How Should Damages Be Calculated for Design Patent Infringement?

Mark D. Janis
Indiana University Maurer School of Law, mdjanis@indiana.edu

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Mark D. Janis*

INTRODUCTION ................................................................. 242
I. THE DISGORGEMENT OF PROFITS REMEDY AFTER SAMSUNG. 245
II. UTILITY PATENT REMEDIES FOR DESIGN PATENT INFRINGEMENT ...................................................... 253
   A. Design Patentee’s Lost Profits: The Alternative Designs Problem .......................................................... 254
   B. Reasonable Royalty Awards: A Poor Fit for Design Patents? ................................................................. 259
III. RECONSIDERING STATUTORY DAMAGES AS A REMEDY FOR DESIGN PATENT INFRINGEMENT .................................................. 264
   A. Statutory Damages Under Trademark and Copyright Law ........................................................................ 265
      1. Lanham Act Statutory Damages ................................................................................................................. 265
      2. Statutory Damages Under the Copyright Act .......................................................................................... 268
   B. Statutory Damages in Design Patent Law: Some Limiting Principles ...................................................... 269
      1. Compensation and Deterrence Objectives ............................................................................................. 270
      2. Rough Nexus with Actual Damages ......................................................................................................... 273
      3. Should Statutory Damages be Available only for Design Patent “Counterfeiting”? ............................ 276
      4. Safeguards for Innocent Infringers ........................................................................................................... 279
      5. Fee-Shifting ............................................................................................................................................. 283
CONCLUSION .............................................................................. 284

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INTRODUCTION

The Supreme Court’s perfunctory opinion in Samsung Electronics Company v. Apple, has left to the lower courts the difficult task of fashioning a reliable test for the disgorgement of profits under the design patent remedies provision. But Samsung has also exposed the need for a broader conversation that reevaluates whether the special remedies provision ought to be retained in its current form, and what the objectives of the design patent remedies provisions should be. This paper critically evaluates proposals that attempt to implement the Court’s Samsung ruling under the existing provision, while also seeking to provoke a conversation about alternatives to that provision.

American patent law provides design patent owners with two routes for recovering damages for design patent infringement. Section 289, applicable only to design patents, provides that upon proving infringement, design patent owners may seek an award of either $250 or the infringer’s “total profit” on the “article of manufacture” with which the infringing design is associated. Section 284, the general

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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 . . . Nothing in this Section shall prevent, lessen, or impeach any other remedy which an owner of an
utility patent damages provision, allows for an award of “damages sufficient to compensate for the infringement, but in no event less than a reasonable royalty.” Courts have ruled that Section 284 damages are available to design patent owners as an alternative to a Section 289 award.

In Samsung, the Court ruled that the “article of manufacture” in the Section 289 profits analysis as applied in any given case could refer to the end product sold to a consumer or to a component of that product, rejecting the Federal Circuit’s interpretation that the article always must be the infringer’s entire product. But the Court declined to adopt a test for identifying the operative article of manufacture. Moreover, because the Court was addressing only a Section 289 profits award, it did not speak to the extension of Section 284 theories to design patents or to the $250 statutory damages element of Section 289.

The Court’s terse opinion has left the lower courts with the difficult task of articulating a reliable article-of-manufacture test for

8. Section 289 specifies that although “[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,” design patent owners “shall not twice recover the profit made from the infringement.” Courts have construed this language to require design patent owners to elect between a Section 284 and Section 289 award. See e.g., Catalina Lighting, Inc. v. Lamps Plus, Inc., 295 F.3d 1277, 1291 (Fed. Cir. 2002) (“[A] patentee may not recover both infringer profits and additional damages under § 284” for design patent infringement); Bergstrom v. Sears, Roebuck & Co., 496 F. Supp. 476, 496 (D. Minn. 1980) (“[T]he purpose of this latter phrase [in Section 289] 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.”); Henry Hanger & Display Fixture Corp. of Am. v. Sel-o-Rak Corp., 270 F.2d 635, 643–44 (5th Cir. 1959) (concluding that Section 284 applies to design patents, but where the infringer’s profits are taken as the measure of loss under Section 289, a royalty award cannot be added to the profits award); see also Nordock, Inc. v. Sys., Inc., 803 F.3d 1344, 1357 (Fed. Cir. 2015), vacated, Sys., Inc. v. Nordock, Inc., 137 S. Ct. 589 (2016) (observing that it would have been error to instruct jury that it could simply circumvent the Section 289 calculation to reach the Section 289 remedy). But cf. Brief of the Bar Assoc. of New York at 2, Samsung Elecs. Co., Ltd., 137 S. Ct. 429 (No. 15-777) (arguing that the plaintiff’s recovery of infringer’s profits under Section 289 does not preclude an award under Section 284). This argument places too much weight on the title of Section 289 (“additional remedy”) and relies too heavily on a distinction between “damages” and “profits” that is not well-supported historically.
Section 289. If future courts applying such a test routinely award minimal damages, then design patent owners will presumably explore other avenues for damages, either by crafting theories under the existing statute or by proposing legislative change. Accordingly, the Samsung decision indirectly exerts pressure on the design patent damages inquiry writ large, prompting questions about which combination of remedies is best suited to provide adequate compensation to design patent owners while still minimizing the risk of windfall recoveries.

In Part I, this Article comments on the Supreme Court's Samsung decision and its immediate aftermath. The Article goes on to evaluate proposed tests for the Section 289 article of manufacture and consider the possibility that the new jurisprudence of the Section 289 disgorgement remedy will drive design patent owners to consider other approaches to design patent damages remedies.

The most obvious alternative is the existing regime of utility patent remedies under Section 284. In Part II, this Article analyzes the extension of Section 284 remedies to design patent matters. Part II concludes that Section 284 lost profits damages may be difficult to establish in many design patent cases, and that the reasonable royalty theory is a poor fit for design patents. Moreover, the critiques aimed at both theories in the utility patent context are equally significant for design patents.

After assessing the Section 289 disgorgement remedy and the Section 284 utility patent remedies, this Article turns in Part III to the one remaining element of the existing statutory regime: the Section 289 statutory damages award, another special remedy available only to design patent owners. This Article explores the law of statutory damages as it has developed in copyright and trademark law and asks whether there are lessons from those areas that might inform design patent law. In particular, the Article examines how Congress might revisit the Section 289 statutory damages remedy to make it a viable remedy for design patent infringement without triggering the cascade of difficulties that statutory damages have presented to date, especially in copyright law. The Article considers whether design patent infringement might be analogized to trademark counterfeiting, and, if so, whether elements of the trademark anti-counterfeiting provisions might be suitable for design patent law. Such an approach may have merit, but only if suitable safeguards for retailers and consumers can be put into place.
I. THE DISGORGEMENT OF PROFITS REMEDY AFTER SAMSUNG

In Samsung, the Supreme Court provided a two-step test for obtaining a profits award under Section 289: “First, identify the ‘article of manufacture’ to which the infringed design has been applied. Second, calculate the infringer’s total profit made on that article of manufacture.”\(^\text{10}\) Under this test, a unanimous Court reversed the Federal Circuit’s judgment in favor of Apple and remanded the case.\(^\text{11}\) Speaking for the Court, Justice Sotomayor reasoned that the Federal Circuit erred in strictly applying the phrase “article of manufacture” to the infringer’s end product sold to consumers in all cases.\(^\text{12}\) While the phrase could encompass the entire end product in any given case, it also could be restricted to “a component of that product, whether sold separately or not.”\(^\text{13}\)

But, the Court expressly declined “to lay out a test for the first step of the § 289 damages inquiry.”\(^\text{14}\) The Solicitor General suggested a test in its amicus brief, but since the parties did not adequately brief the issue, the Court concluded that adopting a test was not necessary to resolve the question presented.\(^\text{15}\)

Indeed, until its late stages, the dispute focused on the proper construction of “total” in Section 289. Samsung argued that construing it to apply to the entire profit made on a multi-component device bearing the design would generate a windfall for the design patent holder, while Apple argued that “total” was plain on its face and that the legislative history signaled Congress’s intention to reject an apportionment rule.\(^\text{16}\) Samsung also raised the article of manufacture

\(^{10}\) Samsung, 137 S. Ct. at 434.

\(^{11}\) Id. at 436.

\(^{12}\) Id. at 435–36.

\(^{13}\) See id. at 435 (citing 35 U.S.C. §§ 101, 171) (supporting this conclusion with a textualist argument based in part on the fact that the phrase “article of manufacture” appeared in other provisions of the Patent Act, where it had been construed as not limited to end products; but, Section 101 relates to utility patents, and Section 171, while it is a design patent provision, uses the phrase to refer to the patentee’s article of manufacture, not the infringer’s).

\(^{14}\) Id. at 436.

\(^{15}\) Id.

\(^{16}\) Apple Inc. v. Samsung Elecs. Co., Ltd., 786 F.3d 983, 1001 (Fed. Cir. 2015). At the Federal Circuit, Samsung argued that Section 289 should be read against the background principle that the infringement must cause the damages, and that under such a reading, “total” could mean only the fraction of the infringer’s profits that was attributable to the infringement. Apple had argued that Samsung’s causation argument was merely apportionment in another guise.
argument, but only in the alternative.\textsuperscript{17} In an opinion rejecting both of Samsung’s arguments, the Federal Circuit had relatively little to say about the contours of the article of manufacture, asserting that ordinary consumers would regard the infringing smartphone product as an integrated whole, and under those circumstances, subdividing it for purposes of calculating profits was impermissible.\textsuperscript{18} It was not until oral argument at the Supreme Court that it became clear that Samsung was giving up on its causation theory and pinning its hopes on a restrictive construction of the article of manufacture phrase.\textsuperscript{19}

Consequently, it has now fallen to the lower courts to determine how to carry out the now-critical article-of-manufacture analysis. Some commentators have proposed one-shot tests,\textsuperscript{20} while others have advanced multi-factor tests that may invite a totality-of-the-circumstances analysis.\textsuperscript{21} The early cases suggest that courts will gravitate to the multi-factor test suggested by the Solicitor General in its amicus brief in Samsung,\textsuperscript{22} although the Federal Circuit had not spoken on the issue as of the time of this writing.

For example, on remand in Samsung, Samsung argued for a single-inquiry test, Apple argued for a multi-factor test, and Judge Koh rejected both, instead adopting the Solicitor General’s test.\textsuperscript{23} Samsung proposed that the relevant article be identified “by comparing the claimed attributes of the design patent to the accused product to identify the specific part, portion, or component of the product that corresponds to the patent’s claim.”\textsuperscript{24} Samsung’s proposed test would have excluded from the article “any part, portion, or component of a product that is disclaimed by the patent or that does not correspond to the claimed attributes of the patented design, including any part,

\begin{itemize}
\item \textsuperscript{17} Id. at 1002.
\item \textsuperscript{18} Id. (citing Bush & Lane Piano Co. v. Becker Bros., 222 F. 902, 903 (2d Cir. 1915)) (distinguishing a single integrated product—a smartphone and its internal hardware—from two separate, but complementary, products—a piano and a piano case).
\item \textsuperscript{19} Samsung, 137 S. Ct. at 434 n.2 (noting that Samsung had abandoned the causation theory at oral argument).
\item \textsuperscript{20} See Burstein, Today, supra note 3.
\item \textsuperscript{21} See Saidman et al., supra note 3.
\item \textsuperscript{22} Brief for the United States as Amicus Curiae Supporting Neither Party at 27-29, Samsung Elecs. Co., Ltd., 137 S. Ct. 429, No. 15-777; Saidman, et al., supra note 3.
\item \textsuperscript{23} On remand from the Supreme Court, the Federal Circuit remanded the case to the trial court. Apple Inc. v. Samsung Elecs. Co., Ltd., 678 F. App’x 1012, 1014 (Fed. Cir. 2017) (unpublished).
\end{itemize}
portion, or component of a product that is not considered when determining infringement.”

