

Catalina Lighting, Inc. v. Lamps Plus, Inc.: Shedding Some Light on Recovery When a Design Patent and Utility Patent Are Infringed by a Single Act

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I. INTRODUCTION

Lamps Plus is the holder of U.S. Patent No. 5,221,141 (the '141 patent) and U.S. Design Patent No. 353,904 (the '904 patent).¹ The '141 patent is a utility patent for a “Stand-Alone Electric Lamp” with an area light source at the top of a stem and multiple adjustable, directed “task lighting” sources.² The '904 patent is a design patent for the ornamental design of the “Combined Torchiere Lamp and Adjustable Accent Lights.”³ According to Dennis Swanson, the inventor, the lamp is called a “tree torchiere.”⁴ Since 1991, Lamps Plus and Pacific Coast Lighting have sold \$22 million worth of tree torchiere lamps, at a price of \$79 to \$99 per lamp.⁵

In 1998, a buyer from Home Depot observed a tree torchiere lamp at a Lamps Plus store and contacted Catalina Lighting to determine if Catalina could supply a version of the tree torchiere lamp to Home Depot.⁶ Catalina’s counsel found that the tree torchiere lamp was the subject of the '141 and '904 patents, but suggested that infringement could be avoided by using a different mechanism for attaching the adjustable lights to the stem than was required by independent claim 5 of the '141 patent.⁷ Essentially, the mechanism covered by the '141 patent was a ball-and-socket type joint; the joint chosen by Catalina for its lamps was a clevis type hinge.⁸ Catalina began selling its tree torchiere

1. *Catalina Lighting, Inc. v. Lamps Plus, Inc.*, 295 F.3d 1277, 1281 (Fed. Cir. 2002).
2. *Id.*
3. *Id.*
4. *Id.*
5. *Id.*
6. *Id.* at 1281-82.
7. *Id.* at 1282.
8. *Id.*

lamps to Home Depot in 1999.⁹ Home Depot sold these lamps for approximately \$25 each.¹⁰

Lamps Plus initially filed suit in the United States District Court for the Central District of California for infringement of the '141 and '904 patents and for trade dress infringement.¹¹ Catalina responded by filing for a declaratory judgment in the United States District Court for the Southern District of Florida, seeking a declaration that Catalina's torchiere lamps do not infringe either patent and that the patents are invalid and unenforceable.¹² Lamps Plus filed a counterclaim for patent infringement and trade dress infringement against Catalina, and a third party claim of patent infringement and trade dress infringement against Home Depot.¹³

Catalina filed a motion for summary judgment on which the court deferred ruling until it had construed¹⁴ the means of affixing the direct light reflectors in claim 5 of the '141 patent.¹⁵ After the court construed claim 5, the case was tried before a jury.¹⁶ At the close of the evidence, Catalina timely filed a motion for judgment as a matter of law (JMOL) that it did not infringe the patents, that the '904 patent would have been obvious, and that Lamps Plus failed to prove damages for infringement of the '904 patent.¹⁷ The court denied Catalina's motion and entered judgment on a jury verdict stating that Catalina and Home Depot had both willfully infringed the '141 and '904 patents, that neither patent was invalid or unenforceable, and assessing damages for infringement of each patent against both Catalina and Home Depot.¹⁸

Catalina appealed the district court's judgment and damages award to the United States Court of Appeals for the Federal Circuit.¹⁹ The Federal Circuit affirmed the judgment of infringement, no invalidity and no unenforceability, and affirmed in part and reversed in part the damages award, *holding* (1) the evidence was sufficient to support the

9. *Id.*

10. *Id.*

11. *Id.* The California suit was subsequently dismissed by Lamps Plus.

12. *Id.*

13. *Id.* There is no further mention of the trade dress issue and apparently it was not argued on appeal.

14. *See Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996) (holding that construction of a patent claim is a matter of law for the court to decide).

15. *Catalina Lighting*, 295 F.3d at 1283.

16. *Id.*

17. *Id.*

18. *See Catalina Lighting, Inc. v. Lamps Plus, Inc.*, No. 99-CV-7200 (S.D. Fla. June 25, 2001).

19. *Catalina Lighting*, 295 F.3d at 1284.

jury's verdict of infringement of both the '141 patent and the '904 patent and to support the judgment of nonobviousness and enforceability of the patents and (2) a patentee may not recover infringer profits and a reasonable royalty when both a utility patent and a design patent are infringed by the sale of a single product. *Catalina Lighting, Inc. v. Lamps Plus, Inc.*, 295 F.3d 1277 (Fed. Cir. 2002).

