

1 judgment as a matter of law, ECF No. 2220. Accordingly, there can be no damages enhancement
2 under the Patent Act, and the Court need not consider Apple's arguments that other factors favor
3 enhancement under the Patent Act.

4 This leaves the question of Lanham Act enhancements. The Court must first decide
5 whether, when the jury awarded damages for a given product that both infringes patents and dilutes
6 trade dress, without specifying which portion of the damages is for which injury, the award can be
7 increased under the authority of the Lanham Act. If this is possible, the Court must then determine
8 whether such enhancements are warranted here.

9 I. Mixed Award

10 The Lanham Act permits a court to "enter judgment, according to the circumstances of the
11 case, for any sum above the amount found as actual damages, not exceeding three times such
12 amount." 15 U.S.C. § 1117(a). This type of enhancement is intended only to compensate a
13 plaintiff for additional losses not compensated by the existing award, not to punish a defendant. *Id.*
14 All six products that the jury found to dilute trade dress were also found to infringe design patents.
15 The jury returned its award, however, by product, rather than by claim. Thus, for each product that
16 dilutes Apple's trade dress, the jury returned a single damages number that also incorporates design
17 patent infringement damages. This is consistent with the Federal Circuit's direction that in cases of
18 more than one infringement per product, plaintiffs are entitled to recover only once for each
19 infringing sale. *See Aero Products Intern., Inc., v. Intex Recreation Corp.*, 466 F.3d 1000, 1019
20 (Fed. Cir. 2006).

21 Samsung's chief argument that the Court may not increase Apple's award under the
22 Lanham Act's enhancement provision is that 35 U.S.C § 289, which authorizes infringer's profits
23 as damages for design patent infringement, forbids enhancement. *See* Samsung's opposition to
24 Apple's motion for a permanent injunction and damages enhancement ("Opp'n"), ECF No. 2054,
25 at 23 (citing 35 U.S.C. § 289). Samsung is correct that an award of infringers' profits for design
26 patent infringement, as authorized by § 289, is not subject to enhancement. However, there are two
27 problems with Samsung's argument that § 289 forbids enhancement of the combined award. First,
28 the Court cannot determine whether the jury made its award pursuant to 18 U.S.C. § 284, the

1 general patent damages provision, which does not contain the prohibition on enhancement, or
2 whether, instead, its award constituted the special infringer's profits award authorized for design
3 patent infringement by § 289. Second, it does not follow that an award made for multiple types of
4 infringement cannot be enhanced simply because the award might have been made in part pursuant
5 to § 289. The parties cite, and the Court is aware of, no case considering whether an award made
6 for both design patent infringement and trade dress dilution may be enhanced under the Lanham
7 Act's enhancement provisions.

8 As an initial matter, Samsung's attempts to show that the jury's award must have
9 constituted infringer's profits are unavailing. The Court will not speculate as to how, precisely, the
10 jury calculated its damages award. The Court does, however, find it reasonable to assume that an
11 award made for a product found to infringe multiple separate rights was intended to compensate
12 Apple for losses stemming from all of the violations the jury found for that product. It would be
13 illogical to suggest that the jury found that a particular product both infringed a design patent and
14 diluted trade dress, but awarded damages only for the design patent, while declining to compensate
15 Apple for its acknowledged trade dress losses. Further, under Federal Circuit precedent, an award
16 made for a given product does not necessarily correspond to one specific intellectual property right,
17 but rather to one sale of the infringing product, even if that product infringed multiple rights. *See*
18 *Catalina Lighting, Inc. v. Lamps Plus, Inc.*, 295 F.3d 1277 (Fed. Cir. 2002) (holding that an award
19 of infringer's profits made on a finding of design patent infringement also compensated the
20 plaintiff for infringement of a utility patent by the same product). Thus, the award need not be
21 directed to one injury or the other, but rather could be for both simultaneously.