In Judge Koh’s view, Samsung’s test was unacceptable because it was tantamount to a per se rule precluding any multi-component product from constituting the relevant article. Curiously, the court illustrated its concern by invoking a hypothetical involving a design for a unitary product—namely, a design for the rim of a dinner plate. The court reasoned that, in the dinner plate hypothetical, the dinner plate itself “must be the relevant article of manufacture, even where the design patent disclaims part of the [plate].” According to Judge Koh, if Samsung’s proposed test failed to produce a logical result when applied to a simple unitary product, it could not be relied upon to produce a logical result for a complex multi-component product, and must therefore be rejected. Judge Koh’s reasoning reflects a more fundamental concern: the patentee’s claimed design should not be dispositive of the article of manufacture inquiry because it is the infringer’s article that frames the Section 289 profits remedy under the language of the provision.

These same concerns apply to other proposed single-inquiry tests. Sarah Burstein has offered a test that likewise relies on “the nature and scope of the claimed design” to frame the inquiry, but is even more extreme: it would exclude any “machine” or “composition of matter” and would limit the article in any given case to “a tangible item made by humans that has a unitary structure and is complete in itself for use or for sale.” Recognizing that court might decline to go

25. Id.
26. See Apple Inc., 2017 WL 4776443 at *9-10. Judge Koh’s critique of Samsung’s test would presumably extend to the test that Professor Burstein proposes in her forthcoming article. See Burstein, Today, supra note 3 (proposing a monolithic test for the Section 289 article of manufacture).
27. Id. at *10. The court’s hypothetical supposed that the design patent at issue used the practice of “partial” claiming, in which the design being claimed (the rim of the plate) is illustrated in the patent drawings in solid lines, while other features that are not being claimed as part of the design (the remainder of the plate) are shown in dashed lines to help show the context in which the design appears. See Jason J. Du Mont & Mark D. Janis, Virtual Designs, 17 STAN. TECH. L. REV. 107, 123-27 (2014) [hereinafter Du Mont & Janis, Virtual Designs] (providing examples of partial claiming of GUI designs).
29. Id.
30. Burstein, Today, supra note 3 (manuscript at 52).
31. See id. (manuscript at 61) Professor Burstein refers to her proposal as the “historical” approach to the article of manufacture inquiry; id. (manuscript at 44, 62) (claiming that the approach is “faithful to the real history and original intent behind
so far as exclude machines per se, Professor Burstein suggests that the “exterior housings or shells” be treated as the relevant articles because they “[are] manufactured and could be sold separately.”

This is a reincarnation of apportionment that enshrines an assumption that when an infringer appropriates a patented design without authorization and associates it with a product for sale, the infringer is enriched to the same extent whether the product is a $50 item or a $3,000 item.

Unfortunately, proposed multi-factor tests may prove only marginally more effective in providing a just remedy at reasonable administrative cost. On remand in Samsung, Judge Koh adopted a multi-factor test that had been proposed by the Solicitor General, and

the Act of 1887”). Professor Burstein has invoked a variety of historical sources in support of her position, skillfully elaborated in Sarah Burstein, The “Article of Manufacture” in 1887, 32 BERKELEY TECH. L.J. 1 (2018). Her extensive analysis warrants a detailed response, which I must leave for another day. For present purposes, it is sufficient to note that Professor Burstein’s analysis places great significance on some sources while neglecting to account for others and takes for granted that because the term “manufacture” appears in a utility patent provision regarding subject matter eligibility, it must necessarily mean the same thing when it appears in a design patent provision regarding damages. This is one way to read the historical record, but hardly the only way, much less the only plausible way. In any event, as Professor Burstein correctly points out, proposals for interpreting Section 289 should be evaluated on their normative merits, not just their asserted historical pedigree. See Burstein, Today, supra note 3 (declining to argue “that courts should adopt the original meaning of ‘article of manufacture’ simply because it is the original meaning”).

33. Saidman et al., at 358-59 (recognizing this same concern with inquiries that purport to limit Section 289 profits to visible parts).
34. See Apple Inc., 2017 WL 4776443 at *8-11 (declining to adopt a slightly different test that Apple had proposed). The Solicitor General’s proposed test, contrarily, called for consideration of the following factors: (1) how the defendant sells its infringing product and accounts for its profits on those sales, including whether the defendant typically sells its asserted article of manufacture as part of a unified product or separately; (2) the visual contribution of the patented design to the product as a whole, including whether the claimed design gives distinctive appearance to the product as a whole or only to the asserted article of manufacture; (3) the degree to which the asserted article of manufacture is physically and conceptually distinct from the product as sold; and (4) The defendant’s reasons for appropriating the patented design, including whether the defendant did so in an effort to replicate a product as a whole. A similar proposed test appears in Saidman et al., supra note 3, at 355:

the visual contribution made by the patented design to the overall appearance of the end product sold by the infringer, in the eye of an ordinary observer; whether at the time of the infringement, the patentee or infringer separately sold its proffered articles of
this test has been invoked in at least two other cases and is preferred among some commentators. The Solicitor General’s test identifies the relevant article by way of a “case-specific examination of the relationship among the design, any relevant components, and the product as a whole” to be conducted by the factfinder in view of the totality of the circumstances. Several factual considerations lie at the heart of the proposed analysis: (1) “the scope of the design claimed in the plaintiff’s patent,” including an inquiry into the patent document as a whole that places weight on the article of manufacture that the plaintiff identifies as being associated with the claimed design; (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,” especially where the evidence shows that the design “adheres only to a component of the product” or is “embodied in a component that is manufactured separately from the rest of the product.”

Like the proposed single-inquiry tests, the Solicitor General’s test presents the danger that the patentee’s claimed design will become the focal point of the Section 289 profits calculation. While Judge Koh in her remand opinion agreed that the scope of the claimed design should not be dispositive, she insisted that it be included explicitly
as one of the factors.\textsuperscript{44} But given the inherent flexibility of multi-factor tests, there is ample room for the scope factor to stampede the remaining factors.\textsuperscript{45} The Saidman et al. proposal recognizes this problem and deals with it by proposing that the factfinder assess "the visual contribution made by the patented design to the overall appearance of the end product sold by the infringer, in the eye of an ordinary observer."\textsuperscript{46} This formulation appropriately consigns the patented design to a mere relevant "frame of reference" for the inquiry and reduces the likelihood that the factfinder will base Section 289 profits on "a simplistic one-to-one mapping of the patented design onto the infringer's asserted article of manufacture."\textsuperscript{47} This is important because it should not be taken as a foregone conclusion that the products sold by the infringer and the patentee will be identical, or even similar. Design patent infringement might occur even if the infringer appropriates the patented design for a product that is quite different from the patentee's product.\textsuperscript{48} Judge Koh acknowledged as much but brushed aside this difficulty too readily.\textsuperscript{49}

In addition, the Solicitor General's test is problematic because it tolerates too much complexity and uncertainty without achieving sufficient gains in equitable outcomes specific to the parties.\textsuperscript{50} Like

\textsuperscript{44} Id. at *10 (rejecting Apple's proposed test because it purportedly omitted the scope of the patented design altogether as a permissible consideration).

\textsuperscript{45} Moreover, an undue emphasis on the scope of the patentee's design will also undoubtedly trigger strategic drafting practices aimed at turning the scope factor to the patentee's advantage.

\textsuperscript{46} Saidman et al., supra note 3 at 355.

\textsuperscript{47} Id.

\textsuperscript{48} Consider, for example, a patented design for a sailboat figurine used as a table decoration or for jewelry, asserted against a defendant who makes a sailboat.

\textsuperscript{49} The court conceded that the scope of the claimed design might be of little significance if the infringer applies the patented design "in a way that differs from the way that the plaintiff claimed the design in the patent," but deflected this concern by indicating that this issue could be argued to the factfinder in a given case. \textit{Apple Inc.}, 2017 WL 4776443 at *12. On the other hand, Judge Koh also opined that "how the [infringer's] product is sold can be considered by the factfinder in determining the relevant article of manufacture." Id. at *11. This may prove to be an important counterweight to the emphasis on the patented design.

\textsuperscript{50} I offered some of these critiques in a co-authored amicus brief on behalf of a group of intellectual property law professors. Brief of Amici Curiae on Behalf of Intellectual Property Professors at 2, \textit{Samsung Elecs. Co., Ltd. v. Apple Inc.}, 137 S. Ct. 429 (2016) (No. 15-777). Cf. \textit{Apple Inc.}, 2017 WL 4776443 at *12 n.4 (contending that the test is no worse than those for obviousness or the reasonable royalty). The brief argued that the language of Section 289 precluded apportionment and also foreclosed the construction of "article of manufacture" in a way that
most open-ended multi-factor "totality of the circumstances" tests, this test threatens to devolve into an ad hoc non-test driven by intuitive judgments.\textsuperscript{51} Even if it were confined to its explicitly enumerated factors, the Solicitor General's test broaches too much uncertainty. For example, factors three and four resemble the copyright law's separability analysis applicable to pictorial, graphic, or sculptural aspects of the designs of useful articles, an exceptionally difficult test to apply, as the Supreme Court's controversial \textit{Star Athletica} decision reflects.\textsuperscript{52}

The \textit{Nordock} decision may illustrate the difficulty. There, the parties manufactured dock levelers, and an issue in the Section 289 analysis was whether the relevant article of manufacture was the entire dock leveler or some subset of its components, such as the lip and the hinge plate.\textsuperscript{53} The court also noted that it was plausible to treat a unitary product as conceptually separable into multiple components, so that even if the lip and hinge plate were welded to the remainder of the dock leveler and thus were not physically separable, it might still be permissible to divide the leveler into components conceptually.\textsuperscript{54} However, the court found the record to be incomplete in this regard because it did not specify how the defendant manufactured its dock levelers, even though it did indicate how the plaintiff had done so.\textsuperscript{55} Indeed, the court suggested that "the manner in which the component

\textsuperscript{51} Nordock's arguments in its case on remand illustrate the potential for this to occur. Nordock asserted that the court should add thirteen additional factors to the test. \textit{Nordock, Inc.}, 2017 WL 5633114 at *4-5 (reciting Nordock's proposed additional factors but declining to adopt them). However, the answer is not to discard the multi-factor test in favor of a single-inquiry analysis. In the proposed single-inquiry tests, the operative considerations are no less vague and complex. They are simply buried within subtle distinctions between "manufacture" and "machine" and the like, rather than being laid out explicitly as in a multi-factor test.