II. BACKGROUND

Pursuant to its constitutional authority under Article I, Section 8, Clause 8, Congress grants inventors the right to patent their inventions.²⁰ The inventor, or assignee, has the right to exclude all others from making, using, offering to sell, or selling the patented invention during a specified period of time; such acts by others are considered infringement.²¹ The patent must include one or more claims which particularly point out and distinctively claim the subject matter which the patent applicant considers to be his invention.²² The purpose of this requirement is to notify other people who wish to produce a certain product of what they will have to do to avoid infringing on the patent of a similar product.²³

An analysis of infringement is a combined question of law and fact and is a two-step analysis.²⁴ First, the court construes, as a matter of law, the claims to determine the scope and meaning of the patent claims asserted.²⁵ The second step of an infringement analysis is a comparison of the construed claims to the accused article.²⁶ This is a question of fact to determine if all of the claim limitations are present in the accused device.²⁷ The comparison between the specific claims in the patent and the accused article has been upheld as the only valid comparison for determining this step of the infringement analysis.²⁸

20. U.S. CONST. art I, § 8, cl. 8.

21. 35 U.S.C. § 271 (2000).

22. *Id.* § 112.

23. *See Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 358 (1961) (Black, J., concurring) (Aro I).

24. *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1454 (Fed. Cir. 1998) (en banc).

25. *Id.*; *see also Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996) (holding that claim construction is a matter of law for the court to decide). Although there is additional jurisprudence in the area of claim construction, in the noted case, the claim construction was not challenged, and therefore for purposes of this Note, an exposition of this jurisprudence is not warranted.

26. *Cybor*, 138 F.3d at 1454.

27. *Tate Access Floors, Inc. v. Interface Architectural Res., Inc.*, 279 F.3d 1357, 1366 (Fed. Cir. 2002).

28. *See Zenith Labs., Inc. v. Bristol-Myers Squibb Co.*, 19 F.3d 1418, 1423 (Fed. Cir. 1994).

Congress granted inventors the ability to patent ornamental designs for articles of manufacture, and has given these patents the same protection as patents for inventions.²⁹ The purpose of this protection is to encourage the enhancement of demand and salability for certain articles that is created by giving the articles new and original appearances.³⁰

The analysis of a design patent is also a two-step process which begins with construction of the patent claim.³¹ In the second step of analysis, the claim and the accused article must be compared using two separate tests: the “ordinary observer” test and the “point of novelty” test.³² The “ordinary observer” test is violated when an ordinary purchaser would be deceived into purchasing the accused article thinking it to be the patented article.³³ The second test is the “point of novelty” test, a subjective test which is violated when the accused design goes beyond simply what is embodied in the prior art and appropriates the specific novelties which distinguish the patented article from the prior art.³⁴

The requirement of nonobviousness also serves to limit the scope of a patent.³⁵ A patent is obvious when the difference between the patented material and the prior art is such that the subject matter as a whole would have been obvious at the time of the invention to a person of ordinary skill in the art.³⁶ In other words, if the patented material is a logical extension of the prior art to someone skilled in the art, it may be considered obvious. However, the Federal Circuit acted to limit the nonobviousness doctrine in *Gambro Lundia AB v. Baxter Healthcare Corp.*, by requiring evidence of some teaching, suggestion, or reason to incorporate the allegedly obvious element into the prior art.³⁷ In *Gambro Lundia*, the Federal Circuit reversed a finding of obviousness upon finding clear error in the district court’s determination that evidence in the record suggested the use of a disputed element in the claim.³⁸ The *Gambro Lundia* court also found error in the district court’s failure to

29. 35 U.S.C. § 171 (2000).

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

31. *See Elmer v. ICC Fabricating Inc.*, 67 F.3d 1571, 1577 (Fed. Cir. 1995). In the noted case, the construction of the design patent claim was not challenged; thus an explanation is unwarranted.

32. *Contessa Food Prods., Inc. v. Conagra, Inc.*, 282 F.3d 1370, 1377 (Fed. Cir. 2002).

33. *Gorham*, 81 U.S. at 528.

34. *Contessa*, 282 F.3d at 1377.

35. 35 U.S.C. § 103 (2000).

