How Much is Really at Stake?: Damages Statutes Collide in Multiple-IP Litigation

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Vanessa L. Otero

I. Introduction

When companies protect their products with multiple layers of intellectual property, such as utility patents, design patents, and trademarks or trade dress, they invoke distinct kinds of protection which at times overlap and at times differ—especially on the subject of damages available for infringement. Only now is it becoming apparent how complicated the question of damages can become if all three issues arise in litigation. Until recently, this trifecta of IP infringement has been rare, but Apple v. Samsung is leading the way on this issue with its billion-dollar-plus damages verdict. The battle over damages alone in this case is breaking new ground in IP law, and will likely impact how companies litigate over infringement of products that are protected by multiple types of IP rights. The current damages “regime” for utility patents, design patents, and trade dress is complicated, but is worth understanding because of the millions of dollars at stake in this case and possible future ones.

The purpose of this article is threefold: to provide an overview of current IP damages law, to present a case study, through Apple v. Samsung, on the unique problems that arise because of these laws, and to make a recommendation on how to avoid IP damages problems in future litigation. In the overview, this article will focus on the intersection of damages law in utility patents, design patents, and trade dress protection. Specifically, it will discuss the differences between the types of damages allowable for each type of intellectual property, as provided by their respective statutes. It will outline the potential problems that can arise if these three types of IP are asserted at trial, particularly because the damages statutes sometimes conflict and sometimes overlap. Then, it will examine the still-unfolding damages fights that arose in Apple v. Samsung, a case that uniquely illuminates the problems that can result from these overlapping damages

1 Vanessa Otero is a J.D. candidate at the University of Denver Sturm College of Law, graduating in December 2013. I thank Professor Bernard Chao for the direction and true mentorship he provided in making this article possible.
3 Though other types of IP, such as copyrights and trademark protection, can overlap as well, this article will only focus on utility patent, design patent, and trade dress infringement specifically because of how they are implicated in Apple v. Samsung.
In that case, Apple asserted utility patent infringement, design patent infringement, and trade dress dilution against Samsung, and the jury found that Samsung did infringe the three types of IP to varying extents. The jury awarded over $1 billion in damages, and on the verdict form, the award was broken down on a per-product basis. The verdict form did not require the jury to specify the bases for each kind of infringement. In the subsequent JMOL’s, each party argued for various enhancements and reductions to the damages award based on theories allowable under the different damages statutes. Because the jury did not specify what kind of infringement the damage award was based on, the court had to try to figure out the damage bases in order to apply any proper enhancements or reductions. As the case currently stands, the court found error with part of the jury’s calculation and ordered a new trial on over $400 million of the award.

This article concludes by recommending how attorneys and courts can change the process by which juries arrive at verdicts and reduce the chance for jury error when similar situations occur in the future (and it does seem likely that such a situation will occur again). Within the allowable framework of the damages statutes and case law, juries should be required to allocate (but not necessarily apportion) monetary damages to correspond with the actual types of infringement found. Attorneys and judges are usually concerned about making jury verdict forms more complicated out of a fear that requiring more information from juries will lead to reversible jury errors. However, this article explains why it will be more efficient to ask this extra step of jurors in multiple-IP trials in the future.

II. Current Damages Law

As this section will discuss, several differences exist between utility patent, design patent, and trade dress damages. These differences have not often created problems in litigation in the past because cases that have

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4 Apple v. Samsung Amended Jury Verdict Form, No. 11-cv-01846, August 24, 2012 ECF 1931 [hereinafter Amended Jury Verdict Form].
5 Amended Jury Verdict Form, supra note 4.
implicated more than one of these kinds of IP have been somewhat rare.\textsuperscript{9} This article will argue later, in the discussion of \textit{Apple v. Samsung}, why cases that assert multiple types of IP may become more common in the future, and that it will be important to understand the differences between the differing damages laws. Currently, most patent litigation focuses on utility patents rather than design patents. For example, a recent study counted 5,564 total patent cases in 2012 and 3660 in 2011 in just the ten most popular jurisdictions.\textsuperscript{10} In stark contrast, another study counting just design patent suits reported 12 in 2012, 25 in 2011, and 47 in 2010, though it only counted suits in the top four jurisdictions.\textsuperscript{11} The first study counted suits from ten jurisdictions and possibly included design patent suits; it is not clear from the study whether these were only utility patent suits. Even though the second study only counted design patent suits from four jurisdictions, utility patent suits clearly outnumber design patent suits by an order of tens, if not hundreds.

Design patents are more limited in scope and more easily granted than utility patents.\textsuperscript{12} One can reasonably infer from the low number of design patent cases that they have been viewed by practitioners as an IP right less worthwhile to assert than a utility patent.\textsuperscript{13} Because design patents have been held in low regard, it is rare for cases to involve both design and utility patents. Additionally, while utility patent litigation rarely includes claims for trademark or trade dress infringement, design patent litigation frequently includes claims for trade dress infringement.\textsuperscript{14} The nature of design patent infringement is closer to that of trade dress infringement; this section will discuss both types. An infringement case over any one of these three types

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\textsuperscript{9} See infra Part II.C.


\textsuperscript{11} \textit{Is Design Patent Litigation Headed for a Turnaround?} Robert J. Walters, 85 PTCJ 494, 2/8/2013.

\textsuperscript{12} See Manual of Patent Examining Procedure, 1502.01, Distinction between design and utility patents.

\textsuperscript{13} Two examples in support of this generalization: 1) Dennis Crouch, \textit{Smith on Design Patents}, Patently-O blog post Dec 16, 2012 “When I began writing \textit{Patently-O} in 2004, design patents were largely thought of as akin to a pre-ball Cinderella: In rags, forlorn, and quite pitiful. Things have changed. Design patents are more valuable than even and their trajectory is on the rise.” 2) Craig Allen Nard, \textit{The Law of Patents, Second Edition} © 2011; only three pages out of the nearly 900 page textbook discuss design patents. Kimberly A. Moore, Paul R. Michel, & Timothy R. Holbrook, \textit{Patent Litigation and Strategy Third Edition} © 2008; 900 page textbook contains no discussion of design patent litigation.

\textsuperscript{14} See e.g., David S. Welkowitz, \textit{Trade Dress a Patent-The Dilemma of Confusion} 30 Rutgers L.J. 289 (1999), discussing problems that arise in cases implicating both design patents and trade dress.
of IP claims can be complicated in itself, but multiple-IP suits add layers of complication because of the different kinds of infringement analyses and different remedies available.

Many products can realistically employ all three types of protection; the benefits include multiple angles of protection for different aspects of the product and the fact that the terms of the IP rights differ. A utility patent “protects the way an article is used and works.”15 Under the most recent version of U.S. patent laws (the America Invents Act of 2011), utility patents are valid for 17 years from the date of issue or 20 years from the date of filing.16 A design patent protects the “visual ornamental characteristics embodied in, or applied to, an article of manufacture,”17 and is valid for 14 years from the date of issue.18 One kind of trade dress—the kind at issue in Apple v. Samsung—protects a three-dimensional product configuration that indicates the commercial origin of the goods, much like a trademark does in two dimensions.19 Trade dress protection can last indefinitely.20 Since both design patents and trade dress can cover three-dimensional objects, these two types of intellectual property can overlap. Each type of protection has its own statutes that dictate what damages are available for infringement.