22 Instead, the Court proceeds on the reasonable assumption that the award for each of the six
23 products found to dilute trade dress was made pursuant to both the Patent Act and to the Lanham
24 Act. Whether the patent damages were awarded under § 284 or § 289, the Court cannot determine.
25 However, because the Court determines, as discussed below, that in neither case would the award
26 prevent an enhancement under the Lanham Act, this uncertainty is of no moment.

27 As the jury may have made its award in part pursuant to § 289, the question is whether §
28 289's prohibition on enhancements could trump the Lanham Act's authorization of enhancements.

1 The Court finds that it does not. Section 289 says that a party “shall not twice recover the profit
2 made from the infringement.” The parties agree that an award made only pursuant to § 289 is thus
3 not subject to enhancement. *See* Mot. at 28; *see also Braun Inc. v. Dynamics Corp. of Am.*, 975
4 F.2d 815, 824 (Fed. Cir. 1992). However, nothing in § 289 suggests that it has any effect on
5 awards made pursuant to other statutes. Indeed, § 289 explicitly says that “[n]othing in this section
6 shall prevent, lessen, or impeach any other remedy which an owner of an infringed patent has
7 under the provisions of this title.” *Id.* The referenced “title” is Title 35 of the United States Code,
8 governing patents. Though the Lanham Act is part of Title 15, governing commerce and trade,
9 Congress’s explicit direction that other patent remedies not be foreclosed strongly suggests that the
10 limitations of § 289 were not intended to prevent recovery for any injuries beyond design patent
11 infringement, be they patent-related injuries or other intellectual property-related injuries. Further,
12 § 289 specifically addresses double recovery “from the infringement” of a design patent. Apple’s
13 requested Lanham Act enhancements are not “from the infringement” of the patents addressed by §
14 289; rather, Apple is seeking enhancement of damages from trade dress dilution. The Court thus
15 finds that nothing in § 289 forbids the application of the Lanham Act’s enhancement provision to
16 an award made for both design patent and trade dress injuries. Accordingly, the awards made for
17 the six products found to dilute Apple’s trade dresses are eligible for enhancements under the
18 Lanham Act.

19 II. Lanham Act Enhancements

20 15 U.S.C. § 1117(a) provides, in relevant part:

21 In assessing damages the court may enter judgment, according to the circumstances
22 of the case, for any sum above the amount found as actual damages, not exceeding
23 three times such amount. If the court shall find that the amount of the recovery
24 based on profits is either inadequate or excessive the court may in its discretion
25 enter judgment for such sum as the court shall find to be just, according to the
26 circumstances of the case. Such sum in either of the above circumstances shall
27 constitute compensation and not a penalty.

28 Here, the jury has awarded \$382 million in damages for six products found to have diluted
Apple’s trade dresses. Apple has argued that the \$382 million the jury awarded for these six
products is not adequate to address Apple’s harms, and that the Court should award an additional

1 \$400 million. Mot. at 25. The primary uncompensated harm Apple has identified is its loss of
2 market share, which will, Apple argues, cost Apple sales of phones and other products going
3 forward.

4 Apple argues that a damages enhancement is warranted because Apple has not been fully
5 compensated for Samsung's "ill-gotten gains," and notes that Samsung's profits "would be billions
6 less" if it had not seen the market share "head start" and "stickiness" that Apple attributes to
7 Samsung's dilution of Apple's trade dress. Mot. at 26. Apple then proceeds to calculate the profits
8 it would have made between July 2010 and June 2012, but for Samsung's diluting and infringing
9 phones. These arguments fail for two reasons.

10 First, the calculations that Apple provides in arguing for a Lanham Act enhancement are for
11 profits already lost on existing sales, which, by Apple's own admission, do "not account for the
12 sales of any downstream or follow-on products and services from Apple's product ecosystem."
13 Mot. at 27. Rather, they are calculations of lost profits for the same period in which the jury was
14 considering Apple's losses. Thus, it is not clear why Apple believes that these losses are
15 uncompensated. To the extent that Apple does address lost downstream sales, Apple discusses
16 only Samsung's gains, and makes no attempt to identify any specific losses Apple has suffered.
17 *See* Mot. at 26. Lanham Act enhancements are designed to compensate plaintiffs for losses, not to
18 disgorge ill-gotten gains. *See* 5 U.S.C. § 1117(a). Apple identifies only losses for which the jury
19 has already awarded compensation, and future gains to Samsung that are not clearly tied to any
20 losses on Apple's part. Thus, Apple has not clearly identified any uncompensated loss for which a
21 Lanham Act enhancement would be appropriate.