\textsuperscript{52} Star Athletica, LLC v. Varsity Brands, Inc., 137 S. Ct. 1002 (2017) (adopting an "imagination" test for determining whether pictorial, graphic, or sculptural features of a useful article may satisfy requirements for copyright protection). I anticipate that courts will shy away from these factors, exacerbating the problem of too much reliance on the scope of the patentee's design

\textsuperscript{53} Nordock, Inc., 2017 WL 5633114 at *7-8. The court noted that the design patent drawings depicted two components of the dock leveler in solid lines (the lip and hinge plate) but depicted the remainder of the dock leveler in dotted lines, a drafting technique indicating that only the design of the components is considered to be claimed.

\textsuperscript{54} \textit{Id.} at *7.

\textsuperscript{55} \textit{Id.}
was manufactured” by the infringer should be another factor added to the Solicitor General’s test.\footnote{56} At a minimum, this adds to the complexity of the inquiry, but it also raises the specter of case-specific, potentially outcome-determinative factors being interjected into any given case to aid the court in arriving at a remedy.\footnote{57}

Finally, under the Solicitor General’s test, there is very little scope for post-verdict oversight by the trial or appellate courts. Courts have adopted the Solicitor General’s suggestion that the article of manufacture inquiry be deemed a question of fact,\footnote{58} and this is surely correct based on the nature of the inquiry and the law of damages more generally. While it has been suggested that administration of the article of manufacture inquiry would be improved simply by designating the ultimate conclusion a question of law, experience with the claim construction inquiry in utility patent law strongly suggests otherwise.\footnote{59}

Reasonable minds may differ as to the respective merits of the tests proposed to date for the article of manufacture inquiry. But it
seems undeniable that no simple or predictable test will be formulated in the short term. In *Nordock*, the trial court acknowledged that "some of the factors that are relevant in determining what is the article of manufacture might be the same as those that lead to difficulties in identifying the profits from a component," prompting Congress to enact the total profits remedy now codified in Section 289.60 But, according to the court, "if the obstacle is so great as to generally deny patent holders the relief that Congress intended in enacting § 289, it is up to Congress to amend the law."61 Indeed, it is reasonable to expect that design patent owners will turn their attention to other alternatives while they await the arrival of some clarity and equilibrium in Section 289 analysis. I take up some alternatives next, considering how damages theories under existing Section 284 doctrine apply to design patents, and then turning to more remote alternatives borrowed from outside of patent law.

II. **Utility Patent Remedies for Design Patent Infringement**

If courts adopt a Section 289 article of manufacture test that regularly yields minimal damages, design patent holders may shift their efforts toward developing damages theories under the utility patent remedies provision, 35 U.S.C. § 284, and its extensive case law.62 Compensatory damages under Section 284 in utility patent cases have commonly taken the form of either the design patent owner’s lost profits on lost sales, or reasonable royalty damages, the statutory floor for compensatory damages.63 Some might regard a future shift to Section 284 as positive, akin to a de facto repeal of Section 289’s disgorgement remedy.64 However, there are reasons to be skeptical that positioning Section 284 as the primary vehicle for


61. *Id.*


63. Lucent Techs., Inc. v. Gateway, Inc., 580 F.3d 1301, 1334 (Fed. Cir. 2009) (identifying patentee’s lost profits and reasonable royalty damages as alternative categories of compensation for infringement).

64. Presumably, some might advocate an actual repeal of that provision on the ground that the risk of a windfall remains even after the *Samsung* decision, and that Congress long ago eliminated the disgorgement of profits as a utility patent remedy.
design patent infringement damages would strike a plausible balance between the need to award reasonable compensation to prevailing design patent holders and the need to minimize the risk of disproportionate awards. In some respects, this debate takes us back to the 1880s, when Congress was first presented with the argument that design patent law needed a special remedies provision, as I explore below.

A. Design Patentee’s Lost Profits: The Alternative Designs Problem

In utility patent cases, lost-profits damages are appropriate whenever there is a “reasonable probability that, ‘but for’ the infringement, [the patentee] would have made the sales that were made by the infringer.” But-for causation is assessed under the four-factor Panduit test, which considers “(1) demand for the patented product, (2) absence of acceptable non-infringing alternatives, (3) [capacity] to exploit the demand, and (4) the amount of profit [the patentee] would have made.” Ordinarily, the lost profits computation is based on the patented device. If that device includes or is usually sold with unpatented components, then the patentee may be permitted to include the unpatented components in the profits calculation under the entire market value rule, but only if “the patented feature creates the basis for customer demand or substantially creates the value of the component parts.” The entire market value rule derives from the principle of apportionment.

Design patent owners may face a puzzling problem when attempting to establish entitlement to lost profits under this test. The requirement to show the absence of acceptable non-infringing substitutes, which presents practical problems in many utility patent

67. Rite–Hite Corp., 56 F.3d at 1549–50 (entire market value rule); Uniloc USA, Inc. v. Microsoft Corp., 632 F.3d 1292, 1318 (Fed. Cir. 2011) (customer demand/creates-the-value condition).
68. AstraZeneca AB v. Apotex Corp., 782 F.3d 1324, 1338 (Fed. Cir. 2015).
69. Regarding the requirement to show demand for the patented product, courts would presumably require a design patent holder to show merely that there was demand for the article of manufacture with which the design is associated, rather than requiring the patentee to show demand for the particular features of the claimed
cases, may present a dilemma for patent owners in design patent cases. Designs that are dictated by function cannot receive design patent protection, and one of the chief metrics for demonstrating functionality is to show that there are no alternative non-infringing designs that achieve the same function as the claimed design. While that inquiry is not identical to the "acceptable non-infringing substitutes" analysis used in the lost profits calculus, a design patent owner's efforts to defend against functionality by showing the existence of non-infringing alternative designs for carrying out the same function may be in tension with its efforts to establish entitlement to lost profits.

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70. See DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc., 567 F.3d 1314, 1330 (Fed. Cir. 2009) (ruling that the first factor "does not require any allocation of consumer demand among the various limitations recited in a patent claim," but rather asks simply "whether demand existed for the 'patented product,' i.e., a product that is 'covered by the patent in suit' or that "directly competes with the infringing device") (quoting Rite-Hite Corp., 56 F.3d at 1548-49).

71. 35 U.S.C. § 171 (2013) (requiring that designs be "ornamental," the statutory basis for the functionality doctrine); Ethicon Endo-Surgery, Inc. v. Covidien, Inc., 796 F.3d 1312, 1329–30 (Fed. Cir. 2015) (pointing out that evidence of a lack of alternative designs for accomplishing a given function has often been "an important—if not dispositive—factor in evaluating the legal functionality of a claimed design"); Best Lock Corp. v Ilco Unican Corp., 94 F.3d 1563 (Fed. Cir. 1996) (invalidating design patents on functionality grounds); see also JASON J. DU MONT & MARK D. JANIS, Functionality in the U.S. Design Patent and Community Design Systems, in HENNING HARTWIG, RESEARCH HANDBOOK ON DESIGN LAW (forthcoming 2019) (summarizing the recent case law).

72. The functionality test is not identical to the non-infringing substitutes test because the functionality tests asks only about the existence of substitutes. If substitutes exist but are not readily available on the market, a design patent owner might escape functionality and still conceivably be able to meet the test for showing lost profits.
The record of the infamous Carpet Cases\(^73\) provides a glimpse into the difficulties of attempting to show that an infringer’s activity is the but-for cause of a patentee’s lost profits in a design patent case. Carpet manufacturers Dornan, Hartford, and Bigelow each succeeded in proving design patent infringement against a rival manufacturer, the Dobson Brothers, in separate infringement actions that were eventually consolidated into two cases (hereinafter the Dornan and Hartford/Bigelow cases).\(^74\) The trial judges in both cases seemed to be persuaded that the Dobsons had intentionally infringed,\(^75\) and at least some of the infringing articles allegedly were identical copies of the patented designs.\(^76\) Both judges appointed special masters to recommend a remedy, and, over a period of several months, the special masters heard extensive testimony in the respective cases from carpet salesmen, manufacturers, and executives from the parties.\(^77\)

The applicable remedies provision for patent cases brought in equity-authorized courts to award prevailing patentees both an accounting of the infringer’s profits made from the infringement, and additional damages that the patentees may have suffered.\(^78\) However, the Hartford/Bigelow design patent owners had expressly waived claims to the disgorgement of the Dobsons’ profits,\(^79\) and in the Dornan case, Dobson had testified that he had sold the infringing carpet at a loss.\(^80\) Thus, the owners were limiting their claims to “the damages ... suffered by the complainants by reason of the defendants’ infringement.”\(^81\) The proofs were not framed in terms of the modern


74. DU MONT & JANIS, Design Patent Remedies, supra note 4, at 14–16.


76. See, e.g., Appellee Brief at 2, Dobson v. Hartford Carpet Co., 114 U.S. 439 (1885) (No. 231) (alleging that infringing carpet at issue was a “complete counterfeit of the patented carpet in every line, shade, and figure”); Appellee Brief at 1, Dobson v. Dornan, 118 U.S. 10 (1886) (No. 202) (characterizing the case as “an outrageous case of piracy”).

77. DU MONT & JANIS, Design Patent Remedies, supra note 4, at 14–23.

78. See Patent Act of 1870, ch. 230, § 55, 16 Stat. 198, 206 (specifying that the patentee was entitled to recover “in addition to the profits to be accounted for by the defendant, the damages the [patentee] has sustained thereby”).

79. Transcript of Record at 34, Dobson v. Hartford Carpet Co., 114 U.S. 439 (1885) (No. 231) (special master’s report) [hereinafter Hartford Record].

80. Id.

81. Id. It was ironic that the Carpet Cases dealt solely with an award of patentees’ lost profits, because the cases became the flashpoint for the Congressional
Panduit test, but the patentees were attempting to show that the infringement had caused them to lose sales (and thus lose profits); the same general endeavor that would be undertaken in a lost profits claim under Section 284 today.  

The endeavor was doomed. There were surely dozens of non-infringing substitute patterns that consumers presumably might have purchased had they been unable to purchase from the Dobsons. Moreover, there was evidence of segmentation in the carpet market, with the design patent owners generally selling only into the high-end market, while the Dobsons pursued more cost-conscious consumers that the patentees would never have serviced.  

Under such market circumstances, there seemed to be ample support for the Dobsons' argument that it was “impossible” for design patent owners “to satisfactorily prove any actual damages,” at least in the form of lost profits. In the Hartford/Bigelow cases, the special master observed that the patentee had offered “[m]uch testimony” to show that the infringing carpets “must inevitably have lessened the sales” of the patented carpets, but that the testimony as to the amount of the decrease was “uncertain and conflicting,” leaving him “unable to state what the decrease of the complainants’ sales, due to the infringement, amounted to . . . .” The special master also took into account the fact that carpet designs have “but a short and precarious” commercial life, and the fact that the terms of the design patents at issue were quite short—three and a half years.  

All of this led the master to conclude that the patentees had failed to prove entitlement.

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82. The design patent owners in the Carpet Cases had one advantage that modern design patent owners lack: at the time of the Carpet Cases, the functionality requirement had not yet crystallized as a condition for patentability in design patent law. See Jason J. Du Mont & Mark D. Janis, Functionality in Design Protection Systems, 19 J. INTELL. PROP. 261, 264–66 (2012) (explaining the origins of the doctrine).