A. Utility Patent Damages

35 U.S.C. §284 states that “a court shall award a claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty….” This statute is widely understood to mean that two remedies--lost profits or reasonable royalties—are available to plaintiffs. The Federal Circuit has interpreted that the “damages adequate to compensate for the infringement” in §284 means that damages are appropriately measured as “the amount of loss to the patentee.”21 §284 has

15 Manual of Patent Examining Procedure 1502.1
16 35 U.S.C. §154
18 35 U.S.C. §173
19 I say “one kind” of trade dress because trade dress can be implicated in several scenarios, such as the packaging of product, the configuration or overall appearance of a product, a method of doing business, or the way a business establishment presents itself to customers. 125 Am. Jur. Trials. 117, 2012. “Trade dress is a broad format category.”
20 15 U.S.C. 1059 (a)
21 SmithKline Diagnostics, Inc. v. Helena Laboratories Corp, 926 F.2d 1161, 1164 (Fed. Cir. 1991)
been widely construed to include several types of lost profits and other actual damages, such as lost profits for diverted sales, lost profits due to price erosion, and lost profits for projected sales.\textsuperscript{22} Lost profits are meant to compensate the plaintiff for sales it would have made \textit{but for} the defendant’s infringement.\textsuperscript{23} It is a remedy designed to make the plaintiff whole.\textsuperscript{24} Noting the wide range of actual damages available under §284, the Federal Circuit stated in \textit{Mars, Inc. v. Coin Acceptors, Inc.},\textsuperscript{25} that “Despite the broad damages language of §284, patentees tend to try to fit their damages cases into the “lost profits” framework, or else fall back on the statutory grant of a reasonable royalty. But while lost profits is plainly one way to measure the amount of damages that will ‘fully compensate’ the patentee under § 284, we have never held that it is the \textit{only} one.” Plaintiffs in utility patent infringement cases often view lost profits as the high end of damages to pursue. They are typically difficult to calculate, but are done so under the \textit{Panduit} factors: (i) consumer demand for the patented product, (ii) sufficient marketing and manufacturing capacity to exploit that demand, (iii) an absence of noninfringing substitutes, and (iv) the dollar amount of profit that it would have made from additional sales absent infringement.\textsuperscript{26}

The other type of damages plaintiffs often seek is reasonable royalties. Reasonable royalties may sound like a lower limit, because the language in 35 U.S.C. §284 says that the plaintiff should receive “no less than a reasonable royalty,” but a reasonable royalty can be, in certain cases, the highest available remedy for a plaintiff. For example, if the patent owner does not make a product, or if it operates its business at a loss, it would not have lost profits to claim. Similarly, if a plaintiff only made a small profit, a reasonable royalty might be worth more, or lost profits may not be not be available at all. Reasonable royalties can sometimes be awarded as damages based on how much an infringing feature drove consumer demand for the whole product based on a narrow doctrine called the “entire market value” rule.\textsuperscript{27} The standard test for reasonable royalty damage calculations are the 15-part \textit{Georgia-Pacific} factors, which determines a royalty rate based on a hypothetical negotiation.\textsuperscript{28} The

\begin{itemize}
\item \textsuperscript{22} \textit{Lam, Inc v. Johns-Manville Corp.}, 718 F.2d 1056 (Fed. Cir. 1983)
\item \textsuperscript{23} \textit{Panduit Corp. v. Stahlin Bros. Fibre Works}, 575 F.2d 1152, 1156 (6th Cir. 1978).
\item \textsuperscript{24} For a discussion on lost profits, reasonable royalty, and their relationship to the severity of infringement, see Bernard Chao, \textit{The Infringement Continuum}, CARDozo LAW REVIEW (forthcoming)
\item \textsuperscript{25} 527 F.3d 1359 (Fed. Cir. 2008)
\item \textsuperscript{26} \textit{Panduit Corp. v. Stahlin Bros. Fibre Works}, 575 F.2d 1152 (6th Cir. 1978)
\item \textsuperscript{27} \textit{Rite-Hite Corp. v. Kelley Corp.}, 56 F.3d 1538 (Fed. Cir. 1995), \textit{Lucent Technologies v. Gateway, Inc.}, 580 F.3d 1301 (Fed. Cir 2001)
\item \textsuperscript{28} \textit{Georgia-Pacific Corp. v. U.S. Plywood Corp.}, 318 F.Supp. 1116, 1120 (S.D.N.Y 1970)
\end{itemize}
hypothetical negotiation is set at the time of first infringement, and assumes the patent is valid and infringed. The factors allow for scenarios where the patented invention is the entirety of the infringing product and for instances where the patented invention is only a part of the entire product. Factors 12 and 13 in particular relate to apportionment of the patented invention as compared to the entire product. When a patented feature is only one part of the whole product, a jury can award a reasonable royalty that is attributable to the one patented feature; such an award is regarded as apportionment.

Not only can patentees seek lost profits and reasonable royalties, but additionally, “the court may increase the damages up to three times the amount found or assessed.” Federal Circuit law fills in the blank regarding the basis for such treble damages: “Although the statute does not state the basis upon which a district court may increase damages, it is well-settled that enhancement of damages must be premised on willful infringement or bad faith. Furthermore, if a district court enhances damages, it must explain and articulate thorough findings the basis upon which it concludes that there has been willful infringement or bad faith.” The standard for willfulness, as stated by the Federal Circuit, is a two-prong test requiring a finding of subjective willfulness by the jury and objective willfulness by the court.

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29 Id.
30 Georgia-Pacific, 318 F.Supp 1116 at 1120: “12. The portion of the profit or of the selling price that may be customary in the particular business or in comparable businesses to allow for the use of the invention or analogous inventions. 13. The portion of the realizable profit that should be credited to the invention as distinguished from non-patented elements, the manufacturing process, business risks, or significant features or improvements added by the infringer.
31 Id.
32 Id. I note that there is much literature on the state of utility patent damages law and the merits and drawbacks thereof that are beyond the scope of this article. See, e.g., Chao, supra note 24.
35 Id.
36 In re Seagate, 437 F.3d 1360, 1371 (Fed. Cir. 2007); Bard Peripheral Vascular, Inc. v. W.L. Gore and Assoc., Inc. 682 F.3d 1003 (Fed. Cir 2012).
B. Design Patent Damages


35 U.S.C. § 284 applies to all patents, not just utility patents. An additional basis for damages is available for design patent infringement under 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.

For design patents, patentees can seek infringer’s profits under §289 as an alternative to lost profits or a reasonable royalty under §284. A version of this law was initially passed by Congress in 1887 in response to a Supreme Court decision, *Dobson v. Dorman*, a case in which the infringer copied a design patent on a carpet. The Court found that even though the design patent was infringed, the patentee was only entitled to nominal damages of $.06. According to the legislative history of this statute, members of Congress were concerned that in the immediate aftermath of the *Dobson* case, “receipts of the Patent office in the design department had fallen upwards of 50%.” Fearing that inventors would cease to view design patents as valuable, Congress set a floor of $250 for design patent infringement and allowed for the infringer’s profits as damages.

The remedy for design patents as written in 1887 is quite similar to §289 as written today. However, between 1887 and 1946, the versions of the various patent acts allowed infringers profits not just for design patents,

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37 For more on design patents generally, one of the most thorough and current treatises available is Matthew A. Smith, *Design Patents*, Ed. 0.9 (Prelim. Draft) (Dec 17., 2012).
38 35 U.S.C. §284. This statute applies to all patents, and it is apparent that §289 only applies to design patents because the title of the statute is “Additional remedy for infringement of design patent” (emphasis added). In addition, §289 specifies that “[n]othing in this section shall prevent, lessen, or impeach any other remedy which an owner of an infringed patent has under the provisions of this title, but he shall not twice recover the profit made from the infringement…”
40 118 U.S. 10 (1887).
but for utility patents as well. In 1946, §284 the patent act was drafted such that it ambiguously omitted infringer’s profits as an available remedy for utility patents. The Supreme Court clarified in *Aro Manufacturing* in 1964 that infringer’s profits were no longer available for utility patents. Thus, under current patent law, infringer’s profits are not available as a remedy for utility patent infringement but are available for design patent infringement.

2. **Controversy and Unclear Areas of Design Patent Damages Law**

The very existence of this additional design patent remedy is not without its detractors. Some argue that when design patents cover complex products that are also covered by utility patents, the additional §289 remedy provides an unfair basis for plaintiff overcompensation. The typical hypothetical example for a design patent is a belt buckle; for a product like that, wherein the design is essentially the whole product, and the utility has long since been in the public domain, no one is offended by the remedy of infringer’s profits. If an infringer copies the design, and the design is the essence of the whole product, the infringer should not profit. Design patent litigation usually involves simple products; the most recent high profile design patent case, *Egyptian Goddess v. Swisa*, involved a four-sided nail buffer. However, an iPhone is a totally different kind of product than a nail buffer or a belt buckle. It is covered by over 1200 utility patents, in

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42 *Nike Inc. v. Walmart Stores Inc.*, 138 F.3d 1437 (Fed. Cir 1998). In this case, the Federal Circuit provides a thorough history of the evolution of the damages statutes from 1790 to 1964, starting at p.1440.
43 *Aro Manufacturing Co. v. Convertible Top Replacement Co.*, 377 U.S. 476; *Nike, Inc. v. Wal-Mart Stores, Inc.*, 138 F.3d 1437, 1442 (Fed. Cir. 1998) “With the 1952 codification of the patent law into Title 35, the general damages provision appears at § 284 and the additional provision for design patents appears at § 289. Section 284 as written did not state the 1946 Act's concept of recovering profits as an element of general damages, a purported ambiguity that was clarified in *Aro Mfg. Co. v. Convertible Top Replacement Co.*, (internal citations omitted) The Court interpreted § 284 as meaning that only the patentee's losses can be recovered, “without regard to the question whether the defendant has gained or lost by his unlawful acts,” thus removing the equitable remedy of the infringer's profits from recovery under § 284. Although this case clarified the measure of recovery for infringement, it did not deal with patent marking requirements.”
addition to its multiple design patents.\textsuperscript{46} It is only because the Apple’s design patents cover products as complex as the iPhone that the design patent remedy appears problematic. For both “simple” products, covered only by one design patent, as well as “complex” ones covered by multiple utility and design patents, the design patent remedy of the defendant’s entire profit is still available for infringement of just a design patent. If the complex product with multiple utility patents was not also covered by a design patent, defendant’s profits would be unavailable. Design patents will continue to issue for both the simple and complex products; attorneys will have to deal with how design patent damages impact both types of product suits.

