

## PATENT DAMAGES: THE BASICS

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### I. INTRODUCTION

Once a patent is held valid, enforceable and infringed, then the issue of damages must be addressed. In patent cases, damages are provided by statute:

Upon finding for the claimant the court shall award damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.

When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed.

The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.  
35 U.S.C. § 284

Thus, a patentee whose patent has been infringed, is entitled to: (1) an award of lost profits from sales the patentee would have made "but for" the infringement; [n2] or (2) a reasonable royalty on the infringing sales; [n3] \*14 or (3) a combination of (1) and (2). [n4] A reasonable royalty award provides the floor below which damages cannot fall. [n5]

Additionally, the patentee is entitled to interest on the lost profits or on the reasonable royalty from the time of the infringement up until the award is paid and to the costs incurred in the district court litigation. Costs normally include amounts paid to the court, witness fees and travel expenses, fees for transcripts, and other miscellaneous expenses. They do not include attorney fees. Interest and costs are included to compensate for the infringement. [n6]

Thus, the lost profits of the patentee or a reasonable royalty on the infringer's sales, or a combination of lost profits and a reasonable royalty award, along with interest and costs, are called "compensatory damages."

Further, if the infringer knew or should have known it was infringing, then the patentee may be awarded enhanced damages for its willful infringement, up to three times the

compensating award, and may be entitled, under 35 U.S.C. § 285, to attorney fees as well. Damages over and above compensatory damages are called "punitive damages."

The damages issue can be addressed by either a judge or a jury.

## II. COMPENSATORY DAMAGES: LOST PROFITS

Lost profits are the profits the patentee would have made "but for" the infringement. In other words, those additional profits the patentee would have made if the infringer had not been infringing, equal to the patentee's incremental profit margin in a "but for" world times the number of sales lost to the infringer due to the infringement. Thus, proof of lost profits generally requires a showing that: (1) but for the infringement, there is a reasonable probability that the patentee would have \*15 made the sales; and (2) the computation of the amount is supported by the evidence. [n7] The burden of proof on these issues is by a preponderance of the evidence. [n8] Any doubts about the correctness of the award are to be resolved against the infringer. [n9]

### A. The Panduit Factors

In determining lost profits, a test frequently applied by courts, including the Federal Circuit, is that enunciated in *Panduit Corp. v. Stahl Bros. Fibre Works*. [n10] Under that test, the patentee must prove:

1. demand for the patented product;
2. the absence of acceptable non-infringing alternatives;
3. the patentee's capacity to exploit the demand; and
4. the amount of profit the patentee would have made.

The first three Panduit factors address the causation question: would the patentee have made the sale "but for" the infringement? The fourth addresses the quantification question: to how much is the patentee entitled?

The "but for" world assumes that the patentee and the infringer compete in the same market segment, and the competing products are similar in price. [n11]

\*16 When there is a two-supplier market, satisfaction of the first two factors, demand for the patented product and the absence of an acceptable non-infringing alternative for the patented product, can normally be inferred. [n12] Further, insignificant competitors and other infringers can be ignored. [n13] In a two-supplier market, demand for the patented product would normally equal the sum of the patentee's sales plus the infringer's sales. [n14]

Thus, in a two-supplier market case, the patentee usually need only prove the third and fourth factors - its capacity to have made the infringing sales and the amount to which it is entitled.

### 1. Demand for the Patented Product

Usually "demand" for the patented product sold by the infringer is inferred from the fact that those sales were made. [n15] Other factors which have been considered relevant to the demand question include long-felt need and commercial success of the patented product. [n16]

### \*17 2. Absence Of Acceptable Non-Infringing Alternatives

The existence, or non-existence, of an acceptable non-infringing substitute is determined at the time of the infringement. Thus, among other things, continued infringement after an infringement suit has been filed is evidence of the absence of an acceptable non-infringing alternative. [n17]

To be an acceptable non-infringing alternative, the alternative must have all of the advantages of the patented product. [n18] Thus, the fact that a product competed does not necessarily make it an acceptable non-infringing product. [n19]

Even when there are acceptable non-infringing alternatives in the marketplace, the patentee may still be able to establish its entitlement to lost profits based on its share of the market. [n20] However, the patentee must still prove that his product and the infringer's product are similar, competing for the same customers. [n21] In such a case, the patentee would be entitled to a reasonable royalty on the remaining infringing sales, those for which lost profits were not proven, as discussed infra. [n22]

### 3. Patentee's Capacity to Make and Market Product

Regardless of the number of suppliers in the market, the patentee must establish that it had the ability to manufacture and sell the infringing \*18 products. In-place capacity is not required, however. [n23] Neither is bidding on each project necessary. [n24]

The manufacturing capacity requirement has been met by showing that the work could have been subcontracted, that the patentee's facilities were sufficient to manufacture the product, or that the patentee could have expanded its facilities enough to meet the demand for the infringing product. [n25] The need to run extra shifts is not sufficient to thwart capability. [n26]

The marketing capacity requirement has been met by showing that the patentee had developed the market, protected its market and had substantial sales and advertising

budget, employed direct salespeople and is aware of sales techniques necessary to obtain orders from large corporate buyers. [n27] If lack of manufacturing or marketing capacity is due to the infringement, then the capacity requirement is considered satisfied. [n28]

#### \*19 4. Quantification Of The Amount Of Damages

The amount of damages need not be proven with unerring precision but cannot be speculative. [n29] Again, any doubts are to be resolved against the wrongdoer, in this case, the infringer. The most straight-forward calculation involves determining the dollar volume of infringing sales and multiplying it by the patentee's gross, or incremental, profit margin. Fixed costs, costs which do not vary with increases in production, are excluded from the calculation. [n30] Examples of costs which are normally fixed are management salaries, property taxes, and insurance. [n31]

#### B. Additional Compensation for Infringement

The amount of damages determined by multiplying the number of infringing sales by the patentee's gross profit margin may not be adequate to compensate for the infringement. For example, the patentee will generally be entitled to additional compensation if there is proof that, without the infringer in the market, (1) the patentee could have charged more for its product; (2) the demand for the patented product would have been greater; or (3) the patentee would have sold other, non-<sup>20</sup> patented products along with its sales of the patented product sold by the infringer. [n32]

##### 1. Price Erosion

Whenever an additional supplier enters the market, the potential for price competition increases. Price competition frequently results in the phenomenon known in patent law as "price erosion." Thus, if an infringer competed through price, it normally follows that the patentee could have charged more, absent the infringement. Of course, a court can take into consideration what alternatives would have competed at the higher price. [n33] Evidence to be considered on this issue includes: the relative prices charged by the patentee and infringer; a decrease in price or increase in discounting by the patentee following the infringer's entry into the market; retarded sales growth attributable to the drain of substantial litigation; and the reasons why a bid was lost or won, as might be found in bid documents or the testimony of those actually selling the product. [n34]

##### 2. Diminution Of Value Of Product

Occasionally the infringer will offer a product which, although infringing, is of a lesser quality than that offered by the patentee. [n35] In such a case, that offering may well

affect the reputation of the product generally and thus affect the sales of the patentee's product.

### \*21 3. Convoying/The Entire Market Value Rule

The "entire market value rule" permits the patentee to recover damages based on unpatented products which the patentee would normally expect to sell with the patented product, i.e., on those products which are "convoyed" with the sale of the patented product. [n36] Factors to be considered include the way products are marketed, the price lists, industry practice of selling the unpatented product with the patented one (or separately), the marketability of the unpatented product by itself, and the physical dependence of the unpatented product on the patented one. [n37]

## III. COMPENSATORY DAMAGES: REASONABLE ROYALTY

When lost profits cannot be established, the patentee is still entitled to at least a reasonable royalty on the sales the infringer made of the patented product. [n38] By statute, a reasonable royalty is the "floor" below which damages cannot fall. [n39] A reasonable royalty award is normally determined by multiplying the infringer's total sales of infringing product by the reasonable royalty rate.