85. Hartford Record, supra note 79, at 16.

86. Id.

87. Accordingly, the special master declined to infer that the patentee’s sales of carpets in the first year would have been replicated in succeeding years until patent expiration. Id. The special master also rejected the patentees’ claims to be compensated for the estimated cost of creating another design and resetting the looms to make that design. Id.
to lost profits. 88 It was a simple failure to show causation. According to the Dobsons, the patentees had failed to prove “that the defendants’ sales displaced the plaintiffs’ goods in the market,” and that “they could have supplied the demand, or that they would, or could, have sold to defendants’ customers a yard of the carpet which defendants sold.”89 The master recommended a nominal damages award of six cents.90

While the trial judge in the Hartford/Bigelow cases rejected the recommendation and awarded damages,91 he did so only by assuming away the causation issue, ruling that because the Dobsons had acted willfully, he could presume that all sales made by the infringer would have been made by the patentee at the profit that the patentee had made during the first season in which the patented designs had been introduced.92 The special master in the Dornan case, perhaps learning from the companion case, adopted this same approach and recommended damages;93 a recommendation duly accepted by the Dornan trial judge.94 Perhaps the Dobson saga illustrates the sheer futility of asserting lost profits claims in design patent cases. Perhaps it merely shows that it is unusual to prevail on a lost profits theory, regardless of the context.

88. Hartford Record, supra note 79, at 17.
89. Appellant’s Brief at 19, Dobson v. Hartford Carpet Co., 114 U.S. 439 (1885) (No. 231) (emphasis in original); see also Appellant’s Brief at 27–28, Dobson v. Doman, 118 U.S. 10 (1886) (No. 202) (pointing out that defendant sold several other non-infringing patterns of the “same quality of carpet, during the same period of time”).
90. Hartford Record, supra note 79, at 17.
92. Bigelow Carpet Co. v. Dobson, 10 F. at 387 (calculating the patentees’ lost profits based on the patentees’ sales price and cost per yard during the first season, multiplied by the number of yards that the defendant sold during subsequent seasons).
93. Transcript of Record at 33–38 (Master’s Report), Dobson v. Dorman (No. 202), 118 U.S. 10 (1886). The special master also emphasized the popularity of the Dornan pattern, concluding that the demand for the patented design was so great that it was “reasonable to suppose that the trade would have been compelled to obtain the genuine design if the pirated article had not existed.” Id. at 37. Moreover, the special master was convinced that there was evidence of actual diversion of the patentee’s sales to the defendant, due to the fact that “a very large proportion” of the infringing carpet “was sold to customers who had previously bought the genuine carpet of the complainants.” Id.
94. Id. at 87 (order dated Oct. 3, 1882).
But even if in an unusual case a modern design patent owner could satisfy the *Panduit* test, lost profits would still be subject to the apportionment analysis.\(^{95}\) Here the analysis circles back to a fundamental point of disagreement in *Samsung*—whether apportionment is essentially impossible for designs, given the fact that the essence of design subject matter is the visual appearance brought about by a combination of features taken collectively. The legislative history of the 1887 Act suggests that the proponents of the special remedies provision assumed that apportionment could not be carried out for designs.\(^{96}\) On the other hand, apportionment inquiries are difficult in many utility patent contexts too, and techniques for carrying them out continue to be proposed.\(^{97}\) Whatever the outcome of this debate, a lost profits theory is (and surely must be) a limited-purpose remedy, and to the extent that it requires an apportionment analysis, it probably offers no administrative costs savings as compared with the post-*Samsung* article of manufacture analysis that will be used for calculating profits disgorgement.

### B. Reasonable Royalty Awards: A Poor Fit for Design Patents?

For the design patent owners in the Carpet Cases, failing to prove lost profits meant failing to receive any monetary recovery. The 1870 Act did not specify any minimum monetary award in cases at law or equity, so a patentee who was unable to prove actual damages customarily was awarded nominal damages (usually in the amount of six cents).\(^{98}\) Not until the early twentieth century did the Supreme

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95. See, e.g., Ferguson Beauregard/Logic Controls, Div. of Dover Res., Inc. v. Mega Sys., LLC, 350 F.3d 1327, 1346 (Fed. Cir. 2003) (vacating damages award where trial court failed to apportion lost profits in a utility patent case).

96. See S. REP. NO. 49-206, at 1–2 (1886) (emphasis in original) ("The Supreme Court [in *Dobson*] held that the complainant must clearly prove what part of his own damage or what part of defendant's whole profit on the article made and sold was directly due to the appearance of those articles as distinguished from their material, their fabric, their utility, etc. . . . . It has been abundantly shown to your committee, even if any such showing were necessary, that the proof thus called for can never be furnished.") (emphasis added); H.R. REP. NO. 49-1966, at 3 (1886) ("It is expedient that the infringer's entire profit on the article should be recoverable, as otherwise none of his profit can be recovered, for it is not apportionable . . . .").


98. 3 WILLIAM ROBINSON, THE LAW OF PATENTS FOR USEFUL INVENTIONS § 1052 (1890).
Court definitively endorse the concept of a calculating a “reasonable royalty” as an estimate of actual damages, and not until 1922 did Congress amend the statute to make such an award a mandatory minimum. 99

A modern design patent owner theoretically would be in a better position than the carpet design patentees given the availability of reasonable royalty damages as a fallback position where a lost profits allegation cannot be proven. 100 But there are a number of reasons to doubt that reasonable royalty damages will emerge as a practical alternative to the Section 289 disgorgement remedy in the short term, or that reasonable royalty damages would be a good fit for design patent infringement.

Although theoretically available to design patent owners for many decades, reasonable royalty awards appear to have been exceptionally rare in design patent cases to date. 101 The sheer allure of Section 289 damages may not be the sole cause. For starters, the core reasonable royalty inquiry, which calls for an ex-post analysis probing the hypothetical license negotiation that a patentee and infringer would have supposedly undertaken, may be even more of an excursion into fantasy in design patent cases than in utility patent cases. Anecdotal evidence suggests that, unlike many areas of utility patenting, there is no active licensing market for design patents “[g]iven the close connection between design patents and brand identity.” 102 Conceptually, a reasonable royalty analysis may be a


100. 35 U.S.C. § 284 (2012) (specifying damages “in no event less than a reasonable royalty”).

101. I have found only two reported decisions granting such an award. See Kryptec Outdoor Grp., LLC v. Salt Armour, Inc., 2016 WL 7757267 (E.D. Tex. Mar. 28, 2016) (designated not for publication) (granting a reasonable royalty award based on an established license involving a package of design patents and copyrights); Krieger v. Colby, 106 F. Supp. 124, 129–30 (S.D. Cal. 1952) (holding that the predecessor to Section 284 applies to design patents, and assessing reasonable royalties by accepting the plaintiff’s proffered royalty amount).

poor fit for most design patent cases, except perhaps for cases involving combinations of design patents and other intellectual property where licenses have been effectuated for the entire package.\textsuperscript{103}

Practical, doctrinal considerations may also point firmly in the same direction. Even as applied in utility patent cases, the fifteen-factor \textit{Georgia-Pacific} analysis\textsuperscript{104} has come under heavy fire as being “ambiguous, unworkable, inherently contradictory, and circular.”\textsuperscript{105} The Federal Circuit has displayed some weariness over the \textit{Georgia-Pacific} test, noting that although trial courts “often parrot all 15 factors to the jury” the Federal Circuit has never described the \textit{Georgia-Pacific} factors as a talisman for royalty rate calculations,”\textsuperscript{106} and does “not require that witnesses use any or all of the \textit{Georgia-Pacific} factors when testifying about damages in patent cases.”\textsuperscript{107}

It would surely be worse in design patent cases. Courts would ordinarily have no established royalty to use as a starting point,\textsuperscript{108} nor any “comparable” license to use as a benchmark.\textsuperscript{109} A \textit{Georgia-Pacific} factors analysis applied to a design patent case might well be more speculative than in a utility patent case with same (or greater) problem of high administrative costs.

Alternative tests may not fare much better to the extent that they retain the basic conceptual orientation of the hypothetical

\begin{footnotesize}
\textsuperscript{103.} Kryptec Outdoor Grp., LLC, 2016 WL 7757267 at *4–5.
\textsuperscript{107.} WhitServe, LLC v. Computer Packages, Inc., 694 F.3d 10, 31–32 (Fed. Cir. 2012) (proceeding to remark that if experts do choose to use the factors, “reciting each factor and making a conclusory remark about its impact on the damages calculation before moving on” is not of value).
\textsuperscript{108.} See Georgia-Pacific Corp., 318 F. Supp. at 1120 (setting forth the first factor: “[t]he royalties received by the patentee for the licensing of the patent in suit, proving or tending to prove an established royalty.”).
\end{footnotesize}
negotiation. For example, the Federal Circuit Bar Association's 2016 Model Jury Instructions propose that juries could be instructed on a list of considerations that, while much shorter than the Georgia-Pacific list, is still likely to be problematic for design patents because it relies on evidence of comparable licenses (which are unlikely to exist) and inquires into the "value" that the claimed invention contributes to the accused product along with the value that other factors contribute—essentially the apportionment analysis.10

Moreover, as with the lost profits theory, a reasonable royalty calculation requires an apportionment analysis. Apportionment has always been a factor in the Georgia-Pacific analysis, and recent rhetoric in utility patent cases makes clear that apportionment is an imperative for component claims in multi-component devices.11

The few cases in which reasonable royalty theories have been applied in design patent cases illustrated some of these difficulties. In Bernhardt,12 the court discussed these "inherent difficulties" in measuring damages via a reasonable royalty in the design patent dispute that it confronted. The "most relevant Georgia-Pacific factors" were "of little help," the court complained: "any established royalty (factor one) would not be a reasonable measurement; Bernhardt would not license Collezione anyway (factor four); the parties would never have a commercial relationship (factor five); Collezione's use of the design has been in a different market niche (factor eleven); the parties would never have agreed on any royalty (factor fifteen)."13

11. See Virnetx, Inc. v. Cisco Sys., Inc., 767 F.3d 1308, 1326 (Fed. Cir. 2014) ("[W]hen claims are drawn to an individual component of a multi-component product, it is the exception, not the rule, that damages may be based upon the value of the multi-component product."). According to the Federal Circuit, "[a] patentee may assess damages based on the entire market value of the accused product only where the patented feature creates the basis for customer demand or substantially creates the value of the component parts." Versata Software, Inc. v. SAP Am., Inc., 717 F.3d 1255, 1268 (Fed. Cir. 2013). The Federal Circuit has further explained that "[t]hese strict requirements limiting the entire market value exception ensure that a reasonable royalty does not overreach and encompass components not covered by the patent." Virnetx, 767 F.3d at 1327 (quoting LaserDynamics, Inc. v. Quanta Computer, Inc., 694 F.3d 51, 70 (Fed. Cir. 2012)).
13. Id. at n.3; see also Young v. Grand Rapids Refrig. Co., 268 F. 966, 974 (6th Cir. 1920) (asserting that the "absence of any other measure of recovery is one
Experience with reasonable royalty awards in trademark law reinforces the proposition that reasonable royalty damages should not be cast in a leading role in design patent remedies. To be sure, reasonable royalty awards in trademark infringement cases are not unheard of, but they are highly unusual.\textsuperscript{114} Most courts recognize that reasonable royalty awards are likely to be appropriate only in cases in which there is a defined licensing market for the trademark at issue and an established royalty. For example, where a trademark license forms a part of a franchise agreement and the franchisee continues to use the mark after the franchise agreement has been terminated, some courts have concluded that a reasonable royalty award might be workable.\textsuperscript{115} But where there is no evidence that the mark owner was willing to license the mark, attempting to calculate compensation in the form of a reasonable royalty award makes little sense normatively.\textsuperscript{116} Moreover, when relying on a reasonable royalty theory, courts in trademark cases have tended to use the Georgia-of the reasons for resorting to a reasonable royalty,” and concluding that “the considerations supporting that measure of damages apply with much lessened force, if at all, to a design patent of this character,” perhaps a reference to the fact that the design patent was directed to a small component—a latch casing—of a multi-component item—a refrigerator).


