No. 15-777

IN THE

Supreme Court of the United States

SAMSUNG ELECTRONICS CO., LTD., *et al.*,

Petitioners,

v.

APPLE INC.,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR BISON DESIGNS, LLC; DECKERS OUTDOOR CORPORATION; DESIGN IDEAS, LTD.; KOHLER CO.; KRC CAPITAL B.V.; LUTRON ELECTRONICS, INC.; METHOD PRODUCTS, PBC; NOVO NORDISK, INC.; NUELLE, INC.; NUVASIVE, INC.; OAKLEY, INC.; SUN PRODUCTS CORPORATION; SZ DJI TECHNOLOGY LTD. AND THULE GROUP AS *AMICI CURIAE* IN SUPPORT OF RESPONDENT

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TABLE OF CONTENTS

Table of Contents

Table of Contents

TABLE OF CITED AUTHORITIES

Page

CASES

Cited Authorities

Page

STATUTES AND OTHER AUTHORITIES

Cited Authorities

Cited Authorities

Page

Cited Authorities

Page

INTEREST OF *AMICI CURIAE*

Amici curiae represent a cross-section of American industry engaged in the manufacture and sale of a wide variety of consumer products.[1]

Consumer products are a major driving force of the U.S. economy. Indeed, the consumer products market in the United States, the largest in the world, was estimated to be a $437.8 billion in 2015.[2] This market only continues to grow; the Personal Consumption Expenditures from consumer spending have steadily increased since the mid-1960's and in 2013 accounted for 68% of the U.S. GDP.[3] This trend is likely to continue, considering the boom in development of targeted advertising in social media, more products being on the market now than ever before, and more opportunities for start-ups to innovate new products and compete in the marketplace.[4] The effects of a robust

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1. *Amici* affirm that no counsel for a party authored this brief in whole or in part and that no person other than *amici* or their counsel have made any monetary contributions towards the preparation and submission of this brief. The parties have consented to the filing of this brief; their written consents are on file with Clerk.

2. *Consumer Goods Spotlight: The Consumer Goods Industry in the United States*, SelectUSA, https://www.selectusa.gov/consumer-goods-industry-united-states. (last visited July 11, 2016).

3. Federal Reserve Bank of St. Louis, *Personal Consumption Expenditures/Gross Domestic Product*, https://fred.stlouisfed.org/graph/?g=hh3. (last visited Jul. 11, 2016).

4. Christopher Mims, *Why There Are More Consumer Goods Than Ever*, Wall St. J. (Apr. 25, 2016, 12:01 AM), http://

consumer products market also contributes to job creation in all sectors of the economy,[5] since the market spans a wide breadth of areas; everywhere from appliances to processed foods.[6] The consumer goods market is also a leader in investing in marketing research and branding, as well as product innovation.[7]

Bison Designs, LLC was established in 1987 to produce belts manufactured from climbing webbing. It originated the process by which patterns could be woven into webbing and manufactures all of its belts in Longmont, Colorado. Over the years, Bison's product line has expanded to include a large variety of pet accessories, paracord survival accessories, unique & custom aluminum accessories (including carabiners and bottle openers), and chalk related products.

Deckers Outdoor Corporation designs, markets and distributes innovative footwear, apparel and accessories developed for both everyday casual lifestyle use and high performance activities. Deckers products are sold in more than fifty countries and territories through select department and specialty stores, Company-owned and operated retail stores, and select online stores. Started in 1973 by a University of California, Santa Barbara student

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www.wsj.com/articles/why-there-are-more-consumer-goods-than-ever-1461556860

5. Miltra Toossi, *Consumer spending: an engine for U.S. job growth*, Bureau of Labor Statistics, http://www.bls.gov/opub/mlr/2002/11/art2full.pdf (last visited Jul. 11, 2016).

6. SelectUSA, *supra.*

7. *Id.*

who began making and selling sandals at craft fairs along the West Coast, Deckers has grown into a global company known for its five lifestyle brands: Teva®, Sanuk®, Mozo®, Ahnu®, Tsubo® and Hoke One One®.

Design Ideas, Ltd., based in Springfield, Illinois, is a relatively small, family-run business that introduces dozens of strikingly designed consumer products each year. Design Ideas owns numerous design patents covering a variety of household products such as candle holders, placemats, decorative gel appliqués, and various metal mesh products including the widely popular Mesh-elfa® storage baskets sold through The Container Store®. Many of their products are copied by unscrupulous companies and then sold through U.S. big box retailers. Design patents play a critical role in the protection of their products.

Founded in 1873 and headquartered in Kohler, Wisconsin, Kohler Co. is one of America's oldest and largest privately held companies. With more than 30,000 associates and more than 50 manufacturing locations worldwide, Kohler Co. is a global leader in the manufacture of kitchen and bath products; engines and power systems; premier furniture, cabinetry and tile. Kohler Co. is recognized for its design, craftsmanship and innovation, all knit together by uncompromising quality. A long history of Kohler Co. design and innovation is backed by 1806 design patents and 649 utility patents awarded by the U.S. Patent and Trademark Office, and design patents have played a significant role in protecting the company's products.

KRC Capital B.V. is an independent private equity firm that focuses on businesses in the lifestyle segment. In its fashion and leisure companies, design patents play an important role. KRC bridges the gap between entrepreneurial and institutional expertise through deep involvement in its subsidiary companies, while combining a keen understanding of branding and the lifestyle segment, a powerful global network, and a dedicated team of industry specialists. To KRC, design is the ultimate brand differentiator: it brings forth the vision of the company, its values and its product uniqueness. It believes that if design patents are not respected, all products will become commodities.

Lutron Electronics, Inc. leads the market in high-quality lighting controls that range from individual dimmers to total light management systems that control entire building complexes. Lutron was founded in the early 1960s by Joel Spira, a young physicist whose first invention in the late 1950s – a simple rotary dimmer that can still be found on many dining-room walls today – marked the birth of the lighting control industry. Today Lutron holds over 2,700 worldwide patents, including a substantial portfolio of U.S. design patents. In almost fifty years of innovation, Lutron has invented hundreds of lighting control devices and systems, and expanded their product offering from two products to 15,000. The company has advanced the technology of lighting control while maintaining top market position by focusing on exceptional quality and design.

Founded in 2000, Method Products, PBC is the pioneer of premium planet-friendly and design-driven home, fabric and personal care products. Method can be found in more

than 40,000 retail locations throughout North America, Europe, Australia and Asia. Method, headquartered in San Francisco, is part of the people against dirty family, which also includes Ecover, the European-based line of ecological cleaning products. Method has significant experience with and supports a strong and effective United States design patent system.

Novo Nordisk, Inc. is the world's leading diabetes care company, built on a foundation of scientific innovation and patient-centered care. The company holds leading positions in hemophilia care, growth hormone therapy, and hormone replacement therapy. Diabetes treatments account for a large majority of Novo Nordisk's business. Novo Nordisk works with doctors, nurses, and patients, to develop products for self-managing diabetes conditions, many of which are protected by U.S. design patents.

Nuelle, Inc. is a sexual wellness and intimate care company focused on addressing women's sexual health in a mainstream, wellness-oriented, and female-friendly fashion. Nuelle has worked closely with experts in women's sexual medicine and wellness including physicians, sex therapists, physical therapists, and psychologists, to identify needs and continuously hone its products and education, based on direct feedback from and testing by real women. Nuelle is committed to providing reliable information and elevating the conversation around women's sexual health and intimate care.