### \*22 A. The Royalty Rate

The royalty rate to be used in a damages calculation can be determined in several ways: (1) constructing a hypothetical negotiation; (2) applying an established royalty rate; or (3) using the "analytical approach."

#### 1. The Hypothetical Negotiation

The hypothetical negotiation determination is based on the following premise: "A reasonable royalty is an amount 'which a person, desiring to manufacture and sell a patented article, as a business proposition, would be willing to pay as a royalty and yet be able to make and sell the patented article, in the market, at a reasonable profit.'" [n40] In other words, a reasonable royalty is the amount the infringer would have been willing to pay, prior to beginning its infringement, in an arm's length negotiation.

It is clear, however, that the negotiations cannot be treated as the "equivalent of ordinary royalty negotiations among truly 'willing' patent owners and licensees." [n41] Such an approach would ignore the cost of litigation and would impose a compulsory license on the patentee. [n42]

In determining the reasonable royalty rate using a hypothetical negotiation approach, numerous factors are normally considered. Those factors include the following fifteen, commonly referred to as the "Georgia-Pacific factors": [n43]

Those fifteen factors are:

1. The royalties received by the patentee for the licensing of the patent in suit, proving or tending to prove an established royalty.
2. The rates paid by the licensee for the use of other patents comparable to the patent in suit.
3. The nature and scope of the license, as exclusive or non-exclusive; or as restricted or non-restricted in terms of territory or with respect to whom the manufactured product may be sold.
- \*23 4. The licensor's established policy and marketing program to maintain his patent monopoly by not licensing others to use the invention or by granting licenses under special conditions designed to preserve that monopoly.
5. The commercial relationship between the licensor and licensee, such as, whether they are competitors in the same territory in the same line of business, or whether they are inventor and promotor.
6. The effect of selling the patented specialty in promoting sales of other products of the licensee; the existing value of the invention to the licensor as a generator of sales of his non-patented items; and the extent of such derivative or convoyed sales.
7. The duration of the patent and the term of the license.
8. The established profitability of the product made under the patent; its commercial success; and its current popularity.
9. The utility and advantages of the patent property over the old modes or devices, if any, that had been used for working out similar results.
10. The nature of the patented invention; the character of the commercial embodiment of it as owned and produced by the licensor; and the benefits to those who have used the invention.
11. The extent to which the infringer has made use of the invention; and any evidence probative of the value of that use.
12. The portion of the profit or of the selling price that may be customary in the particular business or in comparable businesses to allow for the use of the invention or analogous invention.
13. The portion of the realizable profit that should be credited to the invention as distinguished from non-patented elements, the manufacturing process, business risks, or significant features or improvements added by the infringer.
14. The opinion testimony of qualified experts.
15. The amount that a licensor (such as the patentee) and a licensee (such as the infringer) would have agreed upon (at the time the infringement began) if both had been reasonably and voluntarily trying to reach an agreement; that is, the amount which a prudent licensee - who desired, as a business proposition, to obtain a license to manufacture and sell a particular article embodying the patented invention - would have been willing to pay as a royalty and yet be able to make a reasonable profit and which amount would have been acceptable by a prudent patentee who was willing to grant a license.

The Federal Circuit has cited many of these factors with approval. [n44] However, not all fifteen may be relevant to each case, and others not included in the fifteen may be decisive.

#### \*24 2. The Established Royalty Rate

It is normally to the infringer's advantage to prove that there is or was an "established" royalty rate for the patented product. A royalty rate is considered "established": (1) when it has been widely applied in a number of license agreements containing similar terms; and (2) when those terms are essentially the same as those the infringer would have needed to avoid infringement. Unless these conditions are met, the rate will probably not be considered "established" and thus will not be controlling. [n45]

Thus, the rate given in a single license or in a license granted to avoid litigation or in a license to a minor competitor will not be considered an established royalty rate. [n46] Likewise, the rate given in a license to make a different product from the infringing product will not be considered "established." [n47]

Further, a rate, even if established, does not necessarily create a ceiling on the rate used in the damages calculation. [n48] Damages greater than that based on a reasonable royalty rate can be granted by a court as a deterrent to infringement. [n49]

### 3. The Analytical Approach

In determining a reasonable royalty rate, the "analytical approach" may be used. Theoretically, this approach is also based on a hypothetical negotiation between a willing licensor and a willing licensee but focuses primarily on what the infringer would have been willing to pay. In certain \*25 cases, it can yield a very high royalty rate, particularly if the infringer's expectations prior to the infringement were high and can be proven. There is no requirement that the infringer actually made any profit but rather only that it expected to do so.

A court, using the analytical approach, begins with the anticipated gross profit of the infringer; subtracts the infringer's overhead expenses; allocates an acceptable, or "normal," net profit to the infringer; and awards the remaining profit to the patentee. [n50]

#### B. The Royalty Base

In the simplest case, the royalty base is the total sales of patented products sold by the infringer. Nevertheless, the entire market value rule, discussed supra, is also applied to reasonable royalty calculations. Therefore, the royalty base can include sales of

unpatented products which the patentee normally expects to sell with the patented product, i.e., those products which are "convoysed" with the sale of the patented product. [n51] Proof of conveying relating to a reasonable royalty calculation is similar to that necessary to establish conveying in a lost profits case. See the discussion supra.

Alternatively, the sale of convoysed products can be considered in determining the royalty rate rather than the royalty base. [n52]

#### IV. COMPENSATORY DAMAGES: LOST PROFITS PLUS REASONABLE ROYALTY

In certain cases, the patentee may be able to prove that it would have made some, but not all, of the infringer's sales. In such cases, the patentee is entitled to a combination award - lost profits on the sales it proves it would have made and a reasonable royalty on the remaining \*26 infringing sales. [n53] Each of these compensatory damage elements is treated as described supra.

One type of combination award deserves additional comment: if the case involves a market with more than two suppliers and the patentee cannot establish that there was no acceptable non-infringing alternatives, then the patentee may still be able to establish that it would have made its market share of the infringer's sales. [n54] Damages on the remaining infringing sales, the ones which the other suppliers in the market would have theoretically made, would then be determined using a reasonable royalty approach.

#### V. INTEREST

In order to fully compensate the patentee for the infringement, interest is normally awarded to the patentee on the lost profits and/or reasonable royalty award. However, no interest is to be included with any punitive portion of a damages award. [n55]

##### A. Prejudgment Interest

Title 35 of the U.S.C. § 284 provides for prejudgment interest. [n56] It cannot be denied, absent some justification for doing so. [n57]

The interest rate applied is within the discretion of the trial court and will not be disturbed unless the court abused its discretion. [n58] Thus, courts \*27 have awarded simple interest or interest compounded on a variable basis over different time periods, and have based the award on the prime rate, rates above prime, the state statutory rate, Treasury bill rates, etc. [n59]



## B. Postjudgment Interest

Postjudgment interest is set by statute, to be compounded annually, at a "rate equal to the coupon interest yield equivalent ... of the average accepted auction price for the last auction of fifty-two week United States Treasury bills ... [28 U.S.C. § 1961]."