\textsuperscript{115} See, e.g., La Quinta Corp. v. Heartland Props. LLC, 603 F.3d 327, 345 (6th Cir. 2010) (upholding a royalty-based award, along with enhancements and attorney fees); Howard Johnson Co. v. Khimani, 892 F.2d 1512, 1519, 1520 (11th Cir. 1990) (upholding a royalty damage award on the basis that it is permissible to use lost royalty payments to replicate actual damages suffered by a victim of trademark misuse); see also \textit{RESTATEMENT (3D) OF UNFAIR COMPETITION} § 36 cmt. d, at 382 (1995) (noting that a reasonable royalty allegation is typically made in cases involving holdover licensees).

\textsuperscript{116} See Trovan Ltd. v. Pfizer, Inc., 2000 WL 709149, at *18 (C.D. Cal. May 24, 2000) (vacating a reasonable royalty award and commenting that due to the lack of “any evidence that plaintiffs in this case would have licensed the rights to the mark, the award of reasonable royalties has no basis in reality, much less any basis in fact.”). \textit{But cf.} Sands, Taylor & Wood Co. v. Quaker Oats Co., 978 F.2d 947, 963 (7th Cir.1992), \textit{remanded and aff'd}, 34 F.3d 1340 (7th Cir.1994). \textit{Sands}, a reverse confusion case, appears to be the lone example of a case in which the court tolerated a reasonable royalty award as one component of damages despite the absence of a prior licensing relationship between the parties. However, there was arguably evidence that the plaintiff had been willing to license the mark to a third party at some point.
Pacific factors as the starting point for the reasonable royalty analysis,\(^{117}\) thus importing many of the administrative complexities and substantive defects associated with reasonable royalty analysis in utility patent cases.\(^{118}\)

III. RECONSIDERING STATUTORY DAMAGES AS A REMEDY FOR DESIGN PATENT INFRINGEMENT

I have argued that it is reasonable to expect that design patent owners will seek alternatives to Section 289 profits awards post-Samsung, at least in the short term, and that extending Section 284 awards to design patents may also prove to be problematic. In the existing statutory regime, that leaves one other alternative: the Section 289 statutory damages award. I turn to that topic in this Part.

The legislative history of the special design patent remedies provision suggests that Congress expected that the statutory damages remedy to be no mere throwaway alternative. Congress sought to set the amount high enough to “command for the design patent laws a respect which is the patentee’s greatest protection.”\(^{119}\) It considered the amount to be “the average amount that will work substantial justice in the long run, taking into account all trades and industries that are likely to avail themselves of the design patent laws.”\(^{120}\) A string of early cases seems to bear out the prediction that the statutory damages award was commercially significant. Indeed, statutory damages awards seem to have become rather routine in the late nineteenth and early twentieth centuries, although the sample of reported cases is very small.\(^{121}\)

\(^{117}\) See, e.g., David Drews, Determining an Appropriate Royalty Rate for Reasonable Royalty Trademark Damages, 49 LES NOUVELLES 150 (2014) (suggesting modifications to the Georgia Pacific analysis to adapt it to trademark cases).

\(^{118}\) Restatement (Third) of Unfair Competition § 36 cmt. d (Am. Law Inst. 1995) (invoking standard criticisms: the award may “provide little disincentive against infringement” because an infringer is not worse off than any other licensee, and “in some cases the royalty measure may also fail to account for the absence of other benefits and burdens present in an actual licensing relationship.”). But see Kevin Bendix, Copyright Damages: Incorporating Reasonable Royalty from Patent Law, 27 BERKELEY TECH. L.J. 527 (2012) (proposing a test that adapts the Georgia Pacific factors for copyright cases).

\(^{119}\) H.R. REP. No. 49-1966, at 3 (1886).

\(^{120}\) Id.

\(^{121}\) See Western Gas Fixture Co. v. Jefferson Glass Co., 296 F. 128, 129 (4th Cir. 1924) (concluding that the lower court erred in awarding $7.32 in infringer’s profits and declining to award $250); Frank v. Geiger, 121 F. 126, 126–27
Today, however, the statutory damages remedy in Section 289 is a virtual dead letter. A $250 award—the amount unchanged since its enactment in 1887\(^{122}\)—hardly can be taken seriously in the context of modern design patent litigation. Consequently, we have no modern design patent jurisprudence of statutory damages, and, of course, American utility patent law has no experience with the remedy.\(^{123}\) Thus, I look to trademark and copyright law for examples of statutory damages regimes. I then offer a few principles for developing a new statutory damages regime in design patent law, a regime that is informed by trademark and copyright experience.

A. Statutory Damages Under Trademark and Copyright Law

1. Lanham Act Statutory Damages

The Lanham Act has assigned a comparatively limited, but still important, role for statutory damages in trademark matters.\(^{124}\) In a

\(^{122}\) The amount appears to have been one of several elements of the 1887 Act that were copied from British legislation. See Du Mont & Janis, supra note 4 at 32 (pointing out that the British legislation authorized statutory awards of up to fifty pounds sterling, which would have been roughly equivalent to $250 U.S. at the relevant time).

\(^{123}\) Community Design law does not illuminate this endeavor. The Community Design Regulation leaves damages determinations to national tribunals, applying the law of the country of infringement. See David C. Musker, Community Design Law: Principles and Practice 2-567 (2002); Council Regulation (EC) No. 6/2002 of 12 Dec. 2001 on Community Designs, art. 89; see also E-mail communication with Alexander Klett, Partner, Reed Smith LLP (Jan. 30, 2017) (on file with author) (specifying the types of damages awards available when the country of infringement is Germany).

\(^{124}\) The Lanham Act damages provisions have long been a target for scholarly critique, although the criticisms generally have concerned issues other than statutory damages. See Mark A. Thurman, Confusion Codified: Why Trademark Remedies Make No Sense, 17 J. Intell. Prop. L. 245 (2010) (critiquing the refusal to permit punitive damages, the bad faith requirement for an accounting of profits, and the approach to awarding attorney’s fees, among others).
routine civil action to enforce trademark rights under Lanham Act Sections 32 or 43(a), statutory damages are not available. The Lanham Act instead provides that a prevailing trademark holder may recover the defendant’s profits and any damages sustained, and the court may enhance the amount by up to three times actual damages.

In 1984, Congress introduced additional remedies applicable in counterfeiting cases where the defendant knew that the goods bearing a registered trademark were counterfeit and intended to offer them for sale. In such circumstances, the court was to treble the actual damages or profits and charge the defendant with the mark owner’s attorney’s fees. But the damages provision did not include an option for electing statutory damages. This omission prompted criticism, and, eventually, a legislative proposal that became law in 1996. The Senate Report accompanying the bill recognized the concern that “a civil litigant may not be able to prove actual damages if a sophisticated, large-scale counterfeiter has hidden or destroyed information about his counterfeiting,” and that “counterfeiters’ records are frequently nonexistent, inadequate or deceptively kept in order to willfully deflate the level of counterfeiting activity actually engaged in.” The Report invoked what seem to be a mixture of

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125. Statutory damages are available for domain name infringements under Section 43(d). 15 U.S.C. § 1125(d) (2012); Skydive Arizona, Inc. v. Quattrocchi, 673 F.3d 1105 (9th Cir. 2012).


127. Id.

128. 15 U.S.C. § 1117(b). Because the anti-counterfeiting legislation applied only to registered rights, and product design trade dress was not routinely registered at the time, Congress may have given little thought to any unique challenges posed by applying the anti-counterfeiting provisions to product design. S. REP. NO. 98-526, 98th Cong., 2d Sess. 1, 11 (1984) (stating that “the bill does not extend to imitations of features of trade dress or packaging—such as color, shape and the like—unless those features have been registered as trademarks [on] the principal register... and are in use.”).

129. See, e.g., J. Joseph Bainton, Reflections on the Trademark Counterfeiting Act of 1984: Score a Few for the Good Guys, 82 TRADEMARK REP. 1, 26 (1992) (recommending an amendment to incorporate statutory damages); see also Thurmon, supra note 124, at 318 (suggesting that the idea of adopting a statutory damages option for all trademark matters warrants further study).


132. Id.
punitive and compensatory motivations for enacting statutory damages.

Accordingly, in an action involving "the use of a counterfeit mark [as defined elsewhere in the Lanham Act] in connection with the sale, offering for sale, or distribution of goods or services," the mark owner may elect an award of statutory damages in lieu of profits and actual damages. Permissible statutory damages range from $1,000 to $200,000, or, in cases of willful use of the counterfeit mark, up to $2 million, in both instances measured "per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just." Courts have awarded statutory damages under these provisions in a number of cases, frequently concluding that the counterfeiting at issue has been willful, and sometimes awarding the statutory maximum in those cases. Consequently, some such awards have been quite substantial. At least one court has also extended statutory damages to a contributory counterfeiter. In practice, courts have said that they set statutory damages awards at amounts designed "to compensate plaintiffs, as well as to deter and punish defendants,"

133. See id. ("Enabling trademark owners to elect statutory damages is both necessary and appropriate in light of the deception routinely practiced by counterfeiters.").

134. See id. ("The [statutory damages] amounts are appropriate given the extent of damage done to business goodwill by infringement of trademarks."); see also Louis Vuitton Malletier, S.A. v. LY USA, Inc., 676 F.3d 83, 110 (2d Cir. 2012) (emphasizing the compensatory rationale, remarking that "Congress apparently sought to ensure that plaintiffs would receive more than de minimis compensation for the injury caused by counterfeiting").


136. Id. at § 1117(c)(1).

137. Id. at § 1117(c)(2); see also Prioritizing Resources and Organization for Intellectual Property Act of 2008, Pub. L. No. 110-403, 122 Stat. 4256 (October 13, 2008) (increasing the maximum allowable statutory damages under § 1117(c)(2) from $1 million to $2 million).

138. Id. at §§ 1117(c)(1), (2).


141. Louis Vuitton Malletier S.A. v. Akanoc Sol'ns, Inc., 658 F.3d 936, 944–45 (9th Cir. 2011) (ruling that because § 1117(c) refers to cases "involving" the use of a counterfeit mark, there can be liability for facilitating unauthorized uses by others).

but that because statutory damages are an alternative to actual damages, the statutory damages should “bear some [discernible] relation to the actual damages suffered.”