NuVasive, Inc. is a medical device company focused on developing minimally disruptive surgical products for the spine. NuVasive is the third largest medical device company in the global spine industry. It features over

ninety products spanning lumbar, thoracic, and cervical applications, neuromonitoring services, and a biologics portfolio. Its products have been used in hundreds of thousands of spine surgeries. Design patents have played an important role in protecting the company's products.

Oakley, Inc. is a sport and lifestyle brand that blends science and art to redefine product categories by rejecting the constraints of conventional ideas. Founded in 1975 and headquartered in Southern California, today the company is recognized as one of the most coveted brands in performance technology and fashion. Decades of Oakley innovation have led to a full array of market-leading products including performance apparel and accessories, prescription eyewear, footwear, watches and electronics. Awarded more than 750 patents and 1400 trademarks, Oakley today is a global icon offering products to consumers in more than 100 countries. It depends heavily on a strong U.S. design patent system to protect its design creations.

The Sun Products Corporation, headquartered in Wilton, Connecticut, is a leading provider of laundry detergent, fabric softeners and other household products. With annual sales of approximately $1.6 billion, Sun's portfolio of products are sold under well-known brands that include all®, Snuggle®, Wisk®, Sun®, Surf®, and Sunlight®. In addition, Sun Products is the brand-building partner and supplier for many retailers for both laundry and dish products. Sun Products relies on an effective U.S. design patent system to protect its many innovative designs from copycats.

SZ DJI Technology Ltd. (DJI) designs and manufactures unmanned aerial vehicles for aerial photography and videography, gimbals, flight platforms, cameras, propulsion systems, camera stabilizers, and flight controllers. Headquartered in Shenzhen, DJI has grown from a single small office in 2006 to a global workforce of over 3,000 with worldwide offices. DJI is a privately owned and operated company, which focuses on supporting creative, commercial, and nonprofit applications of their patented technology.

Thule Group is a world leader in products that make it easy to bring the things you care for – easily, securely and in style – when living an active life. Thule offers products within two segments: Outdoor & Bags (*e.g.* equipment for cycling, water, and winter sports, roof boxes, bike trailers, baby joggers, laptop and camera bags, backpacks and cases for mobile handheld devices) and Specialty (pick-up truck tool boxes). Their products are sold in 139 markets globally. Thule depends upon effective U.S. design patent remedies to deter counterfeiters of its unique product designs.

SUMMARY OF ARGUMENT

The importance of design patents is hard to overstate. Without effective design protection, the visually striking products of innovative companies could be copied with impunity. It is the total profit remedy of Section 289 which gives teeth to design patents by bringing design predators – that have no investment in design innovation, research and marketing – to the negotiating table to settle disputes. This is especially critical for small businesses which do not have the resources of large, big box retailers whose business model is "first-to-be-second" with respect to popular products.

As found by the Federal Circuit below, passage of Section 289 by Congress clearly removed apportionment from the calculus of determining total profit of the article of manufacture to which a patented design has been applied. Determination of the article of manufacture is a question of fact, and the Federal Circuit treated it as such in affirming the jury's award of total profits on the sale of Petitioner's infringing smartphones.

Because courts over the years have shown an ability to properly deal with cases where the article of manufacture is not necessarily the entire product sold to consumers, adoption of factors for making such a determination is not necessary.

The fearful outcomes posited by Petitioner and its *amici* are speculative, unrealistic and grossly exaggerated. Moreover, they have not occurred in the nearly 130 years that the total profit rule has been on the books.

ARGUMENT

I. Design Patent Protection Is Very Important

Design patents are critically important to protect the appearance of a new consumer product both upon market entry and for a sufficient time thereafter for the design innovator to recover its investment in designing and marketing the product. The appearance of a particular product often represents the very image of a company such that it can embody the company's reputation. See, for example, the following design patents covering the Porsche 911, the original Coca-Cola bottle, and the Fender guitar.

Des. 199,433

Patented Oct. 27, 1964

199,433

AUTOMOBILE

Ferdinand Alexander Porsche, Jr., Doffingen, Kreis Boblingen, Germany, assignor to Firma Dr.-Ing. h.c.F. Porsche K.G., Stuttgart-Zuffenhausen, Germany

Filed Nov. 14, 1963, Ser. No. 77,436

Claims priority, application Germany Sept. 5, 1963

Term of patent 14 years

(Cl. D14—3)

FIG. 1

FIG. 2

48,160.

Patented Nov. 16, 1915.

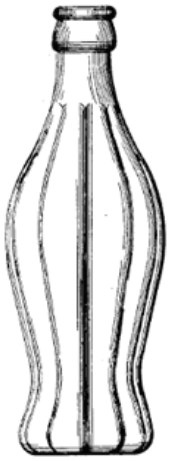
DESIGN.

A. SAMUELSON.

BOTTLE OR SIMILAR ARTICLE.

APPLICATION FILED AUG. 18, 1915.

FIG. 1.



Des. 164,227

Patented Aug. 14, 1951

164,227

GUITAR

Clarence L. Fender, Fullerton, Calif.

Application April 23, 1951, Serial No. 14,931

Term of patent 14 years

(Cl. D56—9)

Fig. 1.

Copying the appearance of a company's product can therefore be particularly pernicious, especially considering the ease with which a legitimate competitor can avoid infringing a design patent by innovating its own designs. The problem of copycats is endemic, threatening innovation, and the speed with which products can be copied is truly challenging for innovators.[8]

A. Design Patent Protection Is Different from Other Forms of Intellectual Property Protection

Design patents cover different subject matter and provide a different scope of protection than provided by other types of intellectual property.

1. Utility Patents

Both design patents and utility patents are governed by Title 35, yet they are otherwise fundamentally different. Utility patents protect structural and functional features of useful machines and manufactures generally without regard to how they look, while design patents protect the look or appearance of articles of manufacture without regard to their utility.[9]

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8. Elizabeth Ferrill & E. Robert Yoches, *IP Law and 3D Printing: Designers Can Work Around Lack of Cover*, Wired (Sept. 25, 2013) http://www.wired.com/insights/2013/09/ip-law-and-3d-printing-designers-can-work-around-lack-of-cover/.

9. 35 U.S.C. § 101; 35 U.S.C. § 171; PTO, *Manual of Patent Examining Procedure (MPEP)* § 1502.01 (rev. 7th ed. 2015).

This fundamental difference is manifested in several ways, the most significant of which is their scope of protection.[10] The scope of a design patent is defined primarily by the product design illustrated in its drawings.[11] In contrast, the scope of a utility patent is defined by claims that are set forth in numbered paragraphs at the end of the patent that describe the invention in words.[12]

Thus, a utility patent protects a useful invention which may be embodied in a number of differently looking products, while a design patent protects only the illustrated appearance of the particular product represented in the drawings of the patent, rather than the underlying structure or function of the product.[13]

As an example, consider two design patents (D274,574 and D284,420) and one utility patent (4,372,058), each covering a portion of an athletic shoe, i.e., an outsole, that were produced by the same company, Pensa, Inc., d/b/a Avia:

10. 35 U.S.C. §§ 171-173; 35 U.S.C. § 289.

11. MPEP § 1504.04.

12. 35 U.S.C. § 112(b).

13. *Lee v. Dayton-Hudson Corp.*, 838 F.2d 1186, 1188 (Fed. Cir. 1988).

