

NORDOCK, INC. v. SYSTEMS INC., Appeal Nos. 2014-1762, -1795 (Fed. Cir. September 29, 2015). Before O'Malley, Reyna, and Chen. Appealed from E.D. Wash. (Judge Randa).

Background:

In the district court, the jury found that Systems infringed Nordock's design patent covering ornamental features of a header plate of a loading dock leveler. While the jury awarded a reasonable royalty under 35 U.S.C. §284 to Nordock, the jury did not award any infringer profits under 35 U.S.C. §289 because the jury found that Systems had no actual profits for the infringing features of its product.

Nordock moved for a new trial on damages under 35 U.S.C. §289 to recover damages based on profits from Systems' sales of its infringing product -- not merely the profits from the infringing features. After the district court denied this motion, Nordock appealed.

Issue/Holding:

Did the district court err when it denied Nordock's motion for a new trial on 35 U.S.C. §289 damages? Yes, vacated and remanded.

Discussion:

On appeal, the Federal Circuit first noted that damages for design patent infringement are calculated differently than damages for utility patent infringement. Specifically, a design patentee can recover *either* (1) total profits from the infringer's sales under 35 U.S.C. §289, or (2) damages in the form of the patentee's lost profits or a reasonable royalty under 35 U.S.C. §284, whichever is *greater*.

Next, the Federal Circuit stated that the district court had made two errors. First, the district court misapplied 35 U.S.C. §289. 35 U.S.C. §289 provides that, as an alternative to 35 U.S.C. §284, design patent owners are entitled to the disgorgement of an infringer's "total profit" attributable to an infringing *product* -- not merely the profits apportioned to the infringing *element* of the infringing product. Accordingly, the Federal Circuit stated that the district court erroneously limited the calculations of infringer profit damages to the infringing features of the product instead of to the product themselves.

Second, the district court incorrectly instructed the jury to choose between awarding damages under 35 U.S.C. §284 and 35 U.S.C. §289. However, the Federal Circuit stated that an award under 35 U.S.C. §284 is *only* appropriate where 35 U.S.C. §289 damages are either not sought or are less than 35 U.S.C. §284 damages. In this case, there was evidence that the 35 U.S.C. §289 damages sought were not only larger than the \$0 jury determination but likely larger than the awarded 35 U.S.C. §284 damages. Thus, the jury likely should have awarded damages under 35 U.S.C. §289 instead of 35 U.S.C. §284.

The Federal Circuit thus opined that the damages calculation at the district court was incorrect and, as such, that Nordock's motion for a new trial on damages should have been awarded. Accordingly, the Federal Circuit vacated the jury's damages award and remanded for a new trial on damages.