Though §289 allows for a potentially outsized award of defendant’s profits, at least the statute limits an increase in damages above that amount. Unlike §284, which allows for judges to treble damages for willfulness or bad faith, awards under §289 may not be trebled. The Federal Circuit held in \textit{Braun Inc. v. Dynamics Corp} that “[n]othing in 35 U.S.C. §289 authorizes an increase in the patentee’s total profit. In fact, 35 U.S.C. §289 explicitly precludes a patentee from ‘twice recover[ing] the profit made from the infringement.’”\textsuperscript{48} In the same case, the Federal Circuit acknowledged a helpful distinction: that there is a “longstanding distinction in patent law between damages and profits. In sum, recovery of compensatory damages evolved in courts of law and could be increased, but recovery of an infringer’s profits evolved in courts of equity and could not be increased”\textsuperscript{49} This bar on trebling infringer’s profits complicates post-verdict damage awards in simultaneous utility/design patent cases.\textsuperscript{50}

As noted earlier in this article, cases that involve both design and utility patent litigation are relatively rare. The first case in which the Federal Circuit determined what damages were available for a product that infringed both a design and utility patent was \textit{Catalina Lighting, Inc., v. Lamps Plus, Inc}\textsuperscript{51}. The court determined that the patentee was entitled to damages from both types of infringement. However, once it recovered infringer’s profits


\textsuperscript{47} From the context, it appears that “patentee’s” should actually be “defendant’s”

\textsuperscript{48} \textit{Braun Inc. v. Dynamics Corp of America}, 975 F.2d 815, 824 (Fed. Cir 1992).

\textsuperscript{49} \textit{Id.} at 824.

\textsuperscript{50} See discussion infra Part IV.

\textsuperscript{51} 295 F.3d 1277 (Fed. Cir 2002). The plaintiff in this case asserted one utility patent, one design patent, and trade dress infringement. Trade dress infringement was not an issue on appeal.
under §289, it could not also recover additional damages under §284. The court determined that the statutory language of §289 prohibits a double recovery. Like the court in *Braun Dynamics*, the court in *Catalina Lighting* pointed to the phrase “but he shall not twice recover the profit made from the infringement,” and further added, “the purpose of this latter phrase is to insure that a patentee not recover both the profit of an infringer and some additional damage remedy from the same infringer, such as a reasonable royalty.” The court reasoned that an award of profits satisfies the §284 requirement that a patentee be compensated for the damage in an amount no less than a reasonable royalty. In sum, the court in *Braun Dynamics* held that §289’s prohibition on “twice recovering” meant no trebling of damages; the court in *Catalina Lighting* said that it also meant no recovering twice on different damages from one product.

Unlike utility patent damages, though, design patent damages, under §289, do not incorporate principles of apportionment. Plaintiffs who prove design patent infringement can go after the defendant’s entire profits. The existence of this remedy creates the potential for a windfall to a plaintiff whose utility patent on a product was a large factor in its commercial success, but who also owned an infringed design patent on the same product. The jury doesn’t have to apportion, for example, a 2% reasonable royalty for the utility patent and 5% for the design patent. It can award, instead, 100% of the defendant’s profits just because of the design patent infringement. In contrast, if there wasn’t a design patent at all, the award would remain just the 2% reasonable royalty. *Catalina Lighting* established that a jury could not award both types of damages on a single infringing product; that is, in this hypothetical, the jury could not award a total of 102% (100% of defendant’s profits for the design, plus a 2% reasonable royalty for the utility feature). Regarding apportionment, the Federal Circuit specifically held, in *Nike Inc. v. Wal-Mart Stores, Inc.* that because of Congress’ intent, there is no apportionment requirement in §289. Such a potential windfall—of all the defendant’s profits—is the source of consternation over the continued existence of the design patent remedy. It seems unfair that there could be a result where a product has

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52 Id. at 1291.
53 Id.
55 Id. See also March 1, 2013 order, *supra* note 7.
56 See Lemley, *supra* note 44 at 6: “[d]esign patent law requires that infringers—even innocent infringers—pay the plaintiff their entire profit from the sale of the infringing product, even if the design was only a small feature of that product. That rule, developed more than a century ago makes no sense”
hundreds of utility patents, but the fact that it infringes one design patent puts the entire amount of the defendant’s profit at stake.

However, nothing in the statute prohibits a judge or jury from actually awarding less than 100% of defendant’s profits. That is, though the jury could award 100% of defendant’s profits, there is nothing to prevent it from awarding 5% of infringer’s profits. I suggest that there is a distinction between the idea of apportionment and the idea of awarding less than 100% of the allowable remedy of infringer’s profits. The distinction is that apportionment, according to its dictionary definition, to “apportion” is to “to distribute and allocate proportionally; divide and assign according to some rule of proportional distribution.” A jury is not required to assign a design patent some proportion of the value according to some rational rule. On the other hand, a jury doesn’t have to award the entire allowable remedy, and a variety of factors can influence what a jury awards. This is true in other types of damage awards. For example, a tort victim can use an expert to prove damages, and though the expert’s amount may be a completely accurate account of how much money it would take to make the plaintiff whole, a jury may award less. Regarding the infringer’s profits on a design patent, a jury would rightfully hesitate to award 100% of defendant’s profits on a highly technical product with great utility (like an iPhone) based on a design patent that seems minor in relation to the whole product. A jury can use its sense of “fairness” to reduce the award a plaintiff asks for. It can reason that the plaintiff asked for a bit more than it is really entitled to, and the plaintiff assumes the jury will award a little less than it asks. It can look at the difference between what the plaintiff’s expert and defendant’s expert states are the “true” damages, and award something in between because it is not sure what the true damages are.

In sum, “apportionment” is assigning a value according to some rule of proportionality, whereas the jury practice of “awarding less than the allowable remedy” doesn’t have to rely on a rule of proportionality. Could a jury possibly confuse the two concepts, and allow the notion of “apportionment” to creep into its calculation of “awarding less than the full amount allowed?” Yes. Does it undermine the intent of Congress in 1887 to award all of an infringer’s profit to the design patent holder? Arguably, also yes. However, the distinction between not requiring apportionment while simultaneously allowing the jury to award less than the allowable remedy is

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59 Id.
what may reconcile the difficulties with the design patent remedy as it exists. As this article explains in the discussion of Apple v. Samsung, the court implicitly dealt with the requirements of §289 in this exact way; Samsung was prohibited from arguing apportionment because the statute (and the holding in Nike v. Walmart) does not require apportionment, but when the jury awarded less than 100% of Samsung’s profits, the court did not find error in that award.

C. Trade Dress Damages

1. Overview of Trademark/Trade Dress Infringement

This section, and the rest of the article, focuses on what damages are available for trade dress infringement, rather than trademark infringement, because trade dress is often three-dimensional and trademarks are two-dimensional. Because trade dress is often three-dimensional, it overlaps with design patents in ways that trademarks themselves do not. To better understand the damages available for infringement, it is helpful to understand what constitutes claims for trademark and trade dress infringement. Readers should note that most discussions of trademark and trade dress infringement in statutes, cases, and secondary source texts, use the word “trademark” when the concept actually applies to both “trademark” and “trade dress.” “Trademark” is a far more common term because it is so broad. In this article, it is safe to assume that if he word “trademark” is used, the concept applies both to trademarks and trade dress. Where “trade dress” is used, the topic applies to trade dress in particular.

A prima facie case for trademark infringement has two elements: 1) The plaintiff has rights in a mark (an indicium of commercial origin) and 2) the defendant has taken actions which create either a likelihood of confusion or dilution of the plaintiff’s mark. Therefore, there are two separate causes of action for trademark infringement; either a likelihood of confusion claim or a dilution claim. Further, there are two types of dilution claims.