[11] **Patent Number: Des. 274,574**
[45] **Date of Patent: ** Jul. 10, 1984**

[54] **BOTTOM AND SIDE PORTIONS OF A SHOE SOLE**

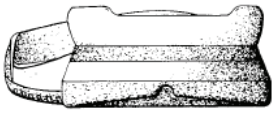
[75] Inventor: **Jerry D. Stubblefield**, Portland, Oreg.
[73] Assignee: **Pensa, Inc.**, Tigard, Oreg.

[11] **Patent Number: Des. 284,420**
[45] **Date of Patent: ** Jul. 1, 1986**

[54] **SHOE SOLE**

[75] Inventor: **James K. Tong**, Beaverton, Oreg.
[73] Assignee: **Pensa, Inc.**, Portland, Oreg.

FIG. 5



[11] **Patent Number: 4,372,058**
[45] **Date of Patent: Feb. 8, 1983**

[76] Inventor: **Jerry D. Stubblefield**, 12225 NW. Big Fir Ct., Portland, Oreg. 97229

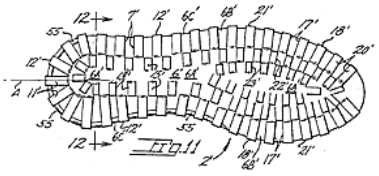
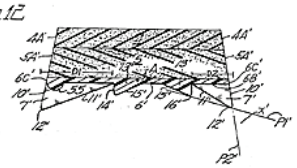


Fig. 11

Fig. 12



The '058 utility patent claims the structure and function of a concave shock-absorbing outsole regardless of the appearance of the particular outsole within which it is incorporated. The D'574 and D'420 design patents protect the appearance of the particular outsoles shown in their respective drawings. The claims of the utility patent cover both of the outsoles shown in the two design patents, but the two design patents do not cover outsoles that are not substantially the same as the outsoles shown in their respective patent drawings.

2. Copyrights and Trade Dress

Although industrial designs can in some instances be protected by both copyright and design patents, those forms of protection differ in that copyright requires a design work to have only a minimum level of originality, while design patents require the design to meet significantly higher statutory standards of ornamentality, novelty, and non-obviousness.[14] The requirements for rigorous examination at the USPTO result in an issued design patent that has a presumption of validity.[15] Copyrights, on the other hand, are simply registered without substantive examination, such that the originality requirement is not tested until the copyright is litigated.[16] Moreover, copyright for designs is very limited in that it may be secured for "the design of a useful article … only if … such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and capable of existing independently of, the utilitarian aspects of the article," 17 U.S.C. § 101.

14. 35 U.S.C. §§ 102-103; 35 U.S.C. § 171.

15. 35 U.S.C. § 282(a).

16. *See* U.S. Copyright Office, *Compendium of U.S. Copyright Office Practices* § 310 (3d ed. 2014).

Trade dress rights also exist for product designs, but by policy trade dress is intended to guard against consumer confusion rather than promote innovation in appearance as with design patents. Trade dress only protects designs which have acquired a distinctiveness which serves to identify the product with its manufacturer or source.[17] Additionally, the product design must be non-functional to be protectable as trade dress.[18] A product feature is functional, and thus not protectable as trade dress, if the feature is essential to the use or purpose of the product, or affects the cost or quality of the product.[19] The existence of a utility patent on a product feature is strong evidence that the design for such feature is functional.[20] Since the term of a protected trade dress can be perpetual, courts set a particularly high bar for establishing distinctiveness and non-functionality.[21]

Due to the difficulty of meeting the separability requirement for useful articles in copyright law,[22] and the high bar established by the courts to create protectable

17. *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 211 (2000).

18. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995).

19. *Id.* at 165.

20. *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 29-30 (2001).

21. *Qualitex*, 514 U.S. at 165.

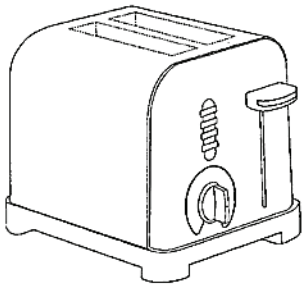
22. *See Varsity Brands, Inc. v. Star Athletica, LLC*, 799 F.3d 468, 481-82 (6th Cir. 2015), *cert. granted*, 136 S. Ct. 1823 (2016).

trade dress rights,[23] design patents, created by Congress over 150 years ago, have become the principal intellectual property right effective against a company that copies the shape/appearance of a product.[24]

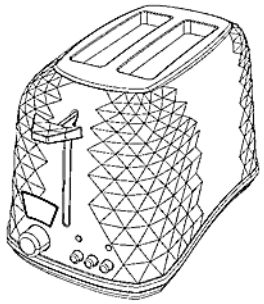
B. Design Patents Are Intended to Stop Copycats

Design patent infringement, while effective against copycats, is avoidable. Design patent protection does not prevent a competitor from designing a product that performs substantially the same function as a patented design, but does not look like it and therefore does not infringe. Here are some examples of designs that look quite different but nevertheless perform similar functions:

U.S. Pat.	**D489,564**
Date:	**May 11, 2004**
For:	**TOASTER**
Assignee:	**Conair Corporation**



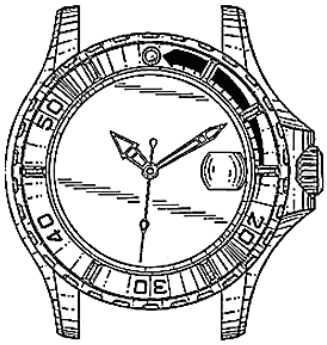
U.S. Pat.	**D686,865**
Date:	**July 30, 2013**
For:	**TOASTER**
Assignee:	**De' Longhi Appliances S.R.L. Con Unico Socio**



23. 514 U.S. at 165.

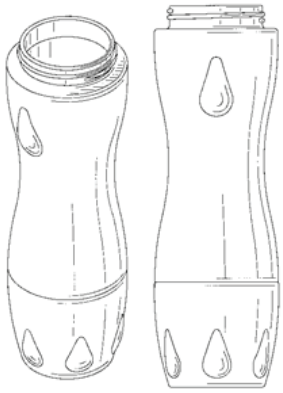
24. While trademark anti-counterfeiting laws guard against those who are bold enough to also copy the trademark of the originator, they are ineffective against a copyist who is clever enough to omit the originator's trademark and simply copies the design/shape of the original design. *See* 18 U.S.C. § 232(c).

U.S. Pat. D404,322
Date: May 11, 2004
For: DIVING WATCH
Assignee: Rolex Watch U.S.A., Inc.

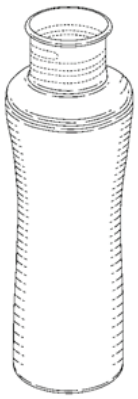


U.S. Pat. D648.638
Date: November 15, 2011
For: WATCH
Assignee: Omega SA (Omega AG) (Omega Ltd).

U.S. Pat. D465,385
Date: November 12, 2002
For: WATERBOTTLE
Assignee: Dart Industries, Inc.



U.S. Pat. D740,609
Date: October 13, 2015
For: WATERBOTTLE
Assignee: DYLN LIFESTYLES, LLC



The fact that a good faith competitor can design around a patented design greatly attenuates the overblown fears raised by Petitioner and its *amici* regarding the total profit remedy for infringement.[25]

A manufacturer's risk of infringing someone else's earlier design patent is almost completely mitigated by simply not copying the other person's product.[26] Since a company is highly incentivized to mark its products with its design patent numbers,[27] a competitor may generally determine if a particular product is protected by a design patent by inspecting the product and its packaging to see if it is so marked.[28]

The ability to avoid design patent infringement is therefore in the hands of a competitor. Either it intends to copy, or it intends to create its own original design. With the former intent, it is at risk of infringement; with the latter, it is not.