2. Statutory Damages Under the Copyright Act

In contrast to trademark law, where statutory damages are available only in cases involving counterfeiting, the Copyright Act permits a copyright owner in any case to elect between an award of (1) actual damages and any additional profits of the infringer; or (2) statutory damages, assuming that registration requirements are satisfied. The statutory damages provision authorizes courts to award “not less than $750 or more than $30,000 as the court considers just.” However, an award outside of that range is permissible in a number of circumstances specified in 17 U.S.C. § 504(c)(2). Where the infringement is willful, the court “in its discretion may increase the award of statutory damages to a sum of not more than $150,000.” Where the infringement is innocent, the court “in its discretion may reduce the award of statutory damages to a sum of not less than $200.”

The provision also requires the court to remit statutory damages in cases where specified individuals or entities “believed and had reasonable grounds for believing that his or her use of the copyrighted work was a fair use.”

Congress did not include statutory damages in the proposed design protection provisions that would have become Title II of the 1976 Copyright Act, although the proposal did contain language requiring that the damages award not be “less than the reasonable value” assessed by the court. The damages provision applicable to

143. Id. (citations omitted).
144. 17 U.S.C. §§ 504(a)(1)–(2), (c)(1).
146. 17 U.S.C. § 504(c)(1).
147. Id. at § 504(c)(2).
148. Id. The statute specifies that the infringer must prove, and the court must find, that the infringer “was not aware and had no reason to believe that his or her acts constituted an infringement of copyright.” Id.
149. Id.
150. According to the proposed language:

Upon finding for the claimant the court shall award him damages adequate to compensate for the infringement, but in no event less than the reasonable value the court shall assess them. In either event the court may increase the damages to such amount, not exceeding $ 5,000 or $ 1 per copy, whichever is greater, as to the
the vessel hull protection scheme adopts a modification of this approach, eliminating the minimum award amount but retaining a cap on enhanced damages.

The statutory damages remedy in copyright has been subjected to withering criticism, especially in recent decades, as explored in more detail below. A chief question for discussion here is whether those criticisms are largely specific to the application of statutory damages in copyright or whether they go to qualities inherent in the very concept of statutory damages. My answer, reflected in the analysis below, is mixed.

B. Statutory Damages in Design Patent Law: Some Limiting Principles

In the Samsung litigation, some design patent owners argued that the total profits remedy under Section 289 played a crucial deterrent function. They alluded to cases in which design patent owners (some operating small businesses) faced widespread copying of their patented designs, sometimes at the behest of major retailers who may have been operating with intentional disregard for the relevant design patent rights. As portrayed by the design patent court shall appear to be just. The damages awarded in any of the above circumstances shall constitute compensation and not a penalty. The court may receive expert testimony as an aid to the determination of damages.


152. The relevant language provides that:

[u]pon a finding for the claimant in an action for infringement under this chapter, the court shall award the claimant damages adequate to compensate for the infringement. In addition, the court may increase the damages to such amount, not exceeding $50,000 or $1 per copy, whichever is greater, as the court determines to be just. The damages awarded shall constitute compensation and not a penalty. The court may receive expert testimony as an aid to the determination of damages.

17 U.S.C. § 1323(a). The provision also offers, as an alternative, an award of the infringer’s profits “resulting from the sale of the copies if the court finds that the infringer’s sales are reasonably related to the use of the claimant’s design.” Id. at § 1323(b).

owners, it was the threat of total profits disgorgement under Section 289 that brought the alleged infringers to the negotiating table and facilitated settlement.

The story elaborated here might be labelled a story of design patent counterfeiting.\textsuperscript{154} And that label may have significance beyond its rhetorical force, given that counterfeiting is a term of art in other settings (such as trademark) that yields access to special remedies, including statutory damages. If there is a plausible case to be made that at least some design patent infringement cases can be fairly conceptualized as instances of design patent counterfeiting, and that design patent remedies provisions should offer specific deterrence against instances of design patent counterfeiting, it is also plausible to ask whether a statutory damages remedy could be crafted that would serve this purpose. That is especially the case if the Section 289 disgorgement remedy, and the Section 284 remedies as they are currently understood, prove to be unlikely to offer specific deterrence in any reasonable measure.

On the other hand, statutory damages provisions have a remarkably troubled history, particularly in copyright law. Thus, the overriding consideration in examining a statutory damages provision for design patent infringement should be to determine whether it is possible to calibrate such a provision closely to tie it to compensatory and deterrent objectives. Hence, my focus in the analysis below is largely on limiting principles.

1. Compensation and Deterrence Objectives

The utility patent law’s damages provision specifies that damages are to be awarded in an amount that is “adequate to compensate for the infringement,”\textsuperscript{155} and courts have routinely invoked this compensatory objective.\textsuperscript{156} The provision separately specifies that the court may treble the damages, and modern courts have characterized these enhanced damages as punitive, limited to cases in which willful infringement can be shown.\textsuperscript{157}

\begin{footnotesize}
\begin{enumerate}
\item 154. See id. at 29 (using the term “counterfeiters”).
\item 155. 35 U.S.C. § 284.
\item 156. See, e.g., Mahurkar v. C.R. Bard, Inc., 79 F.3d 1572, 1580–81 (Fed. Cir. 1996) (reasoning that adding a “\textit{Panduit} kicker” to a reasonable royalty award to account for litigation expenses was an abuse of discretion because it departed from the compensatory nature of the award).
\end{enumerate}
\end{footnotesize}
The existing special design patent damages provision is not a punitive measure. The Federal Circuit has refused to authorize lower courts to treble Section 289 awards. The legislative history suggests that the statutory damages provision was envisioned to provide minimum compensation, and, when coupled with the threat of disgorgement, some potential deterrent effect.

A modern statutory damages provision for design patent infringement should define a permissible range of statutory damages, where the range is defined to reflect the objectives of (1) roughly approximating the compensatory damages that the design patent owner would have received; and (2) providing a modest deterrent against future infringements, especially by the same party. It should be understood that a “modest deterrent” does not authorize the use of statutory damages to achieve punitive aims. Any statutory damages award under this regime should not approximate a trebled actual damages award.

Even if it were designed with these limited objectives in mind, a resuscitated statutory damages provision for design patents would hardly be worth discussing if its principal effect (real or perceived) is to facilitate troll behavior, or to open up new market opportunities for nascent trolls. In the Samsung briefing, proponents of apportionment argued that a ruling in favor of Apple on the total profits issue would send an irresistible signal to would-be design patent trolls. Opponents responded that design patent trolling had

158. Braun, Inc. v. Dynamics Corp. of Am., 975 F.2d 815, 824 n.17 (Fed. Cir. 1992).
159. See Du Mont & Janis, Design Patent Remedies, supra note 4, at 41 (discussing remarks made during the House floor debate suggesting that the disgorgement language was intended to be “preventive in its character”).
160. Cf. Louis Vuitton Malletier v. Veit, 211 F. Supp. 2d 567, 583 (E.D. Pa. 2002) (“In the absence of clear guidelines for setting a statutory damage award [for trademark counterfeiting], courts have tended to use their wide discretion to compensate plaintiffs, as well as to deter and punish defendants.”).
161. For a sampling of the literature on troll activity in copyright, analyzing the role of statutory damages in the troll business model see Shyamkrishna Balganesh, The Uneasy Case Against Copyright Trolls, 86 S. CAL. L. REV. 723, 778 (2013) (suggesting, inter alia, that non-author plaintiffs be forbidden from electing statutory damages unless they can prove compensable harm); James DeBriyn, Shedding Light on Copyright Trolls: An Analysis of Mass Copyright Litigation in the Age of Statutory Damages, 19 UCLA ENT. L. REV. 79, 106 (2012) (asserting that statutory damages should be eliminated as an anti-troll measure).
not emerged as a real world problem\textsuperscript{163} despite the fact that the total profits language had existed for over a century.\textsuperscript{164} They reasoned that design patent markets were unlikely to develop because design patent owners were more likely to hold and maintain design patents than they would trademarks.\textsuperscript{165} Opponents also argued that while patent trolls might become proficient in anticipating technological trends and accumulating relevant utility patents, it would be far more difficult to predict systematically new design trends and secure a corresponding design patent position.\textsuperscript{166} This last argument depends upon another contestable question that may be difficult to generalize: whether design patents afford a broad scope of protection extending well beyond the disclosed design, or whether the combination of disclosure and infringement rules confines the scope of most design patents to close simulations of the disclosed design.\textsuperscript{167}

Troll debates are difficult enough to pierce in utility patent law, where empirical studies and policy papers abound, but in design patent law, they are disputes that cannot be resolved based on current information. There are no empirical studies of troll behavior in the design patent space, and there is but a comparatively limited understanding of how design patent litigants use the litigation process.

At a minimum, these concerns point out the need for safeguards that operate at various levels of the statutory damages analysis: those that guide the determination of statutory damages within the prescribed statutory range, those that impose threshold requirements that may restrict the availability of statutory damages to only a subset of cases, and those that establish affirmative limitations or safe harbors for certain classes of infringers or infringing activities. These ideas are developed further in the following subsections.


\textsuperscript{164} Whether Section 289's existence was widely appreciated, and whether it was widely understood that Section 289's total profits language foreclosed apportionment, are debatable points.

\textsuperscript{165} BPLA Brief, supra note 163 at 9–11.


\textsuperscript{167} See Jason J. Du Mont & Mark D. Janis, disclosing designs, 69 VAND. L. REV. 1631 (2016) (discussing the influence of the disclosure rules); see infra III.B.3 (discussing how the infringement standard might interact with a notion of design patent counterfeiting).
2. Rough Nexus with Actual Damages

A statutory damages regime for design patents should include a mechanism for guiding the assessment of statutory damages within the prescribed range. Ideally, that mechanism would assist in keeping the statutory damages analysis linked to its predominantly compensatory aspirations, taking lessons from the experience of copyright law, where the problem of excessive damages awards is well-documented. It might also help to make statutory damages assessments more transparent.

In copyright and trademark cases, some courts have laid out factor tests intended to guide the statutory damages decision. For example, one test recommends accounting for: "'(1) the expenses saved and the profits reaped;' ‘(2) the revenues lost by the plaintiff;' ‘(3) the value of the copyright;' ‘(4) the deterrent effect on others besides the defendant;' ‘(5) whether the defendant’s conduct was innocent or willful;' ‘(6) whether a defendant has cooperated in providing particular records from which to assess the value of the infringing material produced;' and ‘(7) the potential for discouraging the defendant."' Other courts have relied on similar, case-specific considerations, along with surveying other statutory damages awards.

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170. See Innovation Ventures, LLC v. Ultimate One Dist. Corp., 176 F. Supp. 3d 137, 169 (E.D. N.Y. 2016) (taking into account the "sheer size and scope" of the defendants' unauthorized activities, the "value of plaintiffs' trademarks," and the defendants' "reckless disregard for public health and safety" in bottling the counterfeit product in unregulated conditions); Coach, Inc. v. Fashion Paradise, LLC, 2012 WL 194092, at *7 (D.N.J. Jan. 20, 2012) (accounting for the monetary value of the counterfeit good and the fact that sales were conducted online, thus affording the counterfeiter wide market exposure).

As Samuelson and her co-authors point out, a number of countries whose copyright laws include statutory damages provisions have incorporated explicit lists of factors into their statutes to guide the statutory damages determination. Israel's statute, for example, includes as a factor "the actual injury" to the copyright owner, an express reminder of the need for proportionality even if actual damages cannot be calculated with precision. Other lists call for assessments of the defendant's good (or bad) faith, and, in the Canadian statute, call for prescribed equitable considerations to be taken into account in cases where the infringements are for non-commercial purposes.