22 Second, Apple has made no attempt to disaggregate losses caused by dilution, for which a
23 court may permissibly award additional damages, from losses caused by patent infringement for
24 which the Court has found no enhancement can be awarded. As explained above, a single award
25 may compensate for more than one type of harm, but this does not mean that all of Apple's losses
26 were caused equally by all of Samsung's intrusions into Apple's intellectual property. Apple has
27 been quite clear elsewhere in its briefing that Apple believes its downstream losses to be
28 attributable, at least in part, to Samsung's patent infringement. *See* Mot. at 10 (discussing the

1 difficulty in compensating Apple for loss of downstream sales due to “Samsung’s adjudicated
2 infringement and dilution”) (emphasis added). Thus, even if Apple had clearly shown
3 uncompensated loss, it would not follow that the loss was due to trade dress dilution, and thus that
4 a Lanham Act enhancement would be an appropriate response.

5 Further, Apple is making two inconsistent arguments: first, that money cannot compensate
6 Apple for the harm its lost market share may cause going forward, Mot. at 9-10, and second, that
7 the Court should award \$400 million to compensate Apple for lost market share, Mot. at 25-28. If
8 an amount cannot be calculated to compensate for this loss, then it is unclear why \$400 million
9 would be an appropriate award.

10 The Lanham Act and the cases interpreting it are clear that the Court has discretion where
11 enhancements are concerned. *See, e.g., Dist. Re/Max N. Cent., Inc. v. Cook*, 64 F. App’x 562, 565
12 (7th Cir. 2003) (“If the circumstances warrant, it is solely within the district court’s discretion to
13 enhance damages under the Lanham Act.”). It does not require an award of enhanced damages,
14 even where specific amounts cannot easily be quantified, but rather permits courts, in their
15 discretion, to award additional damages to avoid injustice. *See, e.g., JTH Tax, Inc. v. H & R Block*
16 *E. Tax Services, Inc.*, 245 F. Supp. 2d 749, 755 (E.D. Va. 2002) (declining to award a damages
17 enhancement under § 1117(a) despite some evidence of undercompensation). Here, a jury has
18 made a very large award in a case where the trade dress dilution claim concerns product design – a
19 doctrine at the outer reaches of trademark and trade dress law. *See, e.g., I.P. Lund Trading ApS v.*
20 *Kohler Co.*, 163 F.3d 27, 50 (1st Cir. 1998) (“We doubt that Congress intended the reach of the
21 dilution concept under the FTDA to extend this far and our doubts are heightened by the presence
22 of constitutional constraints.”); *Dorr-Oliver, Inc. v. Fluid-Quip, Inc.*, 94 F.3d 376, 383 (7th Cir.
23 1996) (“Although we have held that trademark protection can extend to product configurations
24 consonant with the patent laws, a sensitive application of the principles governing trademark
25 recognition is necessary to relieve the undeniable tension between the two bodies of law in this
26 area.”) (internal quotation marks and citation omitted). Further, the jury found that all six of the
27 products that dilute trade dress also infringe Apple’s design patents. Thus, the jury had ample
28 opportunity to compensate Apple for Samsung’s use of its product designs. Given that Apple has

1 not clearly shown how it has in fact been undercompensated for the losses it has suffered due to
2 Samsung's dilution of its trade dress, this Court, in its discretion, does not find a damages
3 enhancement to be appropriate.

4 **IT IS SO ORDERED.**

5 Dated: January 29, 2013

Lucy H. Koh
LUCY H. KOH
United States District Judge

United States District Court
For the Northern District of California

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28