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25. *See* Sect. III, *infra.*

26. A manufacturer can freely copy any product from the entire universe of unpatented articles. *See Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231 (1964).

27. *See* 35 U.S.C. § 287(a) (the absence of marking will adversely affect a patentee's right to claim the infringer's profits).

28. *Id.* The America Invents Act permits a patentee to use virtual marking, making it even easier for a competitor to determine product marking status by using the internet.

II. Section 289's Total Profit Rule Is an Appropriate Remedy for Design Patent Infringement

When a consumer product is the subject of a design patent, a legitimate competitor is motivated to innovate new products that do not infringe the design patent, i.e., to "design-around" the patent by creating a new, visually dissimilar product.

In every industry there are companies who will choose a different path. They reproduce the appearance of the product to which the patented design has been applied very, very closely, in an effort to appropriate the essence of the look of the original, successful product, and therefore capitalize on its success. These companies have a business strategy that has been characterized as "first-to-be-second." They may attempt to avoid infringement by making slight changes in the product's major visual portions. They might well avoid the scope of a design patent that covers the entire product, but they might have more difficulty avoiding the scope of a design patent that covers only the major visual portions of the product.[29]

These companies, whether copying a patented design exactly, or trying to avoid infringement by changing the appearance of a few components, are in both cases closely tracking the appearance of the original design. Those actions are willful – an intentional effort to trade on the look of the original successful product by copying it.

Perhaps the "first-to-be-second" company – by tweaking the original design – successfully avoids

29. *See* Sect. III.D., *infra*.

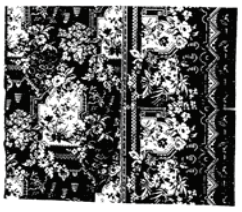
infringing the design patent. However, if the company is found liable for design patent infringement, it is tantamount to a finding of willful, intentional infringement.

It is therefore hardly unjust that a finding of design patent infringement be accompanied by an award of the total profit made by the infringer as a result of its copying.[30]

A. Congress Clearly Intended to Provide a Special Remedy for Design Patent Infringement

Congress acted to adopt the total profit remedy available to design patentees in 1887 after three Court decisions, *Dobson v. Hartford Carpet Co.*, 114 U.S. 439 (1885), *Dobson v. Bigelow Carpet Co.*, 114 U.S. 439 (1885), and *Dobson v. Dornan*, 118 U.S. 10 (1886), revealed the disadvantaged position of design patent holders under the then current law. The Dobson cases involved owners of several design patents for carpet designs: U.S. Pat. Nos. D11,074; D10,778; and D10,870, illustrated left to right below.





30. If willful infringement of a utility patent is proven, under 35 U.S.C. § 284 the patentee may be entitled to increased damages, up to triple the amount awarded. Willful infringement carries appropriately harsh remedies, whether infringement is that of a utility patent or a design patent.

After proving infringement of their design patents by the Dobson brothers, the patentees sought lost profits from sales of the carpets containing the infringing designs. The Court refused to award profits based on the infringing carpet sales, instead awarding the patentees six cents, relying on reasoning which Congress would eventually render inapplicable to design patentees through the Act of 1887. Since this reasoning reflects the harm that Congress sought to prevent, revisiting the Dobson cases provides insight into the Congressional intent behind shielding design patentees from apportionment.

In *Dobson v. Hartford Carpet Co.*, the Court stated that design patentees can only receive total profits from a patented article if they prove "by reliable evidence that the entire profit is due to the figure or pattern." 114 U.S. at 444. The Court also expressed the view that an article's design is only one factor in the decision to purchase the article, for "the article must have intrinsic merits of quality and structure, to obtain a purchaser, aside from the pattern or design." *Id.* at 445. To give total profits on the article solely because the design patentee contributed to one factor in the purchasing decision "confounds all distinctions between cause and effect." *Id.* at 446. One year later, the Court failed to find sufficient evidence that profits from sales of the carpets were due to a patented carpet design. *See* 118 U.S. at 18.

Congress reacted swiftly to the *Dobson* cases. In the legislative history leading to the passage of the Act of 1887, Congress recognized the value of designs to the American public, as well as to the original designer:

> Property in original designs … is a property of great and increasing value, intimately related to material progress in the industrial arts ….
>
> The sole remuneration to the manufacturer for his large outlay in originating designs is the increased sales he makes thereby. The design is merely the principle of selection in the purchasing of articles of manufacture ….
>
> It was also shown that the advance in the last few years in the application of art to the industrial pursuits had been rapid and great, and was largely due to the existence of design patent laws, and that this growth has been coincident with a steady decline in prices. It was also shown that the effect of design patent laws was to cheapen production and so ultimately to reduce prices, because it enabled the manufacturer to run longer on a given design than he otherwise could, and thus avoid changing machinery.

18 Cong. Rec. 834.

Congress then noted the dire consequences wrought by the decisions in the *Dobson* cases:

> It now appears that the design patent laws provide no effectual money recovery for infringement ….
>
> [T]he receipt of the Patent Office in the design department [fell] off upwards of 50 per cent, and

> the average weekly issue of design patents has also fallen off just one-half ….
>
> To fail to pass this or a similar bill is a virtual repeal of the design patent laws.

Id.

Congress recognized the importance of the design to the sale of the article to which it was applied by passing the Act of 1887:

> [I]t shall be unlawful for any person other than the owner of said letters patent … to apply the design...or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or to sell or expose for sale any article of manufacture to which such design or colorable imitation shall … have been applied ….
>
> Any person violating the provisions … of this section shall be liable in the amount of $250; and in case the total profit made by him … exceeds the sum of $250, he shall be further liable for the excess of such profit over and above the sum of $250.

Act of 1887, 24 Stat. 387.

Upon its passage, Congress noted:

> 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; and it is just that the entire profit in the article should be recoverable and by the patentee, for it is the design that sells the article, and so that makes it possible to realize any profit at all, and the patentee is entitled to all the good will the design has in the market.

18 Cong. Rec. 834.

As the Federal Circuit correctly held in this case, the language of the Act and its legislative history are quite clear: no longer did the design patentee have the burden of proving what profits were attributable to the design as separate from the article to which it was applied.

B. *Amici*'s Experience with Design and Design Patents Confirms that Congress's Judgment in 1887 Is Still Good Policy Today

Based on the experience of *amici*, the appearance of many consumer products, such as lighting fixtures, wrist watches, smartphones, toasters, and the like, is important to market success.[31] The sale of these types of consumer-purchased products frequently depends upon the first glimpse or first impression of the product, which is generally the moment when a potential customer's attention is either grabbed or deflected, the moment when the notion is created that 'I might want to buy this item …' or not. Analysis of features and benefits for those products often follows the first glimpse moment.

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31. Jeneanne Rae, *What Is the Real Value of Design?*, 24 Design Mgmt. Rev., Dec. 2013, at 30.

If the design of such a product is not eye-catching, its potentially superior functional features might not get to the "analysis stage." If a consumer fails to like the appearance of the item at first glance, potential buyers may not go further in acquiring the product.

