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Glove manufacturer gets burned in US design patent damages case

Design Infringement

United States - Meunier Carlin & Curfman

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- **Seirus held to have infringed Columbia Sportswear's design patent and utility patent, both relating to heat-reflective materials**
- **First case since *Samsung v Apple* to deal with definition of 'article of manufacture'**
- **Jury awarded Columbia the entire amount of Seirus' profits on the product**

In response to recent Supreme Court guidance, a California jury in *Columbia Sportswear North America, Inc v Seirus Innovative Accessories, Inc* (3:17-cv-01781-HZ (SD Cal)) has awarded a patent owner the entire amount of a defendant's profits on a product where it was found that the defendant had infringed a design patent.

Columbia Sportswear sued Seirus for infringing a design patent and a utility patent, both relating to heat-reflective materials. Columbia's design patent was for a heat-reflective material having a two colour wave pattern. Its utility patent was for a heat-management material having heat-directing elements, including waves or other geometric patterns. Columbia manufactured a line of outdoor gear using the heat-reflective material protected by the two patents. The defendant, Seirus, sold a line of products including gloves and glove-liners using a heat reflective material that had a similar wave pattern, but incorporated the Seirus logo into the pattern.

The district court ruled in summary judgment that Seirus had infringed Columbia's design patent. Incorporating its logo into a product design which was almost identical to the patented material did not save Seirus from infringement. Seirus's design was "strikingly similar" to Columbia's patented design, using a "nearly identical wave pattern with contrasting colors" and waves with "approximately the same wave length and amplitude". The jury was left to determine damages for infringement of the design patent, and whether the utility patent was valid and infringed.

On September 29 2017 the jury found that Columbia's asserted utility patent claims were invalid. As to Columbia's design patent, the jury determined that the infringement was not wilful and awarded Columbia the entire amount of Seirus's sales profits on the product, amounting to $3,018,174. The jury also awarded Columbia an additional $435,175 as reasonable royalty damages for infringement of the design patent.

This is believed to be the first jury verdict on infringement of a design patent since *Samsung Electronics Co, Ltd v Apple* (580 US, 137 S Ct 429 (2016)), in which the Supreme Court expressly interpreted the US design patent damages statute (35 USC Section 289) which states:

> "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*." (Emphasis added.)

In *Samsung*, the Supreme Court held that for a product with multiple components, the relevant "article of manufacture" under Section 289 may be a single component instead of the entire end product sold to the consumer. Therefore, if a design patent covers only a single component of a larger end product, a patentee might only recover a portion of the infringer's profits instead of the profits on the entire end product. Arguably, Seirus's patterned heat reflective material was only one part of the gloves.

In view of that recent Supreme Court decision, the *Columbia* jury was specifically asked "[w]hat is Seirus's total profit from sales of the relevant article of manufacture that Columbia is entitled to receive for Seirus's infringement of the Design Patent?" The jury was also instructed to:

- identify the article of manufacture to which the infringed design has been applied, which may be the product as a whole or a component of that product; and
- calculate the infringer's total profit made on that article of manufacture.

The jury was not asked and therefore did not specify what it found to be the relevant article of manufacture. Given that it awarded the entire amount of Seirus's profits, either the jury believed that the patterned heat reflective material was essentially the entire article of manufacture or failed to appreciate that it could have

awarded a lesser amount if the patterned material was considered to be only a component of the entire product. Either way, it is evident from this case that the US design patent can be a powerful form of protection for the patent owner.

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