36. *Id.*

37. 110 F.3d 1573, 1578-79 (Fed. Cir. 1997).

38. *See id.* at 1579.

evaluate countervailing objective indicia of nonobviousness.³⁹ There the court recognized the importance of objective elements, such as commercial success and failure of others to solve the recognized problem, as supporting a finding of nonobviousness.⁴⁰

Patents can also be invalidated on finding of inequitable conduct.⁴¹ A court must find that material information was falsified or withheld by the patentee, with the intent to deceive the patent examiner into granting the patent.⁴² The standard used for materiality by the courts is whether a reasonable examiner would have considered the information material in deciding to issue the patent.⁴³ However, if the information is cumulative to, or less material than, other references before the patent examiner, its disclosure is not required.⁴⁴ With respect to the intent element, an inference of intent will not suffice; there must be a factual basis for the finding of deceptive intent.⁴⁵

Damages for the infringement of utility patents are awarded according to statute.⁴⁶ The award must be adequate to compensate for the infringement, but there is a statutory minimum of recovery of a reasonable royalty for the infringer's use of the patented invention.⁴⁷ The courts have considered a reasonable royalty to be based upon a hypothetical licensing agreement between the plaintiff and the defendant.⁴⁸ This assessment of damages is upheld except in the event it is outrageously high or low for a reasonable royalty.⁴⁹

For design patents, the patentee may recover compensatory damages under 35 U.S.C. § 284.⁵⁰ He may alternatively recover infringer profits under 35 U.S.C. § 289, which provides additional remedies for design patent infringement.⁵¹ The remedy under § 289 is the total profit from the infringement, however this section restricts recovery by stating: "Nothing in this section shall prevent, lessen, or impeach any other remedy which an owner of an infringed patent has under the provisions

39. *Id.*

40. *Id.* at 1579-80.

41. *See* Upjohn Co. v. Mova Pharm. Corp., 225 F.3d 1306, 1312 (Fed. Cir. 2000).

42. *Id.*

43. *Id.*

44. *Id.*

45. *See id.* (quoting Hebert v. Lisle Corp., 99 F.3d 1109, 1116 (Fed. Cir. 1996)).

46. *See* 35 U.S.C. § 284 (2000).

47. *Id.*

48. *See* Rite Hite Corp. v. Kelley Co., 56 F.3d 1538, 1554 (Fed. Cir. 1995) (en banc) (citing Hanson v. Alpine Valley Ski Area, Inc., 718 F.2d 1075, 1078 (Fed. Cir. 1983)).

49. *See id.* (quoting Lindemann Maschinenfabrik GmbH v. Am. Hoist & Derrick Co., 895 F.2d 1403, 1406 (Fed. Cir. 1990)).

50. 35 U.S.C. § 284.

51. *Id.* § 289.

of this title, but he shall not twice recover the profit made from the infringement.”⁵²

The Federal Circuit considered the interplay of § 284 and § 289 in *Braun Inc. v. Dynamics Corp.*⁵³ There the court considered whether the district court was warranted in assessing treble damages for willful infringement of a design patent.⁵⁴ The *Braun* court found that the district court had exceeded its statutory authority since Braun had elected to recover total profits under § 289 rather than damages under § 284.⁵⁵ In making this decision, the *Braun* court stressed the historical and longstanding distinction between damages and profits, finding that, historically, compensatory damages could be increased, but infringer’s profits could not be increased.⁵⁶ The United States Supreme Court, in *Aro Manufacturing Co. v. Convertible Top Replacement Co.*, added a further distinction between damages and profits, holding that only damages and not profits could be recovered under § 284.⁵⁷

III. THE COURT’S DECISION

In the noted case, the court held that the evidence presented to the district court was sufficient to support the jury’s finding of infringement of claim 5 of the ’141 patent.⁵⁸ Catalina argued that the jury’s verdict was not supported by substantial evidence because the affixing means was different from the means required by claim 5 of the ’141 patent.⁵⁹ In its analysis, the court first noted that Catalina did not contest the claim construction by the district court, and focused on the comparison of claim 5, as construed by the court, to the Catalina lamp.⁶⁰ The court acknowledged that the Catalina clevis joint is different from the ball-and-socket joint shown in the figures of the ’141 patent.⁶¹ However, the court found that the jury had properly compared the Catalina lamp to the asserted claim 5, and had seen and rejected the same factual arguments that Catalina raised on appeal.⁶² The court thus saw no reason to disturb the jury’s verdict of infringement of the ’141 patent.⁶³

52. *Id.*

53. 975 F.3d 815 (Fed. Cir. 1992).