Even if only a portion of the design of a popular product is purloined, the advantage to the infringer is much more than just the intrinsic value of that portion of the product. That portion of the product's design can be the gateway to the sale; and it is often the WOW! factor that initiates and/or clinches the sale of the entire product.[32]

The determination by Congress that design is critical to sales was accordingly quite correct, as was its conclusion about the difficulties in apportioning profits between a product's design and non-design characteristics.

Design patents are especially important to small companies, such as *amicus* Design Ideas, Ltd., who suffer from counterfeit lookalikes across their entire line of mesh basket products. Even small volume counterfeits can hurt its business. In 2011, it had a dispute with an

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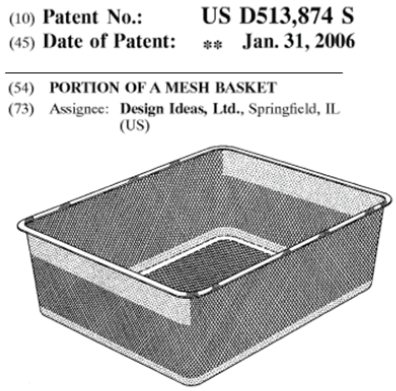
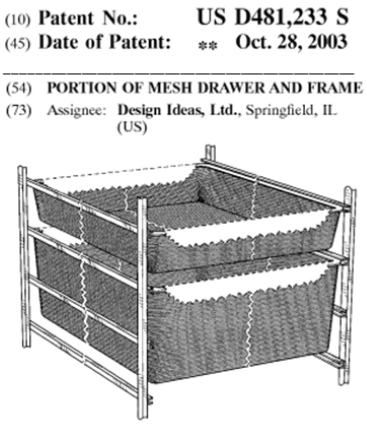
32. This is true even for industrial products such as dock levelers. In *Nordock, Inc. v. Systems Inc.*, 927 F. Supp. 2d 577, 598 (E.D. Wis. 2013), *aff'd. in part, vacated in part*, 803 F.3d 1344 (Fed. Cir. 2013), *pet. for cert. filed*, No. 15-978 (Jan. 28, 2016) the lower court noted that: "[D]ock leveler manufacturers understand the significance of the appearance of a leveler to their customers, particularly the front end of the leveler.... [Witnesses] state that the appearance of Nordock's front end "lip, lug and header plate style" design distinguishes Nordock and its levelers from those of other manufacturers. The visual appearance of the front end of a dock leveler is very important in making a dock leveler sale."

importer, Idea Nuova, Inc., of New York, who sold 13,000 units of a product which clearly infringed several design patents (D481,233; D501,105; and D513,874) that covered the popular Mesh-elfa® line of storage baskets and racks marketed through The Container Store. *Amicus* was able to resolve the dispute, getting the infringing products off the market without having to file suit, based on the strong incentive to settle provided by the total profit rule.

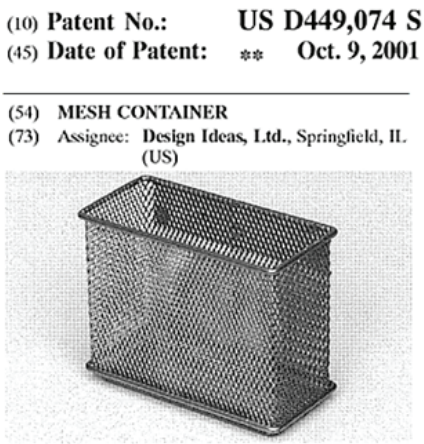

(10) **Patent No.:** **US D513,874 S**
(45) **Date of Patent:** ** **Jan. 31, 2006**

(54) **PORTION OF A MESH BASKET**
(73) Assignee: **Design Ideas, Ltd.**, Springfield, IL (US)


(10) **Patent No.:** **US D481,233 S**
(45) **Date of Patent:** ** **Oct. 28, 2003**

(54) **PORTION OF MESH DRAWER AND FRAME**
(73) Assignee: **Design Ideas, Ltd.**, Springfield, IL (US)

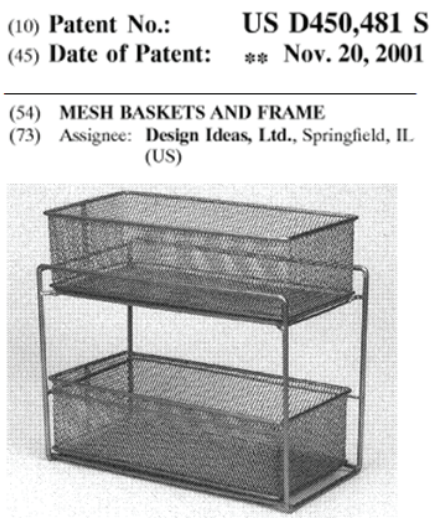
In 2013, *amicus* Design Ideas brought a case against catalog marketer Harriet Carter and its importer MSR Imports, Inc. (C.D. Ill., No. 1:13-cv-01260-RM-BGC) involving blatant copying of U.S. Pat. No. D449,074. A settlement was negotiated based on the infringer's sale of about 6,000 units. Moreover, the importer in this case agreed to notify its factory and supplier to encourage them to refrain in the future from manufacturing and distributing any products that were substantially the same in appearance as any of *amicus's* design-patented products.



(10) **Patent No.:** **US D449,074 S**
(45) **Date of Patent:** ** **Oct. 9, 2001**

(54) **MESH CONTAINER**
(73) Assignee: **Design Ideas, Ltd.**, Springfield, IL (US)

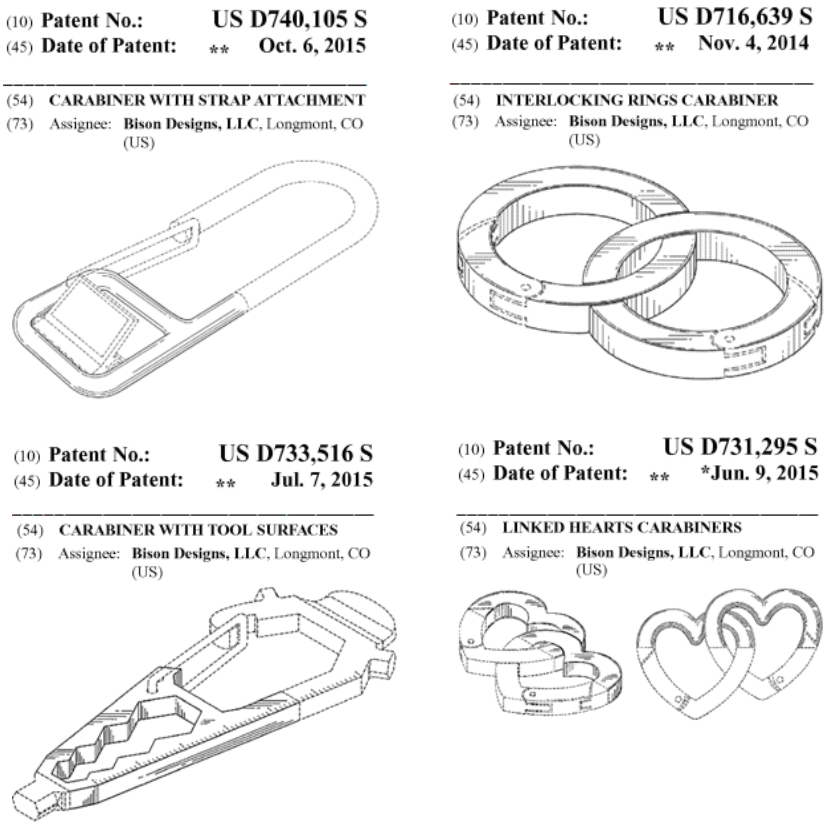
In two other suits brought by *amicus* Design Ideas in the Central District of Illinois against the major big box retailer Bed, Bath & Beyond and its suppliers, four U.S. design patents were violated. In one case involving U.S. Pat. No. D450,481, almost 400,000 extremely close lookalike copies were sold, and the total profit rule led to immediate cessation of sales and a substantial six-figure settlement. These settlements came about shortly after the complaints were filed, and would not have been possible absent the total profit rule. One of the suppliers now sends its new designs to *amicus* before introduction, to try and ensure it is not infringing *amicus's* design patents.