## VI. PUNITIVE DAMAGES

The patentee may be awarded enhanced, or "punitive", damages if the infringement was willful and/or if there was bad faith prosecution of the litigation. Damages in such a case can be increased up to three times the compensatory amount. Further, if the court finds that the case is "exceptional", attorney fees may also be awarded under 35 U.S.C. § 285. Enhancement of damages is discretionary with the court and will not be disturbed unless the court abused its discretion. [n60]

### A. Willful Infringement

Willful infringement is a finding of fact which must be proved by clear and convincing evidence. The finding will not be disturbed on appeal unless it is clearly erroneous. [n61]

\*28 In order to willfully infringe, the infringer must have knowledge of the patent and must then have proceeded to infringe, without a good faith belief that the patent was not infringed, invalid, or unenforceable. [n62]

The "totality of the circumstances" is to be considered when deciding whether an infringement is willful. [n63] The most important "circumstances" appear to be those surrounding advice of counsel - including whether it was sought, when and from whom it was sought, and whether it was followed. [n64]

Other circumstances which bear on the issue of willfulness are whether the infringer copied the patented product, the rejection of a license offer, and whether the patent had previously been held valid. [n65] Bad faith is not necessary. [n66]

### \*29 B. Bad Faith Prosecution

Even when there is no willful infringement, enhanced damages may be based on bad faith "vexatious litigation behavior or unacceptable tactics." [n67] Activities which may fall in this category include inequitable conduct in obtaining the patent, misconduct during the litigation, or a frivolous suit. [n68]

### C. Attorney Fees

Under 35 U.S.C. § 285, it is within the court's discretion to grant attorney fees to a prevailing party in an exceptional case. Frequently, an exceptional case has been established by proving, clearly and convincingly, a case of willfulness. [n69] To support the grant of attorney fees, some element of bad faith, unfairness, or inequitable conduct apparently must be present. [n70]

## VII. LIMITATIONS ON DAMAGES

In certain circumstances, the amount of damages may be limited by statute or by the equitable doctrines of "laches" and/or "estoppel."

### A. The Notice/Marking Requirements

Under 35 U.S.C. § 287, damages generally cannot be collected unless the public was given constructive notice of the patent-in-suit by marking the patented product, or unless the infringer had actual notice of the alleged infringement. The filing of the suit constitutes notice. The \*30 marking requirement does not extend to patented methods. [n71] But if both a product and method are patented and are asserted against an alleged infringer, then notice that the product is patented is required to collect damages for infringement of the method. [n72]

### B. Time Limitation: Statutory Under 35 U.S.C. § 286

By statute, the period for collecting damages cannot extend back more than six years from the filing of the suit.

### C. Time Limitation: Defenses Of Laches And Estoppel

When the patentee has delayed in filing suit such that the delay is unreasonable, inexcusable and prejudicial to the alleged infringer, then laches may prevent the collection of damages for the period preceding the filing of the suit. [n73]

If a patentee has delayed more than six years from the time he or she became aware of the infringement, then a presumption that the delay was unreasonable, inexcusable and prejudicial arises. The burden of going forward with evidence to overcome the presumption then shifts to the patentee. However, the ultimate burden of persuasion on the defense of laches remains with the alleged infringer at all times. [n74] Involvement

in other litigation or delay by the PTO are some of the justifications courts have recognized to rebut the presumption. [n75] Specifically, a proceeding before the patent office involving patentability, i.e., a reissue or reexamination proceeding, satisfies the "other litigation" excuse for purposes of laches. [n76]

\*31 Finally, equitable estoppel may bar all damages, past and future. Equitable estoppel requires proof of (1) affirmative conduct by the patentee (either action or misleading inaction) which led the alleged infringer to believe that it would not sue on its patent; (2) detrimental reliance on the patentee's conduct by the alleged infringer; and (3) material prejudice to the infringer due to that reliance, if the patentee is allowed to proceed with its suit. [n77]

## VIII. THE STANDARD OF REVIEW ON APPEAL

Damages awards are reviewed as a question of fact. Thus, they will be reviewed under the "clearly erroneous" standard when they are determined by a judge, and under the more restrictive "supported by substantial evidence" standard when they are determined by a jury. [n78]

With respect to the "clearly erroneous" standard:

"A finding is 'clearly erroneous' when, although there is evidence to support it, the reviewing court on the entire evidence is left with the definite and firm conviction that a mistake has been committed." [United States v. United States Gypsum Co., 333 U.S. 364, 395 (1948), quoted in SSIH Equipment S.A. v. U.S. Int'l Trade Comm'n, 718 F.2d 365, 381-83, 218 USPQ 678, 692 (Fed. Cir. 1983)].

With respect to the "substantial evidence" standard:

"Substantial evidence is more than a mere scintilla. It means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.' ... Accordingly, it 'must do more than create a suspicion of the existence of the fact to be established.'" [Universal Camera Corp. v. NLRB, 340 U.S. 474, 477 (1951) (citations omitted), quoted in SSIH Equipment S.A. v. U.S. Int'l Trade Comm'n, 718 F.2d 365, 381-83, 218 USPQ 678, 692 (Fed. Cir. 1983)].

The judge's choice of accounting method and decision whether to enhance damages and/or award attorney fees is within the court's discretion. Thus, the judge's decision on these issues will be reviewed under the "abuse of discretion" standard. [n79]

## \*32 IX. CONCLUSION

The above describes only the "basics" of patent damages law. Each topic is far more complex than has been explained. If large dollar figures are at issue in a case, all of the complexities of relevant issues will likely surface.

Since creation of the Federal Circuit in 1982, large patent damage awards have become more common. [n80] Thus, it has become increasingly important for patent litigators to be as cognizant of patent damages law as they are of that relating to liability issues. Further, they must be prepared to deal with the extensive discovery which accompanies large damages cases. [n81] Pretrial preparation can be very costly and time-consuming, and virtually impossible to manage without a good grasp of damages law (along with some understanding of economics and accounting principles). Given the high costs of litigation today, meaningful damages awards are an absolute "must", if patents are going to be enforced through the courts - and enforcement of patents is a "must" if our patent system is to be preserved.

[n1] (c) 1993 Cushman, Darby & Cushman. Nancy J. Linck, Ph.D. is a partner at Cushman, Darby & Cushman, Washington, D.C.; Barry P. Golob is an associate at the firm.

[n2] E.g., *Standard Haven Prods., Inc. v. Gencor Indus., Inc.*, 953 F.2d 1360, 1372, 21 U.S.P.Q.2d 1321, 1331 (Fed. Cir. 1991), cert. denied, 113 S. Ct. 60 (1992); *Kaufman Co. v. Lantech, Inc.*, 926 F.2d 1136, 1141, 17 U.S.P.Q.2d 1828, 1831 (Fed. Cir. 1991); *State Indus., Inc. v. Mor-Flo Indus., Inc.*, 883 F.2d 1573, 1577, 12 U.S.P.Q.2d 1026, 1028 (Fed. Cir. 1989), cert. denied, 493 U.S. 1022 (1990); *Hartness Int'l, Inc. v. Simplimatic Eng'g Co.*, 819 F.2d 1100, 1112, 2 U.S.P.Q.2d 1826, 1835 (Fed. Cir. 1987); *Paper Converting Machine Co. v. Magna-Graphics Corp.*, 745 F.2d 11, 21, 223 U.S.P.Q. 591, 598 (Fed. Cir. 1984).