54. *Id.* at 823-24.

55. *Id.*

56. *Id.* at 824.

57. 377 U.S. 476, 505 (1964) (Aro II).

58. *Catalina Lighting, Inc. v. Lamps Plus, Inc.*, 295 F.3d 1277, 1286 (Fed. Cir. 2002).

59. *Id.* at 1285.

60. *Id.*

61. *Id.* at 1286.

62. *Id.*

63. *Id.*

In the claim of infringement of the '904 design patent, the court held that the jury's finding of infringement was supported by substantial evidence.⁶⁴ The court analyzed the evidence as applied to the two-prong design patent analysis, comparing the claim and the accused device using both the "ordinary observer" test and the "point of novelty" test as a question of fact.⁶⁵

Under the "ordinary observer" test, the court found that a sample of the Catalina lamp accused of infringing the '904 patent provided sufficient evidence for the "ordinary observer" test, in the absence of any evidence or arguments to the contrary by Catalina.⁶⁶ The court also noted that Lamps Plus provided expert testimony on this issue, while Catalina failed to do so.⁶⁷

Continuing its analysis, the court found that Catalina failed to prove that the jury's finding under the "point of novelty" test was erroneous.⁶⁸ Lamps Plus identified the points of novelty as the spacing and placement of the directed lights and the shape of the diffuser at the top of the lamp.⁶⁹ Catalina argued that these features were functional and found in the prior art.⁷⁰ The court found the testimony of the inventor of the lamp sufficient to provide the jury with evidence that the points of novelty were not functional, but rather aesthetic design considerations.⁷¹ The court also brushed aside Catalina's claim that the points of novelty were in the prior art and therefore, not protectible, again giving credit to Lamps Plus for presenting expert testimony on the points of novelty.⁷² The court finally concluded that the jury's finding of infringement of the '904 patent was supported by sufficient evidence.⁷³

The court next turned to the issues of invalidity and unenforceability, and held that both patents were valid and enforceable.⁷⁴ Catalina challenged the validity of the '904 patent on the grounds that it would have been obvious based on Lamps Plus' prior art lamps combined with four references cited by the patent examiner during the prosecution of the patent.⁷⁵ Against a presumption of validity afforded to

64. *Id.* at 1287.

65. *Id.* at 1286.

66. *Id.* at 1287.

67. *Id.*

68. *Id.*

69. *Id.*

70. *Id.*

71. *Id.*

72. *Id.*

73. *Id.*

74. *Id.* at 1288-89.

75. *Id.* at 1288.

the patent, the court found that the record below did not indicate any evidence of suggestion or motivation on the part of Catalina to combine these references in designing its lamp.⁷⁶ The court stated that this absence of a suggestion to combine the references was dispositive in the obviousness determination.⁷⁷ Combined with Lamps Plus' tendered evidence of nonobviousness, the court found that Catalina did not present clear and convincing evidence that the '904 patent should be invalid as obvious.⁷⁸

With respect to Catalina's claims of inequitable conduct, the court dismissed Catalina's argument that the inventor, Swanson, engaged in inequitable conduct by failing to tell the patent examiner about prior art mechanisms for attaching a directed light fixture to the stem of a lamp.⁷⁹ The court rejected Catalina's argument for an inference of intent based on knowledge and materiality, and instead looked for a factual basis in the evidence for a finding of deceptive intent.⁸⁰ The court found that Lamps Plus' evidence that the prior art was cumulative and thus not material, and the testimony of Swanson and his attorney explaining the omission of prior art in the patent prosecution, provided a substantial evidentiary palette for the jury's decision to withstand a motion for JMOL.⁸¹

Turning to the issue of damages, the court upheld the individual awards for infringement of the '141 and '904 patents.⁸² Reviewing the assessment of damages for the '141 patent, the court was satisfied with the jury's acceptance of Lamps Plus' theory of a reasonable royalty over Catalina's theory.⁸³ The court thus found no reason to disturb the jury's damage award.⁸⁴

The court next addressed the award under the '904 patent, holding that damages were warranted for Catalina's infringement.⁸⁵ Catalina asserted that no damages should have been awarded because the evidence did not support a finding that Catalina's infringement was

76. *Id.*

77. *Id.*

78. *Id.*

79. *Id.*

80. *Id.* at 1288-89.