(10) **Patent No.: US D450,481 S**
(45) **Date of Patent: ** Nov. 20, 2001**

(54) **MESH BASKETS AND FRAME**
(73) Assignee: **Design Ideas, Ltd.**, Springfield, IL (US)

Another *amicus,* Bison Designs, LLC, is a small, family-owned business that enjoys great success with a product line that is focused on key chains, belt buckles, and bottle openers made with brightly colored aluminum, for which *amicus* has filed for or been awarded over 200 patents. Among those are design patents covering some extraordinarily successful carabiners (carabiners are snap links that have inwardly swinging, spring activated gates commonly used by rock climbers). Drawing upon many years of rock climbing experience, and recognizing that all carabiners were designed for improved function, *amicus* launched a carabiner line designed for an opposite purpose: to look good fashionably as opposed to function well. These carabiners were custom-shaped, *e.g.*, in the form of dog bones, heart shapes, star shapes, fish shapes, etc. Examples of *amicus's* design patented products include:



(10) **Patent No.:** **US D740,105 S**
(45) **Date of Patent:** ** **Oct. 6, 2015**

(54) **CARABINER WITH STRAP ATTACHMENT**
(73) Assignee: **Bison Designs, LLC**, Longmont, CO (US)

(10) **Patent No.:** **US D716,639 S**
(45) **Date of Patent:** ** **Nov. 4, 2014**

(54) **INTERLOCKING RINGS CARABINER**
(73) Assignee: **Bison Designs, LLC**, Longmont, CO (US)

(10) **Patent No.:** **US D733,516 S**
(45) **Date of Patent:** ** **Jul. 7, 2015**

(54) **CARABINER WITH TOOL SURFACES**
(73) Assignee: **Bison Designs, LLC**, Longmont, CO (US)

(10) **Patent No.:** **US D731,295 S**
(45) **Date of Patent:** ** ***Jun. 9, 2015**

(54) **LINKED HEARTS CARABINERS**
(73) Assignee: **Bison Designs, LLC**, Longmont, CO (US)

These carabiners were selling in the tens of millions of units. Their popularity was immediate, and as a natural consequence the designs were copied by in excess of seventy companies in the U.S. and a countless number of companies around the world.

Facing a sudden and dramatic loss of substantial market share, *amicus* Bison Designs chose to enforce its design patents. *Amicus* was successful in protecting much of its market share using its design patents coupled with aggressive enforcement. The total profit rule was

instrumental in convincing counterfeiters to stop their nefarious activities, and provided *amicus* with effective design patent enforcement without having to resort to litigation. For other competitors inclined to make and sell counterfeits, the total profit rule was a critical deterrent. Conversely, *amicus* believes that any weakening of the total profit rule would undermine design innovation by reducing the incentive to invest in new product designs.

C. Identifying the Article of Manufacture Which Appropriates the Patented Design Is a Question of Fact

Section 289 awards total profit from the sale of "any article of manufacture" to which a patented design or colorable imitation has been applied without license. Identifying the article of manufacture which appropriates the patented design is a question of fact, which ensures just awards of total profit. The Federal Circuit clearly treated the article of manufacture as a factual issue in this case.[33]

In many cases, the article of manufacture to which the patented design is applied will correspond wholly or substantially to the entire product from which profit was made in such a way that awarding total profit on its sales is unquestionably just. For example, it is proper for fact-finders to award total profit from sales of a smartphone that appropriates a patented design which claims the overall appearance of a design for a smartphone.

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33. The court noted the factual situation in the Piano cases and that "[t]he facts at hand are different." *Apple Inc. v. Samsung Electronics Co., Ltd.*, 786 F.3d 983, 1002 (Fed. Cir. 2015).

Contrary to Petitioner's assertions, when a design patent covers less than an entire product, the article of manufacture may still correspond to the entire product as sold, justifying an award of total profit. A claimed design for less than an entire product can still be applied to an article of manufacture without license and be the thing which gives the product a peculiar or distinctive appearance.[34] For example, the factfinder might properly award total profit from sales of a smartphone when the appropriated design is less than the entire smartphone, *e.g.*, when the appropriated design is a visually significant portion of the entire product. Indeed, the three infringed design patents in the case at bar cover peculiar and distinctive aspects of the appearance of the original iPhone smartphone.

Petitioner and its *amici* complain about possible situations where an appropriated design is substantially less than or *de minimis* compared to the entire product sold, such that it would be unjust to award total profit from sales of the product. Such extreme situations are adequately addressed by treating the accused article of manufacture as a question of fact.

In its *amicus* brief, the government notes the importance of identifying the article of manufacture that most fairly may be said to embody the appropriation of the patented design.[35] For example, in some situations, the article of manufacture may be a component that is separable from the entire product such that it would be just to account for its profit separate from the entire

34. *Gorham Mfg. Co. v. White*, 81 U.S. 511, 525 (1871).

35. U.S. Br. 26-27.

product. In other situations, the article of manufacture to which the patented design is applied may be an inseparable portion of the entire product and visually so related to the appearance of the entire product that it is just to award total profit on sales of the entire product. In still other situations, the article of manufacture may be a component that – despite being separable from the entire product – so affects the product's overall appearance that it would be just to account for the total profit of the entire product.

The government takes the fair position that it would be a defendant's burden to prove that the article of manufacture on which total profits are awarded is something other than the entire product as sold to consumers.[36]

The government also proposes four factors to guide the article of manufacture inquiry.[37] The Court need not address the proposed factors here because determination of the article of manufacture has been implicit in a number of cases in which the finders of fact have demonstrated the ability to determine the article of manufacture.[38] The Court should be reticent and appropriately cautious in adopting a set of evidentiary-based factors that have not been needed in the past.

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36. *Id.* at 30, 31.

37. *Id.* at 27-29. *Amici* posit that evaluating the visual features of a product against the technical features embodied in the product would be inappropriate in determining the article of manufacture for a design patent whose protection is wholly based on the product's appearance.

38. *See Bush & Lane Piano Co. v. Becker Bros.*, 222 F. 902 (2d Cir. 1915); *see also Young*, 268 F. at 966.

Uncertainty surrounding interpretation of new factors would weaken enforcement, reduce settlements, and increase litigation of design patent disputes. This would harm innovative, design-conscious companies, particularly small businesses whose resources cannot match those of large infringing companies, *e.g.*, big box retailers.

III. Petitioner Has Not Identified Convincing Policy Reasons Favoring Apportionment

Petitioner and its *amici* repeatedly warn of "disastrous consequences" flowing from the total profit rule. There is no actual support that such consequences have occurred or are likely to now, despite the total profit rule having been on the books for over a century, and high-tech products and partial design claiming existing for decades.[39] To the contrary, the total profit rule encourages design innovation by incentivizing would-be infringers to steer clear of others' design patent rights and create new designs of their own.