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60 Apple Inc., v. Samsung, Inc. 2012 WL 2571332 (N.D. Cal June 30, 2012) (Order granting motion in limine to exclude testimony from Samsung expert who intended to testify that design patent damages should be apportioned)
61 March 1, 2013 order, supra note 7: (The court did find error in a portion of the jury award, but on separate grounds).
62 15 U.S.C. §1127 “The term “trademark” includes any word, name, symbol, or device, or any combination thereof…to identify and distinguish [the] goods…and to indicate the source of the goods.”
63 126 Am. Jur. Trials 481 (originally published 2012)
64 15 U.S.C. §1125(a)(1)(A)
either dilution by blurring or dilution by tarnishment. Each type of claim has its own multi-part tests. Thus, a very basic outline of the types of trademark (and trade dress) infringement looks like this:

I. Trademark (trade dress) Infringement
   a. Likelihood of Confusion
   b. Dilution
      i. By blurring
      ii. By tarnishment

2. Damages

Trademark infringement damages are covered by the Lanham Act, 15 U.S.C. 1117 et. seq., which provides that

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.

This particular section, §1117, specifies the circumstances under which monetary damages are available for trademark or trade dress infringement, which is significant, because some types of trademark/ trade dress infringement only allow for injunctive relief. For clarity, the above passage from §1117 refers to the following specific kinds of trademark/ trade dress infringement, which are related only by the common thread of some kind of bad faith: §1125 in general is entitled “False designations of

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65 15 U.S.C. §1125(c)
66 For a thorough summary of these tests and examples of how these claims are litigated, See Malla Pollock, Trademark Infringement Litigation, 126 Am. Jur. Trials 481 (originally published 2012)
67 15 U.S.C. §1117, emphasis added
68 Zazu Designs v. L’Oreal S.A, (Not Reported in F.Supp) 9 U.S.P.Q.2d 1972, (N.D. Ill 1998) (overruled on other grounds) “Corrective advertising expenditures are a reasonable basis for compensation to a wronged plaintiff in a trademark action. U-Haul International, Inc. v. Jartran, Inc., 753 F.2d 1034, 1042 (9th Cir. 1986). Defendant's profits and plaintiff's damages, either cumulatively or in the alternative, are appropriate so long as plaintiff is not compensated twice for the same injury” Id. This interpretation of 15 U.S.C. §1117 is consistent with the jurisprudence in IP damages law of prohibiting double recoveries.
69 e.g., 15 U.S.C. 1125(c); 15 U.S.C. §1116
origin, false descriptions, and dilution forbidden.” §1125(a) prohibits false designations or misleading representations that are either likely to cause confusion or which exist in commercial advertising. §1125(d) is a section that deals with cyberpiracy prevention, which concerns the protection of various IP rights on internet sites. §1125(c) is the section of the Lanham Act that specifically covers trade dress dilution, and this section is what became an issue in Apple v. Samsung. Typically, §1125(c) only provides injunctive relief for trade dress dilution, but as §1117 states, in cases of willfulness only, defendant’s profits can be a proper remedy. The Lanham Act goes on to provide its own allowance of up to treble monetary damages, with a low burden of proof on the plaintiff and a high one on the defendant:

In assessing profits the plaintiff shall be required to prove defendant’s sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount.

Like utility patent damages, trade dress damages can only be trebled by the court, not by the jury. The potential of apportioning trade dress dilution damages is similar to that of design patent damages (but keep in mind, such monetary damages are only available for willful trade dress dilution). The plaintiff can seek either the defendant’s profits or its own actual damages (such as lost profits) according to the Lanham Act. A jury doesn’t have to apportion damages attributable to trade dress dilution. However, as with the design patent remedy, nothing in the trade dress statute prohibits the jury from awarding less than 100% of the allowable remedy.

Cases that implicate utility or design patent infringement in addition to any sort of trademark infringement are so rare that Apple v. Samsung is really the first case that addresses all three types of infringement and their resulting damages calculations in depth. One other Federal Circuit case, In re R.M. Smith, Inc., involves utility and design patents as well as a question of trade dress, but in that case, the petitioner was appealing a USPTO Appeals Board decision denying trade dress registration for a product

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70 15 U.S.C. §1125
71 15 U.S.C. §1125(a)
72 15 U.S.C. §1125 (d)
73 March 1, 2013 order, supra note 7
74 15 U.S.C. §1117
75 15 U.S.C. §1117(a)
covered by a utility patent.\textsuperscript{76} \textit{Catalina Lighting} did involve a claim of utility patent infringement, design patent infringement, and trade dress infringement, but the issues on appeal did not include trade dress damages.\textsuperscript{77} In the few cases implicating both design patents and trade dress, it is usually in the context of the plaintiff trying to assert trade dress protection when a design patent has expired, and trade dress is, in essence, the “poor man’s” design patent.\textsuperscript{78} Asserting trade dress protection in this scenario is not usually successful.\textsuperscript{79}

\textbf{D. Summary of Utility Patent, Design Patent, and Trade Dress Dilution Damages}

<table>
<thead>
<tr>
<th>Type of Infringement</th>
<th>Governing statute(s)</th>
<th>Types of damages available</th>
<th>Enhancements available</th>
<th>Basis for enhancements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility Patent</td>
<td>35 U.S.C. §284</td>
<td>Lost profits or reasonable royalty</td>
<td>Treble damages</td>
<td>Willfulness or bad faith</td>
</tr>
<tr>
<td>Design Patent</td>
<td>35 U.S.C. §284 or 35 U.S.C. §289</td>
<td>Lost profits or reasonable royalty ($)284 or infringer’s profits §289</td>
<td>Treble damages under §284,\textsuperscript{80} None under §289</td>
<td>Willfulness or bad faith under §284,\textsuperscript{81} N/A under §289</td>
</tr>
<tr>
<td>Trade Dress Dilution</td>
<td>15 U.S.C. §1125</td>
<td>Defendant’s profits or plaintiff’s losses</td>
<td>Treble damages</td>
<td>Discretion of the court</td>
</tr>
</tbody>
</table>

\textsuperscript{76} 734 F.2nd 1482 (Fed Cir 1984).
\textsuperscript{77} \textit{See Catalina Lighting}, 295 F.3d at 1277.
\textsuperscript{78} e.g., \textit{In re R.M. Smith}
\textsuperscript{79} \textit{Id.}
\textsuperscript{80} Presumably, since §284 applies to design patents as well as utility patents, a design patentee could seek treble damages if it successfully received an award under §284. However, the author is unaware of any cases on point.
\textsuperscript{81} Again, whether willfulness is a basis for treble damages presumes that all of §284 applies to design patent damages sought under §284. No cases on point.
It is important to note that all of the IP remedies are concerned with ensuring that plaintiffs do not obtain a double recovery. That is, a plaintiff cannot recover both the defendant’s profits and his own damages, and he cannot recover more than the profit from the sale of a product more than once even if he has multiple IP rights infringed on the same product. The concept of “double recovery” is different from the statutory awards available for increasing damages. The treble damages available for utility patent infringement and willful trade dress dilution are punitive in nature. As this article covered earlier, a utility patent damage award can be trebled for willfulness or bad faith. However, according to statute, design patent damage cannot be trebled for those reasons. Design patent recovery, then, is limited both by the “double recovery” concept and by statute.

III. Potential Problems in Cases with Multiple-IP Infringement: Utility Patents, Design Patents, and Trade Dress Dilution in Apple v. Samsung

In a case where one or more products infringe a utility patent, design patent, and trade dress protection, a number of difficult scenarios can arise. For example:

1) One of the products infringes all three: utility patent, design patent, and trade dress. If all the infringement was willful, how does the court determine what part of the award may be trebled?

2) One of the products infringes all three: utility patent, design patent, and trade dress. If only the trade dress dilution was not found to be willful, money damages cannot be awarded for trade dress infringement (only an injunction is available). How can the court tell if the jury improperly awarded money damages for trade dress dilution, and how can the court tell what part of the remaining award may be trebled?

3) One of the products infringed only a utility patent. How can a court tell if the jury improperly awarded monetary damages based on infringer’s profits (which are only permissible for design patent infringement?)

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82 See Charles E Rounds, Jr., Relief for IP Rights is Primarily Equitable: How American Legal Education is Short-changing the 21st Century Corporate Litigator 26 SANTA CLARA COMPUTER AND HIGH TECH. L.J. 313 (June 2010) “There is, however, generally no room in equity for windfalls and double recoveries.”