[n3] E.g., *SmithKline Diagnostics, Inc. v. Helena Labs., Corp.*, 926 F.2d 1161, 1164, 17 U.S.P.Q.2d 1922, 1924 (Fed. Cir. 1991); *State Indus., Inc. v. Mor-Flo Indus., Inc.*, 883 F.2d 1573, 1577, 12 U.S.P.Q.2d 1026, 1028 (Fed. Cir. 1989), cert. denied, 493 U.S. 1022 (1990); *Snellman v. Ricoh Co.*, 862 F.2d 283, 289-90, 8 U.S.P.Q.2d 1996 (Fed. Cir. 1988); *TWM Mfg. Co. v. Dura Corp.*, 789 F.2d 895, 898-900, 229 U.S.P.Q. 525, 526-528 (Fed. Cir.), cert. denied, 479 U.S. 852 (1986).

[n4] E.g., *State Indus., Inc. v. Mor-Flo Indus., Inc.*, 883 F.2d 1573, 1577, 12 U.S.P.Q.2d 1026, 1028 (Fed. Cir. 1989), cert. denied, 493 U.S. 1022 (1990); *Amstar Corp. v. Envirotech Corp.*, 823 F.2d 1538, 1543, 3 U.S.P.Q.2d 1412, 1415 (Fed. Cir. 1987); *Radio Steel & Mfg. Co. v. MTD Prods.*, 788 F.2d 1554, 1555, 229 U.S.P.Q. 431, 432 (Fed. Cir. 1986); *TWM Mfg. Co. v. Dura Corp.*, 789 F.2d 895, 898-902, 229 U.S.P.Q. 525, 526-28 (Fed. Cir.), cert. denied, 479 U.S. 852 (1986); *Polaroid Corp. v. Eastman Kodak Co.*, 16 U.S.P.Q.2d 1481, 1532-33 (D. Mass. 1990).

[n5] E.g., *State Indus., Inc. v. Mor-Flo Indus., Inc.*, 883 F.2d at 1577, 12 U.S.P.Q.2d at 1028; *Del Mar Avionics, Inc. v. Quinton Instrument Co.*, 836 F.2d 1320, 1326, 5 U.S.P.Q.2d 1255, 1260 (Fed. Cir. 1987); *Seattle Box Co. v. Industrial Crating & Packing, Inc.*, 756 F.2d 1574, 1581, 225 U.S.P.Q. 357, 363 (Fed. Cir. 1985).

[n6] See *General Motors Corp. v. Devex Corp.*, 461 U.S. 648, 655-58, 217 U.S.P.Q. 1185, 1188-89 (1983).

[n7] E.g., *Standard Haven Prods. v. Gencor Indus.*, 953 F.2d 1360, 1372, 21 U.S.P.Q.2d 1321, 1331 (Fed. Cir. 1991), cert. denied, 113 S.Ct. 60 (1992); *Kaufman Co. v. Lantech, Inc.*, 926 F.2d 1136, 1140, 17 U.S.P.Q.2d 1828, 1831 (Fed. Cir. 1991); *State Indus., Inc. v. Mor-Flo Indus, Inc.*, 883 F.2d 1573, 1577, 12 U.S.P.Q.2d 1026, 1028 (Fed. Cir. 1989); cert. denied, 493 U.S. 1022 (1990); *King Instrument Corp. v. Otari Corp.*, 767 F.2d 853, 863, 226 U.S.P.Q. 402, 409 (Fed. Cir. 1985), cert. denied, 475 U.S. 1016 (1986); *Paper Converting Machine Co. v. Magna-Graphics Corp.*, 745 F.2d 11, 21-22, 223 U.S.P.Q. 591, 598 (Fed. Cir. 1984).

[n8] E.g., *SmithKline Diagnostics, Inc. v. Helena Labs., Corp.*, 926 F.2d 1161, 1164, 17 U.S.P.Q.2d 1922, 1924-25 (Fed. Cir. 1991); *Yarway Corp. v. Eur-Control USA, Inc.*, 775 F.2d 268, 275, 227 U.S.P.Q. 352, 357 (Fed. Cir. 1985).

[n9] E.g., *Kaufman Co. v. Lantech, Inc.*, 926 F.2d 1136, 1141, 17 U.S.P.Q.2d 1828, 1832 (Fed. Cir. 1991); *Del Mar Avionics, Inc. v. Quinton Instrument Co.*, 836 F.2d 1320, 1327, 5 U.S.P.Q.2d 1255, 1260 (Fed. Cir. 1987); *Gyromat Corp. v. Champion Spark Plug Co.*, 735 F.2d 549, 554-55, 222 U.S.P.Q. 4, 8 (Fed. Cir. 1984); *Ristvedt-Johnson, Inc. v. Brandt, Inc.*, 805 F. Supp. 557, 561 (N.D. Ill. 1992) (Rader, J. sitting by designation).

[n10] *Panduit Corp. v. Stahlin Bros. Fibre Works*, 575 F.2d 1152, 1156, 197 U.S.P.Q. 726, 729-30 (6th Cir. 1978) (Markey, J., sitting by designation).

[n11] *BIC Leisure Prods., Inc. v. Windsurfing Int'l, Inc.*, 1 F.3d 1214, 1219-1220, 27 U.S.P.Q.2d 1671, 1674-75 (Fed. Cir. 1993).

[n12] E.g., *Kaufman Co. v. Lantech, Inc.*, 926 F.2d 1136, 1143-44, 17 U.S.P.Q.2d 1828, 1831-34 (Fed. Cir. 1991); *Kalman v. Berlyn Corp.*, 9 U.S.P.Q.2d 1191, 1195, aff'd in relevant part, 914 F.2d 1473, 16 U.S.P.Q.2d 1093 (Fed. Cir. 1990); *Del Mar Avionics, Inc. v. Quinton Instrument Co.*, 836 F.2d 1320, 1327, 5 U.S.P.Q.2d 1255, 1260 (Fed. Cir.

1987); *Ristvedt-Johnson, Inc. v. Brandt, Inc.*, 805 F. Supp. 557, 563 (N.D. Ill. 1992) (Rader, J. sitting by designation).

[n13] E.g., *Micro Motion, Inc. v. Kane Steel Co.*, 894 F.2d 1318, 1322, 13 U.S.P.Q.2d 1696, 1699 (Fed. Cir. 1990); *State Indus., Inc. v. Mor-Flo Indus., Inc.*, 883 F.2d 1573, 1578, 12 U.S.P.Q.2d 1026, 1029 (Fed. Cir. 1989), cert. denied, 493 U.S. 1022 (1990); *Lam, Inc. v. Johns-Manville Corp.*, 718 F.2d 1056, 1067, 219 U.S.P.Q. 670, 675 (Fed. Cir. 1983); *Andrew Corp. v. Gabriel Elecs., Inc.*, 785 F. Supp. 1041, 1043-44, 23 U.S.P.Q.2d 1019, 1021 (D. Me. 1992).

[n14] E.g., *Datascope Corp. v. SMEC, Inc.*, 879 F.2d 820, 825, 11 U.S.P.Q.2d 1321, 1324 (Fed. Cir. 1989); *Livesay Window Co. v. Livesay Indus., Inc.*, 251 F.2d 469, 473, 116 U.S.P.Q. 167, 170 (5th Cir. 1958); *Andrew Corp. v. Gabriel Elecs., Inc.*, 785 F. Supp. 1041, 1046, 23 U.S.P.Q.2d 1019, 1023 (D. Me. 1992); *Polaroid Corp. v. Eastman Kodak Co.*, 16 U.S.P.Q.2d 1481, 1492 (D. Mass. 1990).

