

CLIENT ALERT

SCOTUS Rules on Design Patent Damages

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Today, in an important ruling for those holding or aspiring to hold design patent rights, the Supreme Court, in a unanimous opinion delivered by Justice Sonia Sotomayor, held that “[i]n the case of a multicomponent product, the relevant ‘article of manufacture’ for arriving at a Section 289 damages award need not be the end product sold to the consumer but may be only a component of that product.”

The Supreme Court’s decision may impact the value of design patents and create new issues affecting both prosecution and litigation in the design patent arena. In particular, the Court’s decision may reduce the value of design patents where those patents are deemed to protect only a portion or portions of a commercial product rather than an entire product. Going forward, design patent applicants and patentees will likely need to be more attentive to efforts to protect an entire commercial product, rather than merely a portion thereof.

Section 289 provides an “[a]dditional remedy for infringement of design patent.” Historically, this “additional remedy” has offered a powerful tool for patentees in design patent infringement actions, specifically allowing for disgorgement of an infringer’s total profits. As commercial products have become increasingly complex, the question of “what is the article of manufacture?” has also become more complex. In fact, commercial products made today frequently incorporate a multitude of components, where such components may even be produced by different manufacturers.

Today’s decision by the Supreme Court instructed a two-part analysis for evaluating Section 289 damages. First, the relevant “article of manufacture” should be identified. Then, the infringer’s total profit derived from that article should be calculated. Relying on the plain meaning of “article of manufacture” to connote “simply a thing made by hand or machine,” the Supreme Court appears to have wielded a deft hand in balancing the intent of Section 289 with the complexities of modern manufacturing.

The Court declined to opine as to what constitutes the article of manufacture in the present case, and it remains for the Federal Circuit to consider this issue on remand.

NEXT STEPS FOR APPLICANTS AND LITIGANTS:

- Applicants may wish to draft applications to increase the likelihood that claimed subject matter is interpreted as protecting a unitary commercial product, rather than a subsidiary article of manufacture. For example, Applicants may wish to draft a single claim to include multiple design features or perhaps to include more than one design feature from varying – even disconnected – locations within the same product.
- Interested parties should recognize that the interpretation of “article of manufacture” reflected in a design patent will be a critical factor in assigning valuation.

- In litigation, the parties will need to consider ways in which a design patent illustrates, or fails to illustrate, a unitary commercial product.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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