There is some indication from trademark counterfeiting cases that factor tests such as these can sensitize decision-makers to the dangers of windfall in statutory damages assessments. But there are troubling contrary indications, as well, serving as a reminder that factor tests, even when expressly codified, are likely to take us only partway in calibrating a statutory damages analysis.

Moreover, although the law is not clear, it should be assumed for discussion purposes that statutory damages for design patent infringement would be determined by a jury. In copyright law, there is a Seventh Amendment right to a jury trial on all issues concerning statutory damages, including the determination of the amount. There is at least some indication that this rule also extends to trademark statutory damages. As for design patent law, the 1887 Act establishing the special remedies provision for design patents

173. Id. at 554.
174. See id; see also infra Part III.B.4 (discussing safeguards for innocent infringers).
175. See, e.g., Coach, Inc. v. Treasure Box, Inc., 2014 WL 888902 (N.D. Ind. Mar. 6, 2014) (awarding $45,000 in a trademark counterfeiting case and declining the trademark owner's request for $1.5 million).
176. See Samuelson et al., supra note 168, at 553 (pointing out a tendency for factors to be "merely listed by rote," unaccompanied by any analysis that links factors to particular facts in the case).
177. See Feltner v. Columbia Pictures Television, Inc., 523 U.S. 340, 353 (1998). But see BMG Music v. Gonzalez, 430 F.3d 888, 891–92 (7th Cir. 2005) (finding no Seventh Amendment jury trial right where copyright owner requests only the minimum amount of statutory damages and the court concluded that there were no other material facts in dispute regarding statutory damages).
made explicit that a claim for special remedies could be asserted either in an action at law or a bill brought in equity, which may suggest that Congress saw statutory damages as a form of relief that might be left to the jury, more akin to actual damages than to punitive damages. And the Federal Circuit has held that a Section 289 award is a type of "damages" to which marking provision applies. Thus, the factors analysis might come into play primarily in the form of instructions to the jury, and one may wonder about the degree of influence that the factors are likely to supply in that role.

A statutory damages provision for design patent infringement should also clarify that the award should be a single amount per patent, regardless of the number of articles bearing infringing designs. This is (probably) the existing law under Section 289, and reflects current thinking in copyright and trademark law.

It is reasonable to ask why limitations such as factor tests would suffice to guard against excessive damages awards in design patent cases, especially since these tests are borrowed from copyright law, where complaints about excessive damages are prominent in the scholarly discourse. But the model of copyright litigation that generated the awards in question may not translate directly to design patents. Consider the prototypical illegal downloading case, arising when an individual illegally downloads hundreds or thousands of

179. Cooper Indus., Inc. v. Leatherman Tool Grp., Inc., 532 U.S. 424 (2001) (explaining that actual damages determination is generally a fact question for the jury, while punitive damages award is not).


181. See Young v. Grand Rapids Refrig. Co., 268 F. 966, 974 (6th Cir. 1920) ("[W]e think it could not have been the intention of Congress, without more explicit language, to impose [the statutory] penalty for each article; indeed, the statute refers to profits of more than $250 from the sale of the ‘article or articles,’ as though it was immaterial whether singular or plural."). Early British design law was ambiguous on this point. See Patents, Designs, & Trade Marks Act, 46 & 47 Vict., cmt. 57, § 58 (Eng.) (1883) (providing that "a sum not exceeding fifty pounds" could be awarded "for every offence" for infringing a protected design right); An Act to Consolidate & Amend the Laws Relating to the Copyright of Designs for Ornamenting Articles of Manufacture, 5 &6 Vict., cmt. 100, VIII (Eng.) (1842) (providing that an award of "a sum not less than five pounds and not exceeding thirty pounds" could be made "for every offence").

182. See, e.g., Gabbanelli Accordions & Imports, L.L.C. v. Gabbanelli, 575 F.3d 693 (7th Cir. 2009) (ruling that the statutory damages in trademark counterfeiting cases, which measures statutory damages per counterfeit mark per "type of goods" sold, does not authorize an award for each individual item bearing the counterfeit mark); 17 U.S.C. § 504(c)(1) (calling for the award of a single set of statutory damages "for all infringements involved in the action, with respect to any one work").
different copyrighted works owned by the holder of a large copyright portfolio, and the portfolio holder sues in a single lawsuit for statutory damages for each of the infringed works. It seems unlikely that ordinary design patent infringement matters would fit that pattern.

Two caveats should be considered. First, it is conceivable that any given product might infringe multiple design patents, leading to some multiplication of statutory damages. But it would be surprising if a product were to infringe on hundreds or thousands of design patents. Second, the rise of 3D printing services may create some challenges that could present the risk of arguably excessive damages awards. One can imagine an operator of 3D printing services infringing (directly or indirectly) on massive numbers of design patents, and thus facing exposure to statutory damages multiplied by a massive multiplier.

At bottom, a new statutory damages provision for design patent infringement should incorporate a factor test prescribing sensible guidelines for assessing statutory damages. A new statutory damages provision would be better off with it than without it, even if its impact is only modest.

3. Should Statutory Damages be Available only for Design Patent “Counterfeiting”?

As noted, statutory damages under the trademark law model are available only in cases of trademark “counterfeiting,” and access to the higher range of statutory damages is further limited to cases in which the counterfeiting is “willful.” The statutory damages provision also reaches only the “sale, offering for sale, or distribution” of goods or services bearing a counterfeit mark, suggesting the mere possession of such goods does not give rise to liability for counterfeiting.183

The statute defines the concept of a counterfeit mark, albeit loosely, while it leaves willfulness undefined. In particular, the Lanham Act defines a “counterfeit” as “a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.”184 One of the civil counterfeiting remedies provisions, Lanham Act § 34(b), adds further restrictions, defining “counterfeit mark” for purposes of the remedies provisions as “a counterfeit of a mark” that is registered on the Principal Register for goods or services

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identical to those of the counterfeiter, and that is also in use. In theory, the “identical with, or substantially indistinguishable from” formulation requires a heightened showing that exceeds the showing required by the likelihood-of-confusion test. Indeed, there are cases in which courts have found that the defendant’s activities give rise to a likelihood of confusion but do not constitute counterfeiting, including at least one trade dress case. On the other hand, some courts seem to resort to a know-it-when-I-see-it analysis for counterfeiting and presume confusion without engaging in any multi-factor likelihood-of-confusion test. The risk, however, is that courts might apply a less rigorous standard for counterfeiting even while insisting that it is more rigorous. Moreover, one may wonder whether there are reliable ways to distinguish between non-willful and willful counterfeiting. The very notion of counterfeiting might produce an irresistible inference of willfulness, tugging courts towards the corresponding statutory damages track. And some courts have shown a willingness to infer willfulness from a defendant’s decision to default.

The trademark provisions, though imperfect, may provide some insights worth considering for design patent law. In particular,

185. 15 U.S.C. § 1116(d)(1)(B). This Section also specifies that whether the person against whom relief is sought knew of the registration is not relevant. Id. The identical goods/services requirement is more clearly stated in the legislative history than in the text of the statute. See Senate-House Joint Explanatory Statement on Trademark Counterfeiting Legislation, 130 Cong. Rec. H12076, at 12078–79 (Oct. 10, 1984) (“[B]ecause this act is intended to reach only the most egregious forms of trademark infringement, it does not affect cases in which the defendant uses a registered mark in connection with goods or services for which the mark is not registered.”); J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 25:15 n.7 (2017).


188. It would be illuminating to test this point empirically.

a statutory damages provision could be confined to cases of design patent counterfeiting—a new concept that would require definition. In trademarks, the concept of a counterfeit mark is defined using the infringement liability standard (likelihood of confusion) as a frame of reference: a counterfeit is something more than just confusingly similar.

Similarly, a standard of comparison that is more exacting than the conventional infringement standard could be used to inform the definition of design patent counterfeiting. According to the traditional standard, a design patent is infringed when “in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same,” meaning that “the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other.” 190 This standard deliberately rejects the perspective of the expert observer and adopts that of the less-refined “ordinary” observer. 191 Under the modern infringement analysis, additional steps may be required. If the defendant has proffered prior art, the infringement analysis must also include a comparison of the asserted design against the prior art, an exercise that could either magnify the deceptive similarity between the patented and accused designs (if those design share features that are conspicuously absent from the prior art) or reduce it (if the alleged similarity derives mainly from features also common to the prior art). 192

Access to statutory damages in the design patent area could be limited to cases in which the patented and accused designs are substantially indistinguishable when viewed by a designer of ordinary skill in the art. The ordinary designer perspective would send a strong signal to the design patent community that particularly exacting scrutiny is expected, even if the “substantially indistinguishable” formulation proves to be less than ironclad.

The concept of design patent counterfeiting could also incorporate the requirement that the article of manufacture associated with the patented and accused designs must be identical, echoing the requirement from trademark law. Such a requirement would have interesting implications for the practice of partial claiming. Indeed, a provision could require design patent owners to forgo partial claiming

191. See Du Mont & Janis, Design Patent Remedies, supra note 4, at ch. 5 (analyzing the Gorham decision).
in a given design patent in order to have access to the statutory damages remedy.\textsuperscript{193}

Design patent counterfeiting, as I have formulated it, is not formally limited to cases of willful copying.\textsuperscript{194} The idea here is to eliminate the gravitational pull that might be exerted if there existed a second, heightened statutory damages range for willful counterfeiting. Evidence of willfulness would be relevant to guide an award within the statutory range,\textsuperscript{195} but would not be used as a justification for creating a separate statutory damages track.

4. Safeguards for Innocent Infringers

 Analogies to the statutory damages approach in trademark and copyright law may be weakest when we turn to the issue of how to insulate innocent infringers from threats of large statutory damages awards for design patent infringement. As noted above, design patent law may provide a more robust set of exclusive rights than trademark and copyright do. Further, reasonable minds can differ on whether that makes it more likely for design patents to ensnare innocent infringers from infringement claims. Moreover, design patent law, borrowing from utility patent law, includes little in the way of limitations and exceptions on those exclusive rights. For example, design patent law includes no analog to copyright’s fair use provision.\textsuperscript{196}

\textsuperscript{193} In the context of design patents for graphical user interface designs, where partial claiming is commonplace, this requirement might prevent the holder of a design patent on an icon design used on a mobile phone from asserting that the use of the design on a t-shirt constituted design patent counterfeiting. For a reference to this example under current design patent infringement law, see Du Mont & Janis, \textit{Virtual Designs}, 17 STAN. TECH. L. REV. at 171-73.

\textsuperscript{194} Patent infringement is, of course, a matter of strict liability, 35 U.S.C. § 271(a), and there is empirical evidence that despite perceptions to the contrary, most utility patent cases do not involve evidence of copying. Christopher A. Cotropia & Mark A. Lemley, \textit{Copying in Patent Law}, 87 N.C.L. REV. 1421 (2009) (studying 200 patent cases filed between January 1, 2000 and May 1, 2007, from two districts). No comparable empirical study of which I am aware assesses whether design patent infringement cases regularly involve evidence of copying.