[n15] E.g., *SmithKline Diagnostics, Inc. v. Helena Labs., Corp.*, 926 F.2d 1161, 1165 n.3, 17 U.S.P.Q.2d 1922, 1926 n.3 (Fed. Cir. 1991); *Gyromat Corp. v. Champion Spark Plug Co.*, 735 F.2d 549, 552, 222 U.S.P.Q. 4, 6 (Fed. Cir. 1984); *Andrew Corp. v. Gabriel Elecs., Inc.*, 785 F. Supp. 1041, 1046, 23 U.S.P.Q.2d 1019, 1023 (D. Me. 1992).

[n16] *SmithKline Diagnostics, Inc. v. Helena Labs., Corp.*, 926 F.2d 1161, 1168, 17 U.S.P.Q.2d 1922, 1928 (Fed. Cir. 1991); *Kalman v. Berlyn Corp.*, 9 U.S.P.Q.2d 1191, 1194-95, aff'd in relevant part, 914 F.2d 1473, 16 U.S.P.Q.2d 1093 (Fed. Cir. 1990); *Gyromat Corp. v. Champion Spark Plug Co.*, 735 F.2d 549, 552, 222 U.S.P.Q. 4, 6 (Fed. Cir. 1984).

[n17] *Panduit Corp. v. Stahlin Bros. Fibre Works*, 575 F.2d 1152, 1162, 197 U.S.P.Q. 726, 733 (6th Cir. 1978) (Markey, J.).

[n18] E.g., *SmithKline Diagnostics, Inc. v. Helena Labs., Corp.*, 926 F.2d 1161, 1166, 17 U.S.P.Q.2d 1922, 1926 (Fed. Cir. 1991); *Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 939 F.2d 1540, 1545, 19 U.S.P.Q.2d 1432, 1437 (Fed. Cir. 1991); *Kaufman Co. v. Lantech, Inc.*, 926 F.2d 1136, 1142-43, 17 U.S.P.Q.2d 1828, 1833 (Fed. Cir. 1991); *TWM Mfg. Co. v. Dura Corp.*, 789 F.2d 895, 901-02, 229 U.S.P.Q. 525, 529 (Fed. Cir.), cert. denied, 479 U.S. 852 (1986) citing, *Central Sova Co. v. Geo. A. Hormel & Co.*, 723 F.2d 1573, 1579, 220 U.S.P.Q. 490, 494 (Fed. Cir. 1983).

[n19] E.g., *Standard Haven Prods. v. Gencor Indus.*, 953 F.2d 1360, 1373, 21 U.S.P.Q.2d 1321, 1331 (Fed. Cir. 1991), cert. denied, 113 S.Ct. 60 (1992); *Uniroyal, Inc.*, 939 F.2d at 1545, 19 U.S.P.Q.2d at 1437; *Kaufman*, 926 F.2d at 1142, 17 U.S.P.Q.2d at 1832-33; *TWM*, 789 F.2d at 901, 229 U.S.P.Q. at 529.

[n20] *State Indus., Inc. v. Mor-Flo Indus., Inc.*, 883 F.2d 1573, 1578- 80, 12 U.S.P.Q.2d 1026, 1029 (Fed. Cir. 1989), cert. denied, 493 U.S. 1022 (1990). But see, *Slimfold Mfg. Co. v. Kinkead Indus., Inc.*, 932 F.2d 1453, 1458, 18 U.S.P.Q.2d 1842, 1846-47 (Fed. Cir. 1991) (trial court's failure to award lost profits based on market share did not constitute an abuse of discretion).

[n21] *BIC Leisure Prods., Inc. v. Windsurfing Int'l, Inc.*, 1 F.3d 1214, 1219-20, 27 U.S.P.Q.2d 1671, 1674-75 (Fed. Cir. 1993).

[n22] *State Indus.*, 883 F.2d at 1577-81, 12 U.S.P.Q.2d at 1029-32.

[n23] E.g., *Bio-Rad Lab., Inc. v. Nicolet Instrument Corp.*, 739 F.2d 604, 616, 222 U.S.P.Q. 654, 663 (Fed. Cir.), cert. denied, 469 U.S. 1038 (1984); *Livesay Window Co. v. Livesay Indus., Inc.*, 251 F.2d 469, 473, 116 U.S.P.Q. 167, 170 (5th Cir. 1958); *Polaroid Corp. v. Eastman Kodak Co.*, 16 U.S.P.Q.2d 1481, 1510 (D. Mass. 1990).

[n24] *Standard Haven Prods. v. Gencor Indus.*, 953 F.2d 1360, 1373, 21 U.S.P.Q.2d 1321, 1331 (Fed. Cir. 1991), cert. denied, 113 S.Ct. 60 (1992); *Kaufman Co. v. Lantech, Inc.*, 926 F.2d 1136, 1144, 17 U.S.P.Q.2d 1828, 1834 (Fed. Cir. 1991); *Gyromat Corp. v. Champion Spark Plug Co.*, 735 F.2d 549, 554, 222 U.S.P.Q. 4, 7-8 (Fed. Cir. 1984), cited with approval in, *Kaufman Co. v. Lantech, Inc.*, 926 F.2d 1136, 1141, 17 U.S.P.Q.2d 1828, 1831 (Fed. Cir. 1991).

[n25] E.g., *Gyromat Corp. v. Champion Spark Plug Co.*, 735 F.2d 549, 554- 55, 222 U.S.P.Q. 4, 7-8 (Fed. Cir. 1984); *Andrew Corp. v. Gabriel Elecs., Inc.*, 785 F. Supp. 1041, 1048, 23 U.S.P.Q.2d 1019, 1024-25 (D. Me. 1992); *Polaroid Corp. v. Eastman Kodak Co.*, 16 U.S.P.Q.2d 1481, 1510-11 (D. Mass. 1990).

[n26] *Andrew Corp. v. Gabriel Elecs., Inc.*, 785 F. Supp. 1041, 1048, 23 U.S.P.Q.2d 1019, 1024-25 (D. Me. 1992).

[n27] *Yarway Corp. v. Eur-Control USA, Inc.*, 775 F.2d 268, 276, 227 U.S.P.Q. 352, 357-58 (Fed. Cir. 1985); *Gyromat Corp. v. Champion Spark Plug Co.*, 735 F.2d 549, 554,

222 U.S.P.Q. 4, 8 (Fed. Cir. 1984); *Andrew Corp. v. Gabriel Elecs., Inc.*, 785 F. Supp. 1041, 1048, 23 U.S.P.Q.2d 1019, 1024-25 (D. Me. 1992).

[n28] *Lam, Inc. v. Johns-Manville Corp.*, 718 F.2d 1056, 1067-68, 219 U.S.P.Q. 670, 677-78 (Fed. Cir. 1983).

[n29] E.g., *Minnesota Min. & Mfg. v. Johnson & Johnson*, 976 F.2d 1559, 1579, 24 U.S.P.Q.2d 1321, 1338 (Fed. Cir. 1992); *Standard Haven Prods. v. Gencor Indus.*, 953 F.2d 1360, 1374, 21 U.S.P.Q.2d 1321, 1332 (Fed. Cir. 1991), cert. denied, 113 S.Ct. 60 (1992); *Bio-Rad Lab., Inc. v. Nicolet Instrument Corp.*, 739 F.2d 604, 616, 222 U.S.P.Q. 654, 664 (Fed. Cir. 1984); *Lam, Inc. v. Johns-Manville Corp.*, 718 F.2d 1056, 1065, 219 U.S.P.Q. 670, 675 (Fed. Cir. 1983).