83 35 U.S.C. §289

84 Catalina Lighting Inc., v. Lamps Plus Inc. 295 F.3d 1277

4) The jury finds infringement and awards damages on all three types on infringement, but the court overturns one of the findings. What portion of the damages should be overturned?

These are not just academic inquiries. These are exactly the issues that arose from the jury verdict in Apple v. Samsung.

Apple v. Samsung is unique for a number of reasons and has still yet to be decided on the issue of damages at the time of this article. No doubt scholarly articles will be written about it from various angles for years to come. One reason it is unique is, of course, that Apple claimed utility patent, design patent, and trade dress dilution on the same products. Those claims created the second unique circumstance: that the jury had three separate bases for damages on the same products. Third, though the jury was instructed on the three different types of damages, it was not required to, and did not, specify the basis for its award. Finally, each of the types of damages has different rules for how they can be enhanced, and when each party moved for damage enhancements and reductions, the court had to sort out a number of issues without really knowing the basis for the jury award.

A. Why Design Patents and Trade Dress Dilution?

One would expect an IP suit regarding the iPhone and iPad to assert infringement of utility patents, because research shows that over 1200 patents cover the functional features of these products. A threshold question is why Apple chose to assert its design patents as well as the trade dress dilution claim. Perhaps it is because Apple had the litigation resources to do so, and because asserting all three would potentially broaden its damage base. Another strategic reason could be that Apple’s litigation team bet that design patents and trade dress dilution might make more sense to the jury than the utility patent claims. After all, the iPhone, as a product, has its own unique place in our culture, and is possibly one of few products for which its notoriety rises to the level where design and trade dress are as important, or even more important, than its utility. For now, we outside

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86 Apple, Inc. v. Samsung Electronics Co. Ltd, Minute Entry: Jury trial set for 11/12/2013, Apr 29, 2013 ECF 2317
88 See, e.g., Joshua Fruhlinger, This is the Modern World: You Use THAT? (Dec. 19, 2012) http://www.engadget.com/2012/12/19/you-use-that/ “Smartphones are symbols of our tech know-how, our fashion sense and our economic well-being whether we like to admit it or not. Just like the scene outside a club as people parade out of cars that show how much of a
observers can only speculate as to why Apple’s litigators asserted all three claims, but future litigants who have the ability to assert all three kinds of infringement should take note. It certainly opened up several avenues for a damages fight after the jury returned the verdict.

Apple asserted the distinct claims of design patent infringement and trade dress dilution by blurring. In Apple’s case, the trade dress claim concerned the configuration, or overall appearance of their iPhones. Product configuration can constitute trade dress when the configuration itself indicates the source of the goods. That is, if the very configuration of an iPhone communicates that it is from Apple, the configuration can constitute trade dress. Apple did not pursue a trade dress likelihood of confusion claim on its phones, but rather trade dress dilution by blurring. 89 Dilution by blurring is “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.” 90 Dilution by tarnishment is “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.” 91

Because the trade dress dilution claim went to the jury, we can deduce what kind of arguments Apple made about its trade dress. 92 Apple didn’t claim a “likelihood of confusion,” and try to prove that customers who bought Samsung phones were confused and thought they were buying Apple iPhones. 93 Certainly an average smartphone buyer would easily be able to tell what kind of product he or she was buying just by reading the logo on the phone, looking at its packaging, or by recognizing the establishment where the purchase is taking place. Notably, Apple did try to prove a claim of trade dress infringement by “likelihood of confusion” on its iPads and did not win a jury verdict on those claims. 94 Apple’s trade dress dilution claim was most likely about the idea that because Samsung had configured their phones to have the overall appearance be similar to the iPhone, Samsung was wrongly taking advantage of the special status of the iPhone. That is, consumers could purchase the Samsung and they, and others, would think it was just like the iPhone. A prima facie case for

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91 15 U.S.C. §1125(c)(2)(C)
92 Final Jury Instructions, supra, note 89
93 Rather, Apple argued trade dress dilution. Final Jury Instructions, supra note 89 at 80
94 Amended Jury Verdict Form, supra, note 4
dilution is established by proving two elements: that a mark is 1) famous and 2) distinctive.\textsuperscript{95} Factors that courts can consider in determining a dilution by blurring claim are 1) the similarity between marks, 2) the degree of distinctiveness of the product, 3) the plaintiff’s substantially exclusive use, 4) the degree of the product’s recognition, 5) the defendant’s intent, and 6) any actual association by the public.\textsuperscript{96} Any person familiar with iPhones at all could imagine how several of these factors might weigh in Apple’s favor. Another great benefit of pursuing a trade dress dilution claim was that Apple could seek monetary damages for that claim if it could prove willfulness (under 15 U.S.C. §1125(c), as explained earlier), whereas if it had only pursued a likelihood of confusion claim, it would have been limited to injunctive relief.

In contrast to the multiple factors to consider for trade dress dilution by blurring, design patent infringement is determined only by the “ordinary observer” test as the Federal Circuit held in \textit{Egyptian Goddess v. Swisa}.\textsuperscript{97} The test is “whether an ordinary observer, familiar with the prior art, would be deceived into thinking that the accused design was the same as the patented design, and infringement will not be found unless the accused product embodies the patented design or any colorable imitation thereof.”\textsuperscript{98} The ruling got rid of a secondary requirement that the design meet a more difficult “point of novelty” test.\textsuperscript{99} Recent literature on the subject of design patents indicates the general notion that proving design patent infringement is easier than it was before \textit{Egyptian Goddess}, which suggests that design patent protection has become more valuable to patent holders since that case.\textsuperscript{100} With this change in design patent law, and the value of the additional remedy now apparent because of \textit{Apple v. Samsung}, perhaps cases on multiple IP rights will become more common. It is not a stretch to see similarities between the design patent “ordinary observer” test and the trademark infringement “likelihood of confusion” test. However, Apple did not assert that there was a likelihood of confusion. For the design patent, Apple must have argued that asserted that an ordinary observer would have thought the designs were the same, and for the trade dress dilution, that Samsung’s products blurred the distinctiveness of the source of the product.

\textsuperscript{95} 15. U.S.C. 1125(a); See, e.g., \textit{Visa Intern. Service Ass'n v. JSL Corp.}, 610 F.3d 1088, 1089-90, 95 U.S.P.Q.2d 1571 (9th Cir. 2010).
\textsuperscript{96} 15 U.S.C. 1125 (c)(2)(B)
\textsuperscript{97} 543 F.3d 665 (Fed. Cir.) 2008
\textsuperscript{98} \textit{Id.} at 676
\textsuperscript{99} \textit{Id.} at 676
\textsuperscript{100} See, e.g., \textit{A Fresh Perspective on Design Patents}, 38-JUL COLO. LAW. 71 (2009).
In a multiple-IP case like Apple v. Samsung, there exists an additional relationship between the different types of IP. For example there is an evidentiary relationship between trade dress, a utility patent, and a design patent because of the requirement that trade dress cannot be functional.\textsuperscript{101} If a product seeks trade dress protection, any utility patent that covers the configuration of the product diminishes the likelihood that the trade dress is not functional.\textsuperscript{102} In contrast, the existence of a design patent covering the features seeking trade dress protection is some evidence of the trade dress’ non-functionality. However, the existence of the design patent isn’t conclusive, or even presumptive evidence of trade dress.\textsuperscript{103}

B. What Did the Apple v. Samsung Jury Do About These Questions?

The jury in this case had a herculean task. Juries already have a difficult task in “ordinary” utility patent cases where they must determine issues of fact based on highly technical testimony. The jury in this case was asked to determine not only utility patent infringement, but also design patent infringement, inducement, trade dress dilution, and willfulness on 28 different phones and tablets.\textsuperscript{104} There were three utility patents at issue. The first was the ‘381 patent, known as the “bounceback” patent, embodied in the iPhone feature where a user scrolls to the end of a document and it appears to bounce and temporarily show a blank area at the end of the document.\textsuperscript{105} The second utility patent is the ‘915 patent, known as the “pinch-to-zoom” patent, embodied in the iPhone feature that allows a user to zoom in and out using a two-finger gesture on the screen.\textsuperscript{106} The third utility patent is the ‘163 patent, which is embodied in the iPhone feature that allows users to enlarge documents by tapping on an icon or the actual document.\textsuperscript{107}

The primary designs claimed in each of the design patents at issue are the following:

\begin{itemize}
\item \textsuperscript{101} TrafFix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23 (S. Ct 2001)
\item \textsuperscript{102} Id.
\item \textsuperscript{103} In re R.M. Smith 734 F.2nd 1482 (Fed Cir 1984)
\item \textsuperscript{104} Amended Jury Verdict Form, supra note 4
\item \textsuperscript{105} Patent No. US 7,469,381 entitled “List scrolling and document translation, scaling, and rotation on a touch-screen-display.”
\item \textsuperscript{106} Patent No. US 7,844,915, entitled “Application programming interfaces for scrolling operations.”
\item \textsuperscript{107} Patent No. US 7,864,163, entitled “Portable electronic device, method, and graphical user interface for displaying structured electronic documents.”
\end{itemize}
The ‘677 patent\textsuperscript{108} (black version):

![Black version of a device]

The ‘087 patent\textsuperscript{109} (white version):

![White version of a device]

The ‘305 patent\textsuperscript{110}.