\textsuperscript{195} Alternatively, design patent owners who believe that they can establish actual damage under Section 284 could also seek a willfulness determination and argue that the actual damages should be trebled under the discretionary authority that Section 284 provides.

\textsuperscript{196} Maureen O’Rourke, \textit{Toward a Doctrine of Fair Use in Patent Law}, 100 COLUM. L. REV. 1177 (2000) (arguing that patent law should adopt such a provision).
For purposes of crafting a statutory damages provision for design patent infringement, this suggests that it is imperative that such a provision include a well-crafted safe harbor provision for innocent infringers. Indeed, that is likely to be a discussion worth having in design patent law even outside the scope of an exploration into statutory damages.

Existing trademark and copyright approaches to this issue provide some foundational ideas but are not protective enough to be lifted directly into design patent law. For example, the copyright law includes a remittitur provision applicable in cases "where the infringer sustains the burden of proving, and the court finds, that such infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright."\(^{197}\) In such cases, the court is authorized "in its discretion" to reduce the statutory damages award to as low as $200.\(^ {198}\) The provision also mandates remittitur of any statutory damages in specified activities undertaken by librarians and public broadcasters who "believed[,] and had reasonable grounds for believing[,] that his or her use of the copyrighted work was a fair use."\(^ {199}\)

The problem with the discretionary remittitur provision lies in its interaction with the post-Berne era copyright notice rules. Those rules make copyright notice permissive, but also specify that where the copyright owner has affixed a proper notice to published copies (or phonorecords) of the work to which the defendant had access, "no weight" may be given to the defendant’s defense of innocent infringement "in mitigation of actual or statutory damages."\(^ {200}\) Thus, "even an innocent defendant generally cannot remit statutory damages below the mandatory minimum, unless the subject work was unpublished, bore an invalid notice, or was inaccessible to the defendant."

As for trademark law, Congress declined to include an express safe harbor provision in the anti-counterfeiting legislation. Instead, the safe harbor, such as it is, is buried in an "explanatory statement"
in the legislative history. According to the statement, a party who, in
good faith, notifies the trademark owner thirty days in advance, and
labels its goods to disclaim an affiliation with the mark owner, should
not be deemed to have knowledge that it is using a counterfeit mark.\textsuperscript{201}
This exceptionally impractical provision calls for specialized
knowledge of the law that few other than the most seasoned trademark
practitioners would possess. Even more troubling, it seems the
provision is designed only to negate the infringer’s knowledge, which
is not a requirement in any event for the award of statutory damages
for non-willful counterfeiting.\textsuperscript{202}

Under trademark law, the statutory damages provision limits
damages “as the court considers just” in connection with statutory
damages ranges for both non-willful and willful counterfeiting.\textsuperscript{203}
Perhaps this is shorthand for the discretionary authority that the main
damages provision provides in ordinary cases: “If the court shall find
that the amount of the recovery based on profits is either inadequate
or excessive the court may in its discretion enter judgment for such
sum as the court shall find to be just, according to the circumstances
of the case.”\textsuperscript{204} Such language might provide some purchase for an
innocent infringer to argue mitigation of statutory damages, but it is
hardly adequate to signal an intent to insulate good faith actors from
exposure to potentially large statutory damages awards.\textsuperscript{205}

In developing an appropriate safe harbor provision for design
patent law, history offers some useful lessons. The original proposal
for a special damages provision for design patents clearly
distinguished between infringing manufacturers and infringing
retailers, permitting special damages to be levied against
manufacturers in all cases, but permitting them against retailers only
upon a showing that the retailer had knowledge that the design had
been applied to an article of manufacture without the patent owner’s

\begin{footnotesize}
\begin{itemize}
\item 203. 15 U.S.C. §§ 1117(c)(1)–(2). The copyright statutory damages provision
also includes this language for statutory damages awarded in cases of non-willful
infringement; 17 U.S.C. § 504(c)(1).
\item 204. 15 U.S.C. § 1117(a). This provision specifies that “[s]uch sum in either of
the above circumstances shall constitute compensation and not a penalty.”
\item 205. Moreover, the “as the court considers just” clause may also be in tension
with the proposition that statutory damages are to be set by the jury.
\end{itemize}
\end{footnotesize}
authorization.\textsuperscript{206} That distinction was retained in the special remedies provision as enacted in 1887.\textsuperscript{207}

The knowledge requirement generated confusion, in part because the statute did not specify how the requirement meshed with the patent marking provision,\textsuperscript{208} a striking parallel with the modern remittitur provision in copyright law. In an otherwise confused opinion, the Supreme Court in \textit{Dunlap v. Schofield}\textsuperscript{209} ruled that the $250 remedy under the 1887 Act design patent remedies provision constituted an award of "damages" and hence might be denied if a design patentee had failed to mark.\textsuperscript{210} In addition, the Court appeared to assume that the showing of knowledge required under the special damages provision could not be met merely by showing that the infringer was on constructive notice due to compliance with the marking provision. Rather, the alleged infringer needed to have both "knowledge of the patent and of his infringement."\textsuperscript{211} Nevertheless, when Congress recodified the patent law in 1952, it deleted the knowledge limitation for retailers, and that requirement has never reappeared.\textsuperscript{212} Perhaps Congress considered the marking provision sufficient to establish the requisite notice notwithstanding the contrary sentiments express in \textit{Dunlap}. All that the legislative history appears to reveal is that Congress thought that it was making no substantive change to the special remedies provision.\textsuperscript{213}

\textsuperscript{206} See \textsc{Du Mont} & \textsc{Janis}, \textit{Design Patent Remedies}, supra note 4, at 58 (reproducing the language of H.R. 5570 and S. 1034).

\textsuperscript{207} See id. at 59 (reproducing the language of S. 1813, enacted in 1887—the predecessor to modern Section 289). \textit{But cf.} Nike v. Wal-Mart Stores, Inc., 138 F.3d 1437, 1442 (Fed. Cir. 1998) (appearing to assume that the knowledge requirement in the 1887 legislation applied both to manufacturers and to retailers).

\textsuperscript{208} 1870 Act at § 38 (REV. STAT. § 4900) (precluding the patentee from collecting "damages" if the patentee failed to mark, presumably meaning damages that accrued before the patentee provided the infringer with actual notice through some means).

\textsuperscript{209} 152 U.S. 244 (1894).

\textsuperscript{210} \textit{Id.} at 248.

\textsuperscript{211} \textit{Id.; see also} Gimbel v. Hogg, 97 F. 791, 794 (3d Cir. 1899) (explaining that constructive notice provided by compliance with marking statute is not sufficient to supply actual knowledge to resellers as required under 1887 Act).

\textsuperscript{212} See 35 U.S.C. § 289 (omitting any knowledge requirement).

\textsuperscript{213} \textit{Patent Law Codification \\& Revision: Hearings on H.R. 3760 Before Subcomm. No. 3 of the Comm. on the Judiciary, 82nd Cong., 1st Sess. 109–10 (1951)} (statement of P. J. Federico, U.S. Patent Office) (stating that "the present code merely puts [the subject of design patents] in its place without attempting to make any changes in the statute").
The modern design patent law can learn from these missteps. First, as part of the exercise of establishing a safe harbor against statutory damages claims, Congress could restore the requirement that infringing retailers be shown to have, at a minimum, knowledge of the patent and of the infringement.\textsuperscript{214} Or, Congress could set a higher threshold by requiring a showing that the infringing retailers acted intentionally.\textsuperscript{215} Such a provision might also specify that to the extent that mere use of an article bearing an infringing design constitutes design patent infringement, the infringing user could only be subject to statutory damages upon a showing of knowledge or intent.

Second, the safe harbor provision should also clarify the relationship with the patent marking provision. Specifically, it should make clear that constructive notice in the form of a design patent marking alone is not sufficient to establish knowledge or intent.\textsuperscript{216}

5. Fee-Shifting

To the extent that new statutory damages legislation for design patents draws by analogy to trademark anti-counterfeiting provisions, the issue of fee-shifting warrants attention. Under the trademark provisions, where a trademark owner elects actual damages in a counterfeiting action, the mark owner is entitled to recover their attorney's fees (assuming that they satisfy the elements in Lanham Act § 35(b) for intentional use of a counterfeit mark triggering mandatory treble damages).\textsuperscript{217} However, the statute is silent about whether the mandatory fee-shifting provision should also apply when the mark

\begin{itemize}
\item\textsuperscript{214} The Court's decisions on inducement of infringement in the utility patent context provide an understanding of the requisites of knowledge. Commil USA, LLC v. Cisco Sys., Inc., 135 S. Ct. 1920 (2015) (good faith belief in invalidity alone does not suffice to negate knowledge of the existence of the infringement); Global-Tech Appliances, Inc. v. SEB S.A., 563 U.S. 754 (2011) (evidence of willful blindness may demonstrate knowledge of the existence of the patent).
\item\textsuperscript{215} Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923, 1932–33 (2016) (rejecting objective recklessness as a requirement for showing willfulness, and defining willfulness as egregious misconduct and the like).
\item\textsuperscript{216} See also Halo, 136 S. Ct. at 1936 (Breyer, J., concurring) (observing that mere knowledge of a utility patent, without more, should not give rise to a finding of willfulness).
\item\textsuperscript{217} 15 U.S.C. § 1117(b) (recovery of a "reasonable attorney's fee").
\end{itemize}
owner elects statutory damages, and a circuit split on the point has developed. Design patent law should head off this problem by specifying that fee-shifting in design patent statutory damages cases should be adjudicated under the exceptionality standard applicable to all patent cases.

CONCLUSION

Is a statutory damages remedy for design patent infringement worth exploring? The experience of contemporary copyright law with the statutory damages regime is sobering, and for the reasons discussed in this paper, I do not advocate importing the copyright model of statutory damages into design patent law. The more constrained approach to statutory damages exemplified by the trademark anti-counterfeiting provisions provides a baseline for discussions about the contours of a statutory damage remedy for design patent law. However, the existing trademark rules would also need some significant modifications, including, among others, the creation of a meaningful safe harbor provision for innocent infringers.

The intuitive appeal of a statutory damage provision for design patent infringement is that, in theory, it ought to entail much lower administrative costs than either a post-<i>Samsung</i> disgorgement of profits analysis or a Section 284 utility patent damages analysis extended to design patents. In theory, it also should be more predictable. Whether any of this would hold in practice is a close question. A statutory damages provision, as I have envisioned it, would incorporate elements that might add complexity and administrative cost—imperatives, I have argued, in order to strike a balance that achieves the provision’s compensatory and deterrence objectives without throwing open the door to abuses and windfalls. Practice under such a provision might be an improvement over existing Section 284 and 289 alternatives, and so the discussion is worth pursuing. If there appears to be no real prospect for crafting an acceptable statutory damages provision for design patents, this is

218. K & N Eng’g, Inc. v. Bulat, 510 F.3d 1079 (9th Cir. 2007) (finding mandatory attorney fees under Lanham Act § 35(b) unavailable if the mark owner elects to receive statutory damages under Lanham Act 35(c)). <i>But cf</i>. Louis Vuitton Malletier, S.A. v. LY USA, Inc., 676 F.3d 83, 110 (2d Cir. 2012) (disagreeing with <i>K & N Eng’g</i> and finding mandatory attorney fees available).

useful knowledge indicating that more creative adjustments need to be explored for adapting Section 284 remedies for design patents.