[n30] *Paper Converting Machine Co. v. Magna-Graphics Corp.*, 745 F.2d 11, 22, 223 U.S.P.Q. 591, 599 (Fed. Cir. 1984); *Ristvedt-Johnson, Inc. v. Brandt, Inc.*, 805 F. Supp. 557, 565 (N.D. Ill. 1992) (Rader, J. sitting by designation); *Andrew Corp. v. Gabriel Elecs., Inc.*, 785 F. Supp. 1041, 1048, 23 U.S.P.Q.2d 1019, 1025 (D. Me. 1992); *Polaroid Corp. v. Eastman Kodak Co.*, 16 U.S.P.Q.2d 1481, 1526 (D. Mass. 1990).

[n31] *Paper Converting Machine Co. v. Magna-Graphics Corp.*, 745 F.2d 11, 22, 223 U.S.P.Q. 591, 599 (Fed. Cir. 1984); *Ristvedt-Johnson, Inc. v. Brandt, Inc.*, 805 F. Supp. 557, 565 (N.D. Ill. 1992) (Rader, J. sitting by designation); *Andrew Corp. v. Gabriel Elecs., Inc.*, 785 F. Supp. 1041, 1048, 23 U.S.P.Q.2d 1019, 1025 (D. Me. 1992).

[n32] E.g., *Minnesota Min. & Mfg. v. Johnson & Johnson*, 976 F.2d 1559, 1578-79, 24 U.S.P.Q.2d 1321, 1337-38 (Fed. Cir. 1992); *Kalman v. Berlyn Corp.*, 914 F.2d 1473, 1485, 16 U.S.P.Q.2d 1093, 1102 (Fed. Cir. 1990); *Amstar Corp. v. Envirotech Corp.*, 823 F.2d 1538, 1543, 3 U.S.P.Q.2d 1412, 1415 (Fed. Cir. 1987); *TWM Mfg. Co. v. Dura Corp.*, 789 F.2d 895, 902, 229 U.S.P.Q. 525, 529 (Fed. Cir.), cert. denied, 479 U.S. 852 (1986).

[n33] See, e.g., *TWM Mfg. Co. v. Dura Corp.*, 789 F.2d 895, 902, 229 U.S.P.Q. 525, 529 (Fed. Cir.), cert. denied, 479 U.S. 852 (1986); *Polaroid Corp. v. Eastman Kodak Co.*, 16 U.S.P.Q.2d 1481, 1490-92 (D. Mass. 1990).

[n34] E.g., *Minnesota Min. & Mfg. v. Johnson & Johnson*, 976 F.2d 1559, 1579, 24 U.S.P.Q.2d 1321, 1337-38 (Fed. Cir. 1992); *TWM Mfg. Co. v. Dura Corp.*, 789 F.2d 897, 901-902, 229 U.S.P.Q. 525, 528-29 (Fed. Cir.), cert. denied, 479 U.S. 852 (1986); *Lam,*



Inc. v. Johns-Manville Corp., 718 F.2d 1056, 1067, 219 U.S.P.Q. 670, 677-78 (Fed. Cir. 1983).

[n35] E.g., Wahpeton Canvas Co. v. Frontier, Inc., 870 F.2d 1546, 1548 n.2, 10 U.S.P.Q.2d 1201, 1204 n.2 (Fed. Cir. 1989); Laitram Corp. v. Cambridge Wine Cloth Co., 863 F.2d 855, 859, 9 U.S.P.Q.2d 1289, 1294 (Fed. Cir. 1988), cert. denied, 490 U.S. 1068 (1989).

[n36] E.g., Beatrice Foods Co. v. New England Printing and Lithographing Co., 899 F.2d 1171, 1175, 14 U.S.P.Q.2d 1020, 1023 (Fed. Cir. 1990); State Indus., Inc. v. Mor-Flo Indus., Inc., 883 F.2d 1573, 1580, 12 U.S.P.Q.2d 1026, 1031 (Fed. Cir. 1989), cert. denied, 493 U.S. 1022 (1990); TWM Mfg. Co. v. Dura Corp., 789 F.2d 895, 901, 229 U.S.P.Q. 525, 528 (Fed. Cir.), cert. denied, 479 U.S. 852 (1986); King Instrument v. Otari Corp., 767 F.2d 853, 865-66, 226 U.S.P.Q. 402, 410-11 (Fed. Cir. 1985), cert. denied, 475 U.S. 1016 (1986); Paper Converting Machine Co. v. Magna-Graphics Corp., 745 F.2d 11, 22-23, 223 U.S.P.Q. 591, 599-600 (Fed. Cir. 1984).

[n37] E.g., Kalman v. Berlyn Corp., 9 U.S.P.Q.2d 1191, 1196-97, aff'd in relevant part, 914 F.2d 1473, 16 U.S.P.Q.2d 1093 (Fed. Cir. 1990); State Indus., Inc. v. Mor-Flo Indus., Inc., 883 F.2d 1573, 1580, 12 U.S.P.Q.2d 1026, 1031 (Fed. Cir. 1989), cert. denied, 493 U.S. 1022 (1990); TWM Mfg. Co. v. Dura Corp., 789 F.2d 895, 901, 229 U.S.P.Q. 525, 528, (Fed. Cir.), cert. denied, 479 U.S. 852 (1986); Paper Converting Machine Co. v. Magna- Graphics Corp., 745 F.2d 11, 22-23, 223 U.S.P.Q. 591, 599 (Fed. Cir. 1984).

[n38] E.g., SmithKline Diagnostics, Inc. v. Helena Labs., Corp., 926 F.2d 1161, 1164, 17 U.S.P.Q.2d 1922, 1924 (Fed. Cir. 1991); Trelle v. Marlee Elecs. Corp., 912 F.2d 1443, 1445, 16 U.S.P.Q.2d 1059, 1061 (Fed. Cir. 1990); Panduit Corp. v. Stahlin Bros. Fibre Works, 575 F.2d 1152, 1157, 197 U.S.P.Q. 726, 731 (6th Cir. 1978) (Markey, J.); TWM Mfg. Co. v. Dura Corp., 789 F.2d 895-900, 229 U.S.P.Q. 525, 526-28, (Fed. Cir.), cert. denied, 479 U.S. 852 (1986); Hanson v. Alpine Ski Area Inc., 718 F.2d 1075, 1078, 219 U.S.P.Q. 679, 681-82 (Fed. Cir. 1983).

[n39] 35 U.S.C. § 284 (1982). Accord State Indus., Inc. v. Mor-Flo Indus., Inc., 883 F.2d 1573, 1577, 12 U.S.P.Q.2d 1026, 1028 (Fed. Cir. 1989), cert. denied, 493 U.S. 1022 (1990); Lindemann Maschinenfabrik G.m.b.H. v. American Hoist & Derrick Co., 895 F.2d 1403, 1406, 13 U.S.P.Q.2d 1871, 1874 (Fed. Cir. 1990); Seattle Box Co. v. Industrial Crating & Packing, Inc., 756 F.2d 1574, 1581, 225 U.S.P.Q. 357, 363 (Fed. Cir. 1985).

[n40] Panduit Corp. v. Stahlin Bros. Fibre Works, 575 F.2d 1152, 1157- 58, 197 U.S.P.Q. 726, 731 (6th Cir. 1978) (Markey, J.). Accord Trell v. Marlee Elecs. Corp., 912 F.2d 1443, 1445, 16 U.S.P.Q.2d 1059, 1061 (Fed. Cir. 1990).

[n41] Panduit, 575 F.2d at 1158, 197 U.S.P.Q. at 731; Fromson v. Western Litho Plate & Supply Co. 853 F.2d 1568, 1574-76, 7 U.S.P.Q.2d 1606, 1612-14 (Fed. Cir. 1988).

