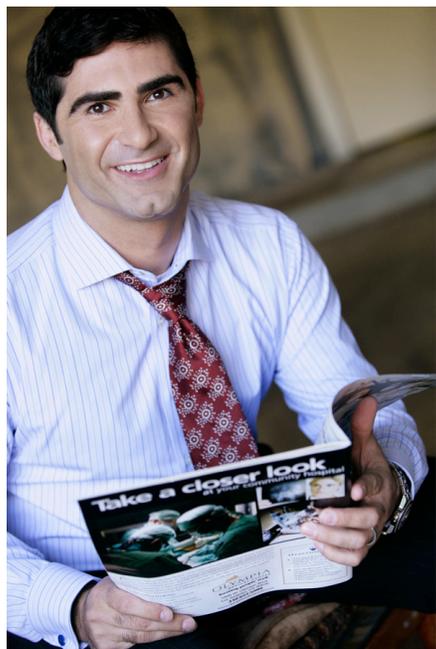


## Design Patents and Damages



### Design Patents and Damages

- Design patents are unique from Utility patents because they allow damages of Infringer's Profits
- When calculating Infringer's Profits, use entire product containing infringing element. No limiting or apportionment.

Design patents have recently found a prominent place in the news, being the basis of infringement in much publicized *Apple v. Samsung*. While this is an important piece of intellectual property protection, the contours of damages that can be sought based on infringement of a design patent can be confusing and easily misunderstood. Below is an outline of what damages can be sought for infringement of a design patent.

#### 1. Statutory Provisions Granting Damages

Damages for infringement of a design patent can be found in both 35 U.S.C. §284 (the standard damages provision for all patents) as well as §289 (the damages provision specifically for design patents). The standard patent damages provision of §284 allows the patent holder to recover no "less than a reasonable royalty for the use made of the invention by the infringer." In practical terms, this refers to the patent holder's lost profits; that is, but for the infringement, how much money would the patent holder have made. Upon a finding of willfulness, the judge is able to multiple this damage award by 3x.

The design patent damage statute of §289 however speaks directly to allowing the patent holder to recover the infringer's profits. Statute §289 states an infringer "shall be liable to the owner to the extent of his total profit, but not less than \$250". The Federal Circuit has ruled that a patentee can collect either of these damages theories, but not both. [*Catalina Lighting, Inc. v. Lamps Plus, Inc.*, 295 F.3d 1277 (Fed. Cir. 2002)]

#### 2. Apportionment of Profits

When making an accounting of an infringer's profits under §289, there is a key question about products sold that incorporates the infringing design as part of a larger product. A key case, *Nordock v. Systems Inc (PowerAmp)* (Fed. Cir. 2015), lays out the rule for this situation. This case involved a design patent for an ornamental design of a lip and hinge plate for a dock leveler. An infringer sold a product that was dock lever with the infringing hinge plate incorporated into it. On appeal the Federal Circuit ruled that the lost profits calculation must be conducted on the sales of the...

## ...Calculate profits of the sales of the entire product, there is no limiting to portions of the product incorporating their design...

...entire product, the dock level with the infringing hinge plate welded onto it, rather than trying to “limit the profits awarded to the ‘portion of the product as sold that incorporates or embodies the subject matter of the patent’”. As such, it should be remembered by all design patent holders that when they find a product incorporating their intellectual property, they are entitled to the profits of the sales of the entire product, there is no limiting to portions of the product incorporating their design.

### 3. Functionality Test

A common way of attacking a design patent is to claim it is “functional” rather than “ornamental”. If a design patent is found to be “functional” it will be considered invalid

Factors often considered in the functionality analysis include:

- Whether the protected design represents the best design;
- Whether alternative designs would adversely affect the utility of the specified article;
- Whether there are any concomitant utility patents;
- Whether the advertising touts particular features of the design as having specific utility; and
- Whether there are any elements in the design or an overall appearance clearly not dictated by function.

### 4. Conclusion

With this information a design patent holder should feel confident in first, knowing what damages to seek against an infringer, second, how to apportion the damages of infringer’s lost profits, and third, to be sure their design patent will not be attacked as “functional” rather than “ornamental”.



WWW.TSIRCOULAW.COM  
515 S. Flower Street, 36<sup>th</sup> Floor  
Los Angeles, CA 90071  
TEL 323.660.9916  
FAX 323.660.9917  
EMAIL [kyri@tsircoulaw.com](mailto:kyri@tsircoulaw.com)