\textsuperscript{108} Patent No. D618,577 Electronic device.
\textsuperscript{109} Patent No. D593,087 Electronic device
\textsuperscript{110} Patent No. D604,305 Graphical user interface for a display screen or a portion thereof
The ‘889 patent\(^{111}\) (for the iPad):

The following table outlines the IP at issue and whether the jury found infringement or dilution: \(^{112}\)

<table>
<thead>
<tr>
<th>Patent/ Trade Dress</th>
<th>Description</th>
<th>Infringement Verdict</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility ‘381</td>
<td>“Bounceback”</td>
<td>Yes, 21 of 21 products</td>
</tr>
<tr>
<td>Utility ‘915</td>
<td>“Pinch-to-zoom”</td>
<td>Yes, 21 of 24</td>
</tr>
<tr>
<td>Utility ‘163</td>
<td>Structured electronic document enlargement</td>
<td>Yes, 16 of 24</td>
</tr>
<tr>
<td>Design ‘677</td>
<td>Outer iPhone design</td>
<td>Yes, 12 of 13</td>
</tr>
<tr>
<td>Design ‘087</td>
<td>Outer iPhone design</td>
<td>Yes, 3 of 8</td>
</tr>
<tr>
<td>Design ‘305</td>
<td>Graphical user interface</td>
<td>Yes, 13 of 13</td>
</tr>
<tr>
<td>Design ‘889</td>
<td>iPad outer design</td>
<td>No</td>
</tr>
<tr>
<td>Registered iPhone</td>
<td></td>
<td>Yes, 6 of 17</td>
</tr>
<tr>
<td>Trade Dress</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unregistered iPhone</td>
<td></td>
<td>Yes, 6 of 17</td>
</tr>
<tr>
<td>3G Trade Dress</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unregistered</td>
<td></td>
<td>No</td>
</tr>
<tr>
<td>Combination iPhone</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Dress</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unregistered ipadiPad</td>
<td></td>
<td>No</td>
</tr>
<tr>
<td>2 Trade Dress</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^{111}\) Patent No. D504,889.  
\(^{112}\) Amended Jury Verdict Form, supra note 4.
After making findings on which products infringed which IP rights, the jury had to calculate damages and was required to break down the dollar amounts per product. It awarded damages on 23 out of a possible 28 products, for a total award of $1,049,343,540.00. The jury received 109 pages of jury instructions, and though 15 of those instructions detailed exactly how to award damages on the three different kinds of infringement, the jury was not asked to provide a breakdown or state the bases for its award. In a post-verdict interview, the jury foreman told Bloomberg News about some of the reasoning that led to the amount. First, he said, Apple asked for 35% of their (I assume Apple’s) revenues, and Samsung said that the number should be closer to 12% because they (again, I assume Apple) did not include operating costs. Though this statement by the foreman does not elucidate the entire calculation, it sounds like Apple was asking for its actual damages. The foreman continued by saying they added another calculation, a “reasonable royalty,” for some products, then “cut it in half,” and that is how they ended up with the numbers for the products. It is not possible to deduce all of the jury’s calculations from the video, though, and the interview with the foreman is certainly not going to be the basis for any further decisions by the court on damages. The fact that the basis of the damage award is unclear is a huge problem in this case. It has opened the gates for both parties to argue over damages and enhancements and left the court having to rule by trying to guess what the jury did.

C. What Did the Judge do With the Verdict?

Judge Lucy H. Koh, of the Northern District of California, who presides over this case, dealt with several complex damages issues in two sets of orders ruling on Apple and Samsung’s JMOL motions. There are four damages issues relevant to our discussion within these orders. In the first set of orders, issued January 29, 2013, the first three main damages issues were: 115

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113 It would make more sense if the foreman meant Samsung’s revenues, but the reason I assume he meant Apple’s damages is from how he sounded in the interview. It is not clear.
1) Samsung moved to overturn the jury’s finding of willful trade dress dilution (denied).\textsuperscript{116}

2) Samsung moved the court to find that its design and utility patent infringement was not objectively willful (granted).\textsuperscript{117}

3) Apple moved for damages enhancements based on 35 U.S.C. §284 (for willful utility patent infringement), or alternatively, on 15 U.S.C. §1117 (for willful trade dress dilution) (denied on both grounds).\textsuperscript{118}

The second set of orders, issued on March 1, 2013, was in response to another set of Apple and Samsung JMOL’s.\textsuperscript{119} Those orders struck a large amount from the jury award, and addressed the fourth issue relevant to our discussion, which was:

4) The court found that the jury had awarded damages on an impermissible legal theory, i.e., awarding \textit{defendant’s profits} for utility patent infringement\textsuperscript{120}

Issue One: Samsung moved the court to overturn the jury’s finding of willful trade dress dilution, but the court denied the motion based on evidence presented to the jury.\textsuperscript{121} If Judge Koh had overturned that finding of willfulness, then monetary damages would not have been available to Apple for trade dress dilution, causing even more problems with the damages verdict. Thankfully, for our purposes, that issue is decided: there was willful trade dress dilution.\textsuperscript{122} If the court had overturned the willfulness finding of trade dress dilution, monetary damages would not have been available for that dilution at all—only an injunction would have been available. The court would have had to reverse damages based on trade dress dilution, and that would have been difficult to figure out. Since the court did not overturn the finding of willfulness, monetary damages for trade dress dilution were permitted.

Issue Two: Samsung then moved that the court find that its infringement of any design or utility patents was not objectively willful.\textsuperscript{123} To be clear, to

\begin{thebibliography}{9}
\bibitem{116} ECF 2220, \textit{supra} note 115 at 14
\bibitem{117} ECF 2220, \textit{supra} note 115 at 1
\bibitem{118} \textit{January 29, 2013 opinion, supra} note 115 at 1
\bibitem{119} March 1, 2013 opinion, \textit{supra} note 7 at 1
\bibitem{120} March 1, 2013 opinion, \textit{supra} note 7 at 14
\bibitem{121} ECF 2220, \textit{supra} note 115 at 14
\bibitem{122} \textit{Id.}
\bibitem{123} \textit{Id.}
\end{thebibliography}
come to an overall judgment of willfulness, the court must find objective willfulness and the jury must find subjective willfulness. Though the jury found subjective willfulness on two design patents and three utility patents, the court did not find objective willfulness. Because treble damages can only be awarded for willful patent infringement under 35 U.S.C. §284, Apple could not use willfulness to ask for treble damages. The problem of not knowing what the jury’s damage award was based on is still a problem here, though. First, what if the court had found willfulness? Could it treble the entire award, even though it was partially for utility infringement, partially for design infringement, and partially for trade dress dilution? The court didn’t find willfulness, so for now we don’t know the answer to that question.

Issue Three: The third problem with not knowing the basis for the award is that there still remain a few ways, other than willfulness, to enhance or reduce damages. One statutory basis is the Lanham Act, which provides that the court can increase damages if the jury award doesn’t adequately compensate for the plaintiff’s actual losses. Again, the jury award didn’t specify what amount compensated Apple for their trade dress damages. The court addresses this dilemma, stating that “the Court must first decide whether, when the jury awarded damages for a given product that both infringes patents and dilutes trade dress, without specifying which portion of the damages is for which injury, the award can be increased under the authority of the Lanham Act.” Oddly, Samsung argued that the jury award did actually represent their entire profit and was based on §289, for the self-serving reason that if that argument were true, the award would not be subject to enhancement. The court determined that it would not “speculate as to how, precisely, the jury calculated its damages award,” but it reasoned that a verdict finding multiple types of infringement probably did not award damages based solely on one of those types. The court then discussed the fact that at least some of the damages were attributable to §289, and whether that statute prohibited any of the damages from being enhanced. The court held that §289 did not preclude Lanham Act enhancements.