[n42] Panduit, 575 F.2d at 1158, 197 U.S.P.Q. at 731; Fromson, 853 F.2d at 1574, 7 U.S.P.Q.2d at 1612.

[n43] Georgia-Pacific Corp. v. United States Plywood Corp., 318 F.Supp. 1116, 1120, 166 U.S.P.Q. 235, 238 (S.D.N.Y. 1970), modified and aff'd, 446 F.2d 295, 170 U.S.P.Q. 369 (2d Cir. 1971).

[n44] E.g., SmithKline Diagnostics, Inc. v. Helena Labs., Corp., 926 F.2d 1161, 1168, 17 U.S.P.Q.2d 1922, 1928 (Fed. Cir. 1991); Railroad Dynamics, Inc. v. A. Stucki Co., 727 F.2d 1506, 1518, 220 U.S.P.Q. 929, 940 (Fed. Cir.), cert. denied, 469 U.S. 871 (1984); Hanson v. Alpine Valley Ski Area Inc., 718 F.2d 1075, 1077, 219 U.S.P.Q. 679, 681 (Fed. Cir. 1983).

[n45] E.g., Trell v. Marlee Elecs. Corp., 912 F.2d 1443, 1446, 16 U.S.P.Q.2d 1059, 1061 (Fed. Cir. 1990); Deere & Co. v. International Harvester Co., 710 F.2d 1551, 1557-58, 218 U.S.P.Q. 481, 486 (Fed. Cir. 1983); Hanson v. Alpine Valley Ski Area Inc., 718 F.2d 1075, 1078, 219 U.S.P.Q. 679, 682-83 (Fed. Cir. 1983).

[n46] Trell v. Marlee Elecs. Corp., 912 F.2d 1443, 1446-47, 16 U.S.P.Q.2d 1059, 1061 (Fed. Cir. 1990); Studiengesellschaft Kohle, m.b.H. v. Dart Indus., Inc., 862 F.2d 1564, 1572, 9 U.S.P.Q.2d 1273, 1281 (Fed. Cir. 1988); Deere & Co. v. International Harvester Co., 710 F.2d 1551, 1556-58, 218 U.S.P.Q. 481, 485-86 (Fed. Cir. 1983); Hanson v. Alpine Ski Area Inc., 718 F.2d 1075, 1078, 219 U.S.P.Q. 679, 681-82 (Fed. Cir. 1983).

[n47] Railroad Dynamics, Inc. v. A. Stucki Co., 727 F.2d 1506, 1518, 220 U.S.P.Q. 929, 940 (Fed. Cir.), cert. denied, 469 U.S. 871 (1984); American Medical Sys., Inc. v. Medical Eng'g Corp., 794 F. Supp. 1370, 1394 (E.D. Wis. 1992).

[n48] E.g., Nickson Indus., Inc. v. Rol Mfg. Co., 847 F.2d 795, 798, 6 U.S.P.Q.2d 1878, 1880 (Fed. Cir. 1988); Bio-Rad Lab., Inc. v. Nicolet Instrument Corp., 739 F.2d 604, 617, 222 U.S.P.Q. 654, 664 (Fed. Cir.), cert. denied, 469 U.S. 1038 (1984).

[n49] *Stickle v. Hueblein, Inc.*, 716 F.2d 1550, 1563, 219 U.S.P.Q. 377, 387 (Fed. Cir. 1983); *Panduit Corp. v. Stahlin Bros. Fibre Works*, 575 F.2d 1152, 1158, 197 U.S.P.Q. 726, 731 (6th Cir. 1978) (Markey, J.).

[n50] E.g., *TWM Mfg. Co. v. Dura Corp.*, 789 F.2d 895, 899, 229 U.S.P.Q. 525, 527 (Fed. Cir.), cert. denied, 479 U.S. 852 (1986); *Hanson v. Alpine Valley Ski Area Inc.*, 718 F.2d 1075, 1078-82, 219 U.S.P.Q. 679, 681-85 (Fed. Cir. 1983); *Polaroid Corp. v. Eastman Kodak Co.*, 16 U.S.P.Q.2d 1481, 1534 (D. Mass. 1990).

[n51] E.g., *TWM Mfg. Co. v. Dura Corp.*, 789 F.2d 895, 900-01, 229 U.S.P.Q. 525 (Fed. Cir.), cert. denied, 479 U.S. 852 (1986); *Andrew Corp. v. Gabriel Elecs., Inc.*, 785 F. Supp. 1041, 1054, 23 U.S.P.Q.2d 1019, 1030 (D. Me. 1992); *Rite-Hite Corp. v. Kelley Co.*, 774 F. Supp. 1514, 1541-42, 21 U.S.P.Q.2d 1801, 1822-23 (E.D. Wis. 1991); *Ziggity Sys., Inc. v. Val Watering Sys.*, 769 F. Supp. 752, 829-30 (E.D. Pa. 1990).

[n52] *State Indus. Inc. v. Mor-Flo Indus. Inc.*, 883 F.2d 1573, 1580, 12 U.S.P.Q.2d 1026, 1031 (Fed. Cir. 1989), cert. denied, 493 U.S. 1022 (1990); *Deere & Co. v. International Harvester Co.*, 710 F.2d 1551 1558-1559, 218 U.S.P.Q. 481, 486-87 (Fed. Cir. 1983).

[n53] E.g., *State Indus., Inc. v. Mor-Flo Indus., Inc.*, 883 F.2d 1573, 1580, 12 U.S.P.Q.2d 1026, 1031 (Fed. Cir. 1989), cert. denied, 493 U.S. 1022 (1990); *TWM Mfg. Co. v. Dura Corp.*, 789 F.2d 895, 901-02, 229 U.S.P.Q. 525, 528-29, (Fed. Cir.), cert. denied, 479 U.S. 852 (1986).

[n54] *State Indus., Inc. v. Mor-Flo Indus., Inc.*, 883 F.2d 1573, 1577- 79, 12 U.S.P.Q.2d 1026, 1029-30 (Fed. Cir. 1989), cert. denied, 493 U.S. 1022 (1990).

[n55] *Beatrice Foods Co. v. New England Printing and Lithographing Co.*, 923 F.2d 1576, 1580, 17 U.S.P.Q.2d 1553, 1556 (Fed. Cir. 1991); *Underwater Devices Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1389, 219 U.S.P.Q. 569, 575-76 (Fed. Cir. 1983).

[n56] *General Motors Corp. v. Devex Corp.*, 461 U.S. 648, 653-57 (1983).

[n57] *General Motors*, 461 U.S. at 655; *Allen Archery, Inc. v. Browing Mfg. Co.*, 898 F.2d 787, 791, 14 U.S.P.Q.2d 1156, 1159 (Fed. Cir. 1990); *Nickson Indus., Inc. v. Rol Mfg. Co.*, 847 F.2d 795, 800, 6 U.S.P.Q.2d 1878, 1881 (Fed. Cir. 1988); *Bio-Rad Lab.*,

Inc. v. Nicolet Instrument Corp., 739 F.2d 604, 618, 222 U.S.P.Q. 654, 665 (Fed. Cir. 1984); Gyromat Corp. v. Champion Spark Plug Co., 735 F.2d 549, 555-56, 222 U.S.P.Q. 4, 8-9 (Fed. Cir. 1984).

[n58] Allen Archery, Inc. v. Browing Mfg. Co., 898 F.2d 787, 791, 14 U.S.P.Q.2d 1156, 1159-60 (Fed. Cir. 1990); Datascope Corp. v. SMEC, Inc., 879 F.2d 820, 829, 11 U.S.P.Q.2d 1321, 1327-28 (Fed. Cir. 1989); Lam, Inc. v. Johns-Manville Corp., 718 F.2d 1056, 1066, 219 U.S.P.Q. 670, 676 (Fed. Cir. 1983).