The total profit rule is especially helpful for smaller businesses that do not have the resources to vigilantly pursue every infringer and do not have the time or funds to engage in extensive litigation. The total profit rule evens the playing field, allowing a small company to bring a very large infringer, such as a big box retailer whose business model is to sell popular goods irrespective of whether such goods are imitations, to the negotiating table.

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39. *In re Zahn*, 617 F.2d 261 (C.C.P.A. 1980).

A. An Innocent Infringer of a Design Patent Is a Fiction

There is simply no such thing as a manufacturer who innocently infringes a design patent. A manufacturing company that is accidentally liable for design patent infringement is a fiction. Petitioner and its *amici* do not cite a single case – because there is none – where an accused infringer independently designed a product that accidentally infringed a design patent.

Designing the appearance of a product is a deliberate act, one where a skilled designer normally surveys the marketplace prior to putting pen to paper. The legitimate designer's goal is to design a unique product, a visually appealing product, one that is distinct from products of earlier competitors. In contrast, virtually every reported case of design patent infringement – including the case at bar – involves an accused infringer who has copied the popular design of another, prior designer.[40]

Copying of another's product is a deliberate act, one that can result in liability for design patent infringement. If such infringement is found, disgorgement of total profit is a fitting remedy.

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40. *See, e.g.*, *Lehnbeuter v. Holthaus*, 105 U.S. 94 (1881) (comparing the patented and accused designs "makes it clear that the latter is a servile copy of the former…"); *Glen Raven Knitting Mills, Inc. v. Sanson Hosiery Mills, Inc.*, 189 F.2d 845 (4th Cir. 1951) ("[t]hirty-eight photographs on exhibit show unabashed attempts to copy…"); *Parker Sweeper Co. v. E. T. Rugg Co.*, 474 F.2d 950 (6th Cir. 1973) (the appellant "deliberately … copied [the] commercially successful product"); *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117 (Fed. Cir. 1993) (the accused shoes were "almost a direct copy" of the patented design).

B. Design Patent Trolls Are Not a Real-World Problem

Petitioner and its *amici* discuss the admittedly serious problem of patent "trolls" or patent assertion entities (PAEs) in the utility patent context. They make the valid point that the nefarious activities of trolls represent a threat to businesses that are targeted by PAEs. The argument is then made – with no evidence to support it – that trolls will undoubtedly take advantage of Section 289's total profit remedy to expand their activities into the design patent arena.

In support of this, Petitioner and its *amici* all cite to the same cease-and-desist letter[41] to argue that, as a result of the Federal Circuit's decision in this case, PAEs will suddenly begin to see total profit based on design patent infringement as a great source of heretofore untapped revenue.[42]

However, the total profit rule for design patent infringement has been on the books for well over 100 years. The Federal Circuit in the present case did no more than interpret Section 289 in the same manner that it has been interpreted in the past. The total profit ruling in this case broke no new ground. If PAEs saw any opportunity to assert design patents against unsuspecting alleged

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41. *Trolling Effects*, https://trollingeffects.org/demand/intellectual-capital-consulting-ltd-2015-06-02 (last visited July 29, 2016).

42. The demand letter asserts infringement of a utility patent, not a design patent, although the letter did offer to license many dozens of purportedly pending design patent applications.

infringers, they would presumably have asserted them a long time ago.

It is highly unlikely that PAEs would be attracted to design patent enforcement because it is virtually impossible to predict designs of others that have yet to be developed or introduced into the market. And unlike utility patent licensing, design patent licensing rarely occurs, such that there are no readily available design patent portfolios for PAEs to acquire.[43] Design patent owners, including *amici*, are very unlikely to assign a successful design.[44]

C. Hypotheticals Posited by Petitioner and Its *Amici* Are Unrealistic

Petitioner and its *amici* argue that the "article of manufacture" language in Section 289 should be interpreted as a matter of law in a way contrary to the way it's been interpreted since 1887. To support this, they hypothesize extraordinary, never-before-litigated examples, saying that "disastrous practical consequences" and "wildly disproportionate results" would flow if the decision of the Federal Circuit were affirmed.[45] They return time and again to the imaginary awards of total profit of car sales for infringement of a design patent on its cup-holder, or awards of total profit of boat sales for infringement of

43. *Amici* are loathe to allow another company to market the same look as its unique products.

44. It is far easier for a PAE to acquire and assert a borderline utility patent that the owner may happily sell.

45. Pet. Br. 2, 26.

a design patent on its windshield.[46] They even posit the hypothetical that the owner of a two-dimensional icon design would be awarded total profit on sales of all the computers, plus the TVs, smartphones, and tablets upon whose screens it appears.[47]

These extreme hypotheticals are more than adequately addressed by the factual nature of the article of manufacture inquiry.[48] As noted previously, the article of manufacture will not always be the entire product as sold; it may under certain circumstances be a component or portion of the entire product. For example, no reasonable jury could find that the owner of a design patent on a cup-holder is entitled to the total profit on the sale of the automobile or airplane of which it is a part.

The factual nature of the inquiry is exemplified by *Young*, wherein the patented design was a shell or case for a latch of a refrigerator.

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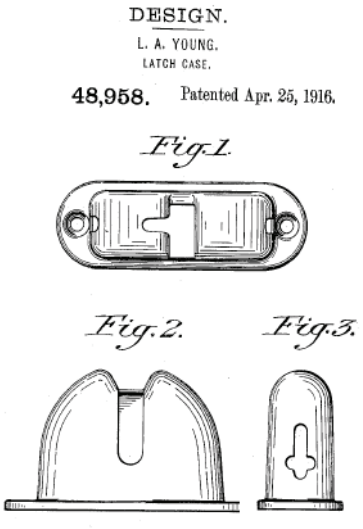
46. *Id.* at 1, 26, 28, 45, 47.

47. *Id.* at 1, 45, 47.

48. *See* Sect. II.C., *supra*.


DESIGN.

L. A. YOUNG.

LATCH CASE.

48,958. Patented Apr. 25, 1916.

Fig. 1.

Fig. 2.

Fig. 3.

The latch case was a *de minimis* visual part of the refrigerator to which it was attached. The article of manufacture was treated as a question of fact because the patentee never contended that the article of manufacture was the entire refrigerator.[49]

D. Design Patents for Portions of a Product Are Important – Widely Used Design Patent Amendment and Continuation Practice Facilitates Protection for Portions of Products

Rather than being an abusive use of the design patent system to obtain "disproportionate awards" as alleged

49. "The ornamental design of the shell added something to the attractiveness of the unitary article sold; but it is not seriously contended that all the profits from the refrigerator belonged to Young." *Young*, 268 F. at 974.

by Petitioner and its *amici*,[50] the total profit rule and standard patent application amendment and continuation practice[51] afford design innovators with a time-tested way to protect patentable portions of products, and avoid clogging the courts with those cases where it's clear that one party has closely mimicked the product and/or unique portions of that product in violation of one or more design patents that cover them.

It is important for a company to be able to protect a portion of a product, since that part may be visually very significant to the product's overall appearance. Moreover, such a part may be integrated across a company's entire product line, rather than in just one specific product. Such a part or portion may also become a significant part of subsequent generations of the company's products, and therefore might be even more valuable than a design patent covering the entire original product.[52] Design patents on portions of a product are subject to the same USPTO examination standards as the original product.[53]

Another important reason to have design patent protection for product parts is that a follow-on competitor might copy only the visually significant design portions, those portions that might have been responsible for the commercial success of the entire product. If, as Petitioner would have it, remedies for infringing design patents are limited as a matter of law to an apportioned subpart

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50. Pet. Br. 45.