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125 Amended Jury Verdict Form, supra note 4
126 January 29, 2013 opinion, supra note 115
128 January 29, 2013 opinion, supra note 115
129 Id. at 2
130 Id.
The decision assumes that there is apportionment even if the amount is a mystery. It essentially said that some amount was probably awarded for utility infringement, some for design infringement, and some for trade dress dilution. The court denied the enhancement anyway, stating that Apple did not cite any actual, additional damages, but rather focused on “Samsung’s ill-gotten gains,” which don’t count as Apple losses. Strangely, though, the court stated that one of the problem’s with Apple’s motion was that it had “made no attempt to disaggregate losses caused by dilution, for which a court may permissibly award additional damages, from losses caused by (design) patent infringement for which the Court has found no enhancement may be awarded.”\textsuperscript{131} Though the court makes it seem like disaggregating the award is Apple’s problem, it is really the court’s and Samsung’s problem too. Apple asked for $400 million in enhancements, which were denied, but given the unique damages in question, one can’t blame them for trying.

**Issue Four:** The most problematic issue with not knowing the basis for the jury award was that when the jury made a legal error, it became difficult to discern what portion of the award had been in error. The court issued an order on March 1, 2013 that ordered a new trial on approximately $400 million of the damages.\textsuperscript{132} In the court’s previous order on January 29\textsuperscript{th}, the court declined to determine how, precisely, the jury came up with its award.\textsuperscript{133} However, it did try to determine the exact calculations for the purposes of the March 1\textsuperscript{st} order.\textsuperscript{134} Samsung contended that the jury used an impermissible legal theory to calculate some of the damages. Though the court admitted that courts usually give deference to jury verdicts, it relied on Ninth Circuit precedent that allows a judge to remit an amount if it is “readily apparent” as a legally impermissible error.\textsuperscript{135} The court worked backwards from the dollar amounts awarded by the jury per product to try to determine the basis for the award. The court (or Samsung, in its brief), calculated that for several products, the jury awarded exactly 40% of the number that Apple’s expert suggested was the proper amount. For one particular product, the jury awarded what appeared to be 40% of Samsung’s profit, even though the product only infringed utility patents, not design patents or trade dress. If that calculation was correct, the award would be based on a legally impermissible theory, because a jury cannot award infringer’s profits on a utility patent. The judge struck the award of

\textsuperscript{131} Id. at 2.  
\textsuperscript{132} March 1, 2013 order, supra note 7  
\textsuperscript{133} January 29, 2013 opinion, supra note 115  
\textsuperscript{134} March 1, 2013 order, supra note 7 at 14  
\textsuperscript{135} March 1, 2013 order, supra note 7 (citing In Re First Alliance Mortgage Co., 471 F.3d 977 (9th Cir. 2006))
approximately $57 million and ordered a new trial on those damages. Complicating matters further, utility patents, design patents, and trade dress each have different notice requirements. This article won’t discuss all the details, but essentially, the court determined that the jury awarded some improper damages (e.g., defendant’s profits on design patent infringement) based on periods for which Samsung did not have notice about its infringement. Since the court could not exactly determine the proper amount by applying an accurate formula, it struck $383 million from the award and ordered a new trial specifically on that portion of the damages.\textsuperscript{136}

Ultimately, in this last order, over $400 million in damages were wiped out due to the fact that the jury was not required to specify what damages were awarded for what infringement. According to the statutes, the jury doesn’t have to specify the basis for the award. In this case, though, it would have been extremely helpful to have that information. There is no statutory limitation that would prevent a special verdict form from requesting that the jury specify the amount awarded based on each type of infringement. It is true that such specificity would have made the verdict form more complicated, and the drawback of a more complicated form is an increased chance for jury error. However, the court determined the jury made an error anyway.

The court may not even have been right about that determination. The court’s interpretation of the jury verdict seems to be directly at odds with how the jury foreman himself said the jury calculated its verdict. While the court determined that the jury awarded exactly 40% of the Apple expert’s calculation of Samsung’s profits, the foreman himself said the jury calculated a sum in between a figure of 35% from Apple and 12% from Samsung, with a 50% reasonable royalty added on top.\textsuperscript{137} It is true that this unofficial statement from the foreman doesn’t constitute a full accounting of the jury’s calculations. The court, on the other hand, appears to have taken great care in calculating its guess of the jury’s basis for the award in its order, which suggests that the court’s calculation is more accurate than the foreman’s statement. Nonetheless, it is disconcerting that no one actually knows the basis of the jury’s award, and that $400 million has been wiped out based on what is actually a guess.

\textsuperscript{136} March 1, 2013 order, supra note 7
D. Could the Apple v. Samsung Scenario Happen Again?

In retrospect, given the enormous initial jury verdict win for Apple, the fact that Apple chose to go for design patent and trade dress infringement in addition to utility patent infringement was a brilliant strategy. The three utility patents—the “bounceback” feature, the “pinch-to-zoom” feature, and the “structured document enlargement” feature—are all relatively minor parts of the functionality of the iPhone. If those had been the only patents litigated, Apple would have had to argue for either lost profits or reasonable royalty. A large lost profits argument might not seem like a fair amount to the jury. A reasonable royalty, which accounts for the fact that those utility patents are probably only a small percentage of the reason a consumer buys a phone, might seem fairer. By asserting both design patent infringement and trade dress dilution, Apple opened up the damages to include defendant’s profits, and allowed itself to argue about the entire product as a whole. The utility features at issue in this case are novel, protectable features, but they are also tiny, and contained inside a device that has a thousand other novel, protectable features. The design is about how the whole phone looks. The trade dress is about even more; it is about how the phone communicates that it is from Apple. The trade dress dilution by blurring claim allowed Apple to talk about the several factors that constitute a blurring claim, including its fame, its cultural significance, and other similarly romantic notions associated with the product. How much more impact did it have on the jury to be able to argue infringement on the entirety of the product? It is not difficult to imagine that the design and trade dress arguments may have made more sense to the jury than the utility patent arguments.

Not only does arguing about the whole product to laypersons in a jury make more sense, but it makes the request for large damages justifiable. For example, if only utility patents were at stake, a plaintiff would have to argue for an amount that was between lost profits and a reasonable royalty. The plaintiff could argue that lost profits were $40 million and the defendant could argue that reasonable royalty was, at most,

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138 There are 416 patents on the smartphone aspects, 279 patents on the camera, and 232 patents on the user interface. Thompson-Reuters Inside the iPhone Patent Portfolio.
139 15 U.S.C. §1125 (2)(B) The factors are (i) The degree of similarity between the mark or trade name and the famous mark. (ii) The degree of inherent or acquired distinctiveness of the famous mark. (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark. (iv) The degree of recognition of the famous mark. (v) Whether the user of the mark or trade name intended to create an association with the famous mark. (vi) Any actual association between the mark or trade name and the famous mark.
$15 million. If the jury does what many juries do, and find a number somewhere in between, it might award $25 million. But if defendant’s profits are available, and those are $100 million, and the reasonable royalty is still $15 million, the jury may still find that “in-between” number. In this scenario thought, the plaintiff’s request is far higher than that initial $40 million, and the award might be $60 million or so just because the plaintiff was entitled to ask for more in the first place. The design patent remedy does not just legally allow a plaintiff to increase the amount of its requested award for the purpose of anchoring the jury to a higher number; it allows for compelling reasoning as to why the award should be based on the entire product and not just some components of the product.

Up until the Apple v. Samsung case, litigating design patents in technology has been rare. Perhaps that is only because of pre-conceived notions of what kinds of IP should be litigated, or should overlap. Technology lawsuits have been the realm of utility patents. If software utility patents overlap with any other kind of IP, they overlap with copyrights. Design patents were for “simple” products, not technology products. Given the outcome of Apple, though, it is not difficult to imagine another scenario in which a high-tech, extremely popular consumer product has utility, design, and trade dress protection which all become the subject of litigation. Look, for example, at the forthcoming Google Glass product and the watch-device designs the phone companies are developing. Though our society’s earliest personal-use technology was more about function than aesthetic (our pagers, Walkmans, giant video cameras etc., weren’t necessarily beautiful products), our future personal-use technology won’t ignore aesthetic. This utility/design/trade dress IP formula will appear again, especially with the most popular products.