81. *Id.* at 1289.

82. *Id.*

83. *Id.* at 1290.

84. *Id.*

85. *Id.*

willful.⁸⁶ The court reiterated that under 35 U.S.C. § 289, there is no “knowing” requirement, and thus the damages award was justified.⁸⁷

The court finally addressed the award of combined damages, holding that an additional remedy may not be recovered when both a design patent and a utility patent have been infringed.⁸⁸ The court focused its analysis on the conduct which damaged Lamps Plus, which was the actual sale of Catalina’s lamps.⁸⁹ The court found that despite Lamps Plus’ entitlement to damages for each infringement, a single award of infringer profits from the single act of selling lamps fulfilled Lamps Plus’ entitlement under both § 284 and § 289.⁹⁰ This was due to the fact that the infringer profits Lamps Plus was entitled to recover under § 289 were greater than its minimum entitlement of reasonable royalties under § 284.⁹¹ The court further justified this result by relying on dicta from a decision which implied that a patentee could not receive dual damages for patent infringement and unfair competition resulting from the same act.⁹² It also cited a district court decision in which a similar unfair competition award of lost profits was recovered within a recovery under § 284.⁹³ Thus, the court reversed the award based on reasonable royalty and affirmed the award of damages of infringer profits.⁹⁴

IV. ANALYSIS

In the noted case, the Federal Circuit reaches a justifiable conclusion based upon statutory language and the facts of the case, but one that nevertheless leaves several issues and concerns in its wake. The court largely ignores the Supreme Court’s treatment of the distinction between damages and profits, paying the distinction no mind in the context of recovery under § 289. The court acknowledges the validity of the individual awards of profits and damages, but reads the language of § 289 to rule out a separate recovery of damages from the sale of an infringing product which infringes two patents. The court sets the entire damage award minimum at the greater of either infringer profits or

86. *Id.*

87. *Id.*

88. *Id.* at 1292.

89. *Id.* at 1291.

90. *Id.* at 1291-92.

91. *Id.* at 1292.

92. *Id.* at 1291 (citing *CPG Prods. Corp. v. Pegasus Luggage, Inc.*, 776 F.2d 1007, 1014 n.4 (Fed. Cir. 1985)).

93. *Id.* at 1292 (citing *Contour Chair Lounge Co. v. True-Fit Chair Inc.*, 648 F. Supp. 704, 719 (E.D. Mo. 1986)).

94. *Id.*

reasonable royalty under § 284. While this may seem like a just result, one problem is the removal of the treble damages option available under § 284. This seems unfair in this situation where the infringement of not one, but two patents in the same act might warrant additional damages.

In deciding that the recovery of profits under § 289 precludes the recovery of compensatory damages under § 284, the court creates a disincentive for a plaintiff with a design patent infringement claim to seek redress for its design patent under § 289. Because damages for a design patent infringement can be collected under § 284, a plaintiff in a fact situation similar to the case at bar today would be better off collecting compensatory damages under that statute. It would be more likely that the single act of infringing two patents could warrant the assessment of treble damages. The court would be free to increase the damages, considering both the historical background of increasing damages awards and the lack of statutory language to the contrary in § 284. The question would thus arise as to whether the court would allow a plaintiff with these same facts to thwart § 289 by reading § 284 as narrowly to allow for dual recovery or treble damage assessment. Further, in a fact pattern where the infringer profits under § 289 are less than a reasonable royalty, this interpretation could allow using § 289 to increase the damage award to the reasonable royalty minimum under § 284 or consider it to be “twice recover[ing] the profit.”⁹⁵ From a precedent standpoint, while this decision may be easy to follow procedurally, its substance leaves much to be desired.

This brings up the question of the role of § 289 in the scheme of patent protection. The court has created a disincentive to use § 289 in combination with any other recovery. However, § 289 is titled “[a]dditional remedy for infringement of design patent.”⁹⁶ This language suggests that Congress intended § 289 to be supplemental to some other provision in the statute, however its role as such appears to have been terminally undermined by the court’s decision. The utility of § 289 seems unclear in this context.

Altogether, this decision seems to create more questions than it answers. It will be interesting to see if the Federal Circuit decides this issue in a similar manner if it is presented to them as recovery of two awards under § 284.

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95. 35 U.S.C. § 289 (2000).

96. *Id.*