51. 35 U.S.C. §§ 120, 132(a); 37 C.F.R. §§ 1.121, 1.78.

52. The designs at issue in this case are used in many subsequent generations of Respondent's smartphones.

53. 35 U.S.C. §§ 102-103; 35 U.S.C. § 112; 35 U.S.C. § 171.

of a product, it will only encourage competitors to focus on copying just those portions in an effort to avoid disgorgement of their profits for having copied the original product. Paradoxically, the potentially most valuable, visually important portions of a product are the portions that the infringer will be incentivized to copy.

Amending a pending design patent application or filing a continuation application enables design innovators to protect portions of original products that may have long-lasting visual impact, and provides the flexibility needed to protect their rights in the product's standout features that may be unfairly appropriated by a late-comer.[54] Petitioner itself regularly obtains continuation design patents that cover previously unclaimed portions of its products.[55]

E. Effective Design Patent Enforcement Will Stimulate Innovation and Decrease Litigation

Several of Petitioner's *amici* argue that the current interpretation of Section 289 will stifle innovation and will cause innovators to face an increasing number of threats or lawsuits based on design patents.[56] These fears are unfounded.

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54. *State Indus., Inc. v. A.O. Smith Corp.*, 751 F.2d 1226, 1235 (Fed. Cir. 1985) (It is "classic commercial gamesmanship" for a company to amend its pending patent application to cover a competitor's new product).

55. *See, e.g.*, U.S. Pat. Nos. D681,582 that covers Petitioner's entire smartphone and its continuation D711,360 that covers only its front face; D700,165 that covers an entire smartphone and its continuations D721,063 and D721,355 that cover various portions thereof.

56. CCIA Br. 5, 13; Engine Br. 2,3, 9, 21, 22; Hispanic Leadership Br. 3, 8, 12; Internet Association Br. 6, 26, 28.

The proliferation of many different designs of smartphones on the market today is strong evidence that companies that wish to stay in a market do not stop innovating just because one major player in the market, Petitioner, has been found to infringe and must pay its ill-gotten gains to the design patent owner. Other companies were able to innovate without infringing Respondent's design patents, and will continue to do so.

Rigorous enforcement remedies for design patents encourages companies to continue to invest in creating and developing their unique and innovative designs without fear of being copied. Innovative small businesses, in particular, could not survive were it not for the teeth that a total profit damage award provides.[57] The most successful new products would fall prey to infringing copies from companies who invest none of the money necessary to employ designers, and create, test market, develop, and distribute commercially attractive products.

In the design patent realm, it is always possible – always – for a competitor to create a functionally equivalent product that does not look like the innovator's design[58] – unless the competitor's intent is to ride on the coattails of the design innovator – which is exactly what the evidence showed and the jury found that Petitioner did in this case.

The Federal Circuit's total profit ruling did not "open the door" to high-magnitude judicial awards for design

57. *See* Sect. II.B., *supra.*

58. Perry J. Saidman, *Functionality and Design Patent Validity and Infringement*, 91 J. Pat. & Trademark Off. Soc'y 313, 332 (2009).

patent infringement, as argued by some of Petitioner's *amici*.[59] The door, if there is one, has been wide open for a very long time – and no one has walked through it.

Moreover, if the effect of the Federal Circuit's decision is a decrease in design patent infringement due to fear of being liable for total profit, that is a good thing, not a bad thing. Competitors should be discouraged from copying originators' designs, and infringing others' design patents.

Petitioner's *amici* also cite to the explosion of false-marking litigation following the Federal Circuit's *Forest Group* decision,[60] arguing that the same can happen in this case.[61] However, in *Forest* the court interpreted an old statute (35 U.S.C. § 287) differently than previous courts. In contrast, in this case there was no new interpretation of Section 289. Despite the law having been the same for so long, pernicious or abusive design patent litigation does not exist.

F. Hypotheticals Posited by Petitioner About Multiple Recovery are Exaggerated

The prohibition against double recovery in the last clause of Section 289 is an indication that Congress wanted to limit multiple damages awards against a design patent infringer:

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59. Public Knowledge Br. 16, 23, 28.

60. *Forest Grp., Inc. v. Bon Tool Co.*, 590 F.3d 1295 (Fed. Cir. 2009).

61. Public Knowledge Br. 3, 22, 23.

> Nothing in this section shall prevent, lessen, or impeach any other remedy which an owner of an infringed patent has under the provisions of this title, but he shall not twice recover the profit made from the infringement.

Section 289 prevents the patentee from recovering multiple profits. There are several instances where multiple profit recovery might occur, for example, when:

1. A defendant's product infringes two design patents owned by the same entity;

2. A defendant's product infringes one design patent and one utility patent owned by the same entity;

3. A defendant's product infringes two design patents each owned by a different entity; and

4. A defendant's product infringes one design patent and one utility patent each owned by a different entity.

The first example occurred in this case. Respondent was not awarded Petitioner's "total profit" three times on each infringing product when Petitioner was found liable for infringing three of Respondent's design patents. Recovery corresponds to infringing profits, not the number of design patents infringed.

The second example has been resolved by the courts. In *Catalina Lighting, Inc. v. Lamps Plus, Inc*, 295 F.3d 1277 (Fed. Cir. 2002), the patentee, Lamps Plus, possessed both a utility patent and a design patent that were infringed by the same product, a lamp produced by Catalina Lighting. The Federal Circuit held that once Lamps Plus received the total profit of Catalina for the

design patent infringement under § 289,[62] it was not entitled to further recovery, *e.g.*, a reasonable royalty under § 284 for infringement of the utility patent by the same product. *Id.* at 1291.

Example 3 would rarely if ever occur in the real world. Petitioner and its *amici* do not cite any reported case where two unrelated companies asserted their respective design patents against the same entity that purportedly covered the same product. It is farfetched to suppose that two unrelated companies would be able to obtain valid design patents covering the same product.

Example 4 may happen. One company may own a design patent infringed by a particular product sold by another entity. Since a design patent protects appearance, and a utility patent protects technology, it is not implausible that another company may own a utility patent that is infringed by the same product sold by the same entity. The infringing entity would then be liable to each of the companies for damages due to its design patent infringement on the one hand, and its utility patent infringement on the other hand. This is not unfair.

Thus, fears advanced by Petitioner and its *amici* regarding disgorgement of the total profit many times to unrelated entities is at best highly speculative. There has been no reported instance of this happening.

CONCLUSION

The law is clear: Section 289 does not allow apportionment of total profit between a design and the

62. Which was equal to or greater than a reasonable royalty.

article of manufacture to which it has been applied. Determination of the article of manufacture has been properly treated by the courts as a factual question, as did the Federal Circuit in this case.

Although the government has proposed various factors for assisting a factfinder in determining the article of manufacture in a given case, the Court need not decide the contours of the factual inquiry in this case. Whether it be refrigerators or pianos, finders of fact have been adept in determining total profit, and the nature of the factual inquiry has not been properly raised so as to merit the Court addressing it in this case.

Adoption of a factors-based factual inquiry could lead to uncertainty, which would weaken enforcement, discourage settlement of design disputes, increase litigation, and be particularly harmful to small companies whose resources cannot match those of large infringing companies, *e.g.*, big box retailers.

The Court should affirm the decision of the Federal Circuit.

Respectfully submitted.

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