In fact, because of the prominence of Apple v. Samsung, IP attorneys should now advise clients who are applying for utility patents to apply for design patent and trade dress protection if the product’s aesthetic has any potential to be considered an important part of the product, or to even apply

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140 For a discussion on “anchoring,” which is how jury awards are influenced by the numbers they hear, see, e.g., John Malouff & Nicola A. Schutte, Shaping Juror Attitudes: Effects of Requesting Different Damage Amounts in Personal Injury Trials, 129 J. SOC. PSYCHOL. 491 (1989).
142 See https://plus.google.com/+projectglass/
143 See http://reviews.cnet.com/apple-iwatch/
for such protection as a cost-effective alternative to utility patents.\textsuperscript{144} The investment in time and money to acquire a design patent or register a trade dress is far lower than that required for a utility patent, and the potential return is apparent. If for example, a company finally invents a Hoverboard (and assume that the depictions in the \textit{Back to the Future} movies don’t create a prior art or obviousness problem for patentability), it will probably have multiple utility patents on it. Hoverboard Co. would be wise to obtain design patents and register trade dress protection on its invention. The company could be first to market and become immensely popular, changing the landscape of personal transportation forever. Competitors rushing to the marketplace would have to figure out how to work around the utility patents, design patents, and trade dress in order to make a competing product that doesn’t infringe. Now, because of the precedent of Apple \textit{v. Samsung}, it makes complete sense that a high-tech consumer product with the potential to be famous would have multiple IP protections. It is also foreseeable that litigation regarding Hoverboard’s competition would involve all of the types of IP protection. For certain products, such multi-faceted litigation might become the norm.

IV. How Can Litigators and Courts Avoid the Dilemma of Confusing Damages Fights?

If the product has all the different types of IP protection, litigators absolutely should pursue all the viable theories in order to maximize the amount of damages statutorily available. A plaintiff need not be limited to lost profits or reasonable royalty if the defendant’s profits are available. The design patent remedy in particular is a large incentive for patentees. The complication with the multiple types of infringement is the differing types of damages and not knowing the basis for a jury’s award when there are multiple types of infringement. It is confusing for the litigants, for the jury, and for the judge having to rule on the JMOLs. Patentees often benefit from confusion in patent cases and may not be interested in simplifying the issues for the other parties involved, but for the sake of the defendants in these cases, and for judges and juries trying to come to the right result, more clarity is necessary.

One way to eliminate part of the confusing damages issue in future cases would be for Congress to eliminate the infringer’s profits remedy for

\begin{footnote}{144} See An IP Trifecta for Product Configurations, Portfolio Media Inc., Law 360, May 2010. Written before Apple \textit{v. Samsung} was decided, this article discusses using “trifecta” of copyright, design patent, and trade dress protection to protect product configurations. This is a different reference from my designation of utility patent, design patent, and trade dress litigation as a “trifecta” earlier in the article.\end{footnote}
design patent infringement altogether, as at least one commentator has
argued.\footnote{See Lemley, \textit{supra} note 44 “A final possible solution is simple: change the statute.
Section 289 is an anomaly, a holdover from a time when we both granted defendant’s
profits as a general measure of patent damages and required proof of knowing
infringement. We don’t need it. If we just got rid of it, design patent damages would
operate just like utility patent damages.”} A legislative fix to get rid of §289 and make design patent
damages the same as utility patent damages is a possible solution, but that
would remove the liability Congress wanted to create for infringers of
design-patent-only products. It may have the effect of lessening the value of
design patents for products for which design is the whole product. Design
patents will continue to cover both simple “design-only” products and
complex “utility-plus-design” products, and it may not be practical to
remove the statutory damages for some design patents, but not all. Even if
Congress eliminated the “infringer’s profits” remedy in §289, the Lanham
Act remains, providing defendant’s profits or actual losses for plaintiffs in
trademark/trade dress suits. It would upset the balance and intent of
trademark law to change trade mark damages for the sake of simplifying
multi-IP litigation damages. Additionally, while waiting for any legislative
change, attorneys and judges will still have to deal with the law as it exists
now.

The other possible solution the jury verdict form. It should require the
jury to state the basis for the damages. Again, it is normally a risk to make a
jury form more complicated because it increases the chance for error, and
the problem with jury error is that it would result in a new trial.\footnote{Alvin Stauber and Craig Varn, \textit{Itemized Verdict Requirements: A Challenge for Juries},
FLA B.J. June 1996 at 16} In this
case, though, a less detailed verdict form created two problems. First, it
created more work for the court in trying to figure out what the basis of the
verdict was in order to correctly rule on the post-judgment motions. Second,
it resulted in the jury making an error anyway, which resulted in a new trial.
The verdict form in \textit{Apple v. Samsung} was impressively clear, considering
the number of issues and products on which the jury had to make findings.
For each question of infringement, willfulness, or other questions of fact,
there was a table of products to which the factual question applied. The jury
had to answer yes or no for each product, and because of how the form was
written, the jury could not answer for a product to which the question did
not apply. It then asked for monetary damages per product, based on the
above tables.\footnote{Amended Jury Verdict Form, \textit{supra} note 4}
One helpful additional step would have been to break out the individual product award by type of damage awarded. That is, to ask the jury for an allocation of damages. To be clear, such an allocation has nothing to do with apportionment. To allocate simply means “to set apart for a particular purpose; assign or allot,” whereas to apportion, as this article discussed earlier, is “to divide and assign according to some rule of proportional distribution.” The trial court in Catalina Lighting did ask the jury for damages based on the design patent and utility patent separately, which helped the Federal Circuit address the damage issue on appeal. Obviously, that verdict form was much simpler, because there was only one design patent, one utility patent, and one product at issue, but the allocation of damages was useful on appeal. To ask the jury in the far more complicated Apple v. Samsung case to allocate separate damages for each type of infringement, the jury instruction could look like this:

“For each product that you determine has infringed one or more patents or trade dress, write the amount that you award in damages. For each product, specify for which infringement you are awarding damages. Each type of infringement allows a different basis for which you can award money damages, and that basis is described in the table below. You may not award damages for a type of infringement you have not found on a particular product. Also, in any case, the total amount of damages per product may not exceed 100% of the defendant’s profits on that product. ”

(see next page for chart)

150 Catalina Lighting, Inc. v. Lamps Plus, Inc.
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<td>You may award: 1) Up to 100% of Samsung’s profits OR 2) Up to 100% of Apple’s lost profits AND/OR 3) A reasonable royalty</td>
<td>You may award: 1) Up to 100% of Apple’s lost profits AND/OR 2) A reasonable royalty (Note: You may NOT award Samsung’s profits here)</td>
<td>If you have found trade dress dilution, and only if you have also found that it is willful, you may award: 1) Up to 100% of Samsung’s profits 2) Up to 100% of Apple’s actual losses</td>
<td>Add the previous columns and make sure that the number is not more than 100% of Samsung’s profits</td>
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Though the above example is a complicated instruction, the only choice that exists is between a complicated jury instruction which elucidates the basis for damages and a complicated JMOL damages fight in which the basis for damages is left in the dark. It will, ultimately, be up to the parties and the judge which complication they prefer. Other verdict forms ask juries what amount they awarded for lost profits as opposed to reasonable royalties.\(^{151}\) If there are three types of infringement on which the jury has to make a finding, and three statutes that control the damages that the jury is going to award, have the jury specify the amount for each infringement. That way, after the verdict,

\(^{151}\) *Crystal Semiconductor Corp. v. TriTech Microelectronics Intern., Inc.* 246 F.3d 1336 (Fed Cir 2001)
the judge can apply the law on enhancements from three statutes to the three different amounts, or reverse part of the finding as a matter of law and ensure that only the proper amount of damages is reversed.

V. Conclusion

*Apple v. Samsung*, and the damages issue in that case in particular, will continue to unfold. When the new damages trial takes place, we will get to see how the parties and this court address the need to find out the basis for this next jury’s award. Future judges and litigants in multiple-IP suits can learn from the issues that arose in this case and confront the problem presented by multiple damages statutes. Juries should be required to allocate damages based on each type of infringement on the special jury verdict form because different damages statutes apply to utility patent, design patent, and trademark infringement,

For now, observers can learn a few other lessons. First, design patents aren’t just for simple, design-patent-only products anymore. And trade dress isn’t just a fallback substitute when there isn’t a design patent. Both design patents and trade dress can bring more value to a suit, not only in the amount of damages available, but in the richness of the story of infringement. Companies should seek design patents and trade dress protections when applicable, and attorneys should anticipate them as sources of litigation in realms where utility patents have dominated. Finally, IP attorneys should understand the new stakes for damages in multiple-IP litigation, because design patents aren’t just about looks anymore.