[n59] Datascope Corp. v. SMEC, Inc., 879 F.2d 820, 829, 11 U.S.P.Q.2d 1321, 1327-28 (Fed. Cir. 1989); Studiengesellschaft Kohle, m.b.H. v. Dart Indus., 862 F.2d 1564, 1579-80, 9 U.S.P.Q.2d 1273, 1287 (Fed. Cir. 1988); Gyromat Corp. v. Champion Spark Plug Co., 735 F.2d 549, 556-57, 222 U.S.P.Q. 4, 9-10 (Fed. Cir. 1984); Railroad Dynamics, Inc. v. A. Stucki Co., 727 F.2d 1506, 1520, 220 U.S.P.Q. 929, 942, (Fed. Cir.), cert. denied, 469 U.S. 871 (1984); Lam, Inc. v. Johns-Manville Corp., 718 F.2d 1056, 1066, 219 U.S.P.Q. 670, 676 (Fed. Cir. 1983); Stickle v. Hueblein, Inc., 716 F.2d 1550, 1563-64, 219 U.S.P.Q. 377, 387 (Fed. Cir. 1983).

[n60] Modine Mfg. Co. v. Allen Group, Inc., 917 F.2d 538, 543, 16 U.S.P.Q.2d 1622, 1625 (Fed. Cir. 1990), cert. denied, 111 S. Ct. 2017 (1991); Kalman v. Berlyn Corp., 914 F.2d 1473, 1483, 16 U.S.P.Q.2d 1093, 1103 (Fed. Cir. 1990); Rite-Hite Corp. v. Kelley Co., 819 F.2d 1120, 1126, 2 U.S.P.Q.2d 1915, 1919 (Fed. Cir. 1987); King Instrument Corp. v. Otari Corp., 767 F.2d 853, 866, 226 U.S.P.Q. 402, 411 (Fed. Cir. 1985), cert. denied, 475 U.S. 1016 (1986).

[n61] Minnesota Min. & Mfg. v. Johnson & Johnson, 976 F.2d 1559, 1580, 24 U.S.P.Q.2d 1321, 1338 (Fed. Cir. 1992); Slimfold Mfg. Co. v. Kinkead, 932 F.2d 1453, 1459, 18 U.S.P.Q.2d 1842, 1847 (Fed. Cir. 1991); Ryco, Inc. v. Ag-Bag Corp., 857 F.2d 1418, 1428, 8 U.S.P.Q.2d 1323, 1334 (Fed. Cir. 1988); King Instrument Corp. v. Otari Corp., 767 F.2d 853, 867, 226 U.S.P.Q. 402, 412 (Fed. Cir. 1985), cert. denied, 475 U.S. 1016 (1986).

[n62] Minnesota Min. & Mfg. v. Johnson & Johnson, 976 F.2d 1559, 1580, 24 U.S.P.Q.2d 1321, 1339-40 (Fed. Cir. 1992); Rite-Hite Corp. v. Kelley Co., 819 F.2d 1120, 1125, 2 U.S.P.Q.2d 1915, 1919 (Fed. Cir. 1987); Central Sova Co. v. Geo. A. Hormel & Co., 723 F.2d 1573, 1576-77, 220 U.S.P.Q. 490, 492-93 (Fed. Cir. 1983).

[n63] Ortho Pharmaceutical Corp. v. Smith, 959 F.2d 936, 944, 22 U.S.P.Q.2d 1119, 1125 (Fed. Cir. 1992); Braun Inc. v. Dynamics Corp. of Am., 975 F.2d 815, 822, 24 U.S.P.Q.2d 1121, 1127 (Fed. Cir. 1992); Datascope Corp. v. SMEC, Inc., 879 F.2d 820,

828, 11 U.S.P.Q.2d 1321, 1326-27 (Fed. Cir. 1989); Machinery Corp. of America v. Gullfiber AB, 774 F.2d 467, 473, 227 U.S.P.Q. 368, 372 (Fed. Cir. 1985); King Instrument Corp v. Otari Corp., 767 F.2d 853, 867, 226 U.S.P.Q. 402, 412 (Fed. Cir. 1985), cert. denied, 475 U.S. 1016 (1986).

[n64] Minnesota Min. & Mfg. v. Johnson & Johnson, 976 F.2d 1559, 1580, 24 U.S.P.Q.2d 1321, 1339 (Fed. Cir. 1992); Read Corp. v. Portec, Inc., 970 F.2d 816, 828-29, 23 U.S.P.Q.2d 1426, 1436-37 (Fed. Cir. 1992); Ortho Pharmaceutical Corp. v. Smith, 959 F.2d 936, 944, 22 U.S.P.Q.2d 1119, 1125-26 (Fed. Cir. 1992); Kloster Speedsteel AB v. Crucible Inc., 793 F.2d 1565, 1580, 230 U.S.P.Q. 81, 91 (Fed. Cir. 1986), cert. denied, 479 U.S. 1034 (1987); Radio Steel & Mfg. Co. v. MTD Prods., 788 F.2d 1554, 1558-59, 229 U.S.P.Q. 431, 434-35 (1986); Great Northern Corp. v. Davis Core & Pad Co., 782 F.2d 159, 166-67, 228 U.S.P.Q. 356, 360 (Fed. Cir. 1986); Bott v. Four Star Corp., 807 F.2d 1567, 1571-72, 1 U.S.P.Q.2d 1210, 1212-13 (Fed. Cir. 1986); Rolls-Royce Ltd. v. GTE Valeron Corp., 800 F.2d 1101, 1109-10, 231 U.S.P.Q. 185, 191-92 (Fed. Cir. 1986). See also G. Sirilla, P. Edgell, and A. Hess, "The Advice of Counsel Defense to Increased Patent Damages," 74 JPTOS 705 (Oct. 1992).

[n65] E.g., Spindelfabrik Suessen-Schurr v. Schubert & Salzer Maschinenfabrik, 829 F.2d 1075, 1084, 4 U.S.P.Q.2d 1044, 1051 (Fed. Cir. 1987), cert. denied, 484 U.S. 1063 (1988); Kaufman Co. v. Lantech, Inc., 807 F.2d 970, 978-79, 1 U.S.P.Q.2d 1202, 1208-09 (Fed. Cir. 1986); Ralston Purina Co. v. Far-Mar-Co., 772 F.2d 1570, 1577, 227 U.S.P.Q. 177, 181 (Fed. Cir. 1985); Lam, Inc. v. Johns-Manville Corp., 668 F.2d 462, 475, 213 U.S.P.Q. 1061, 1071 (10th Cir.), cert. denied, 456 U.S. 1007 (1982).

[n66] TWM Mfg. Co. v. Dura Corp., 789 F.2d 895, 902, 229 U.S.P.Q. 525, 526 (Fed. Cir.), cert. denied, 479 U.S. 852 (1986).

[n67] Yarway Corp. v. Eur-Control USA, Inc., 775 F.2d 268, 277, 227 U.S.P.Q. 352, 358 (Fed. Cir. 1985). Accord Read Corp. v. Portec, Inc., 970 F.2d 816, 826, 23 U.S.P.Q.2d 1426, 1434-36 (Fed. Cir. 1992).

[n68] Read Corp. v. Portec, Inc., 970 F.2d 816, 826, 23 U.S.P.Q.2d 1426, 1434-36 (Fed. Cir. 1992); Cambridge Prods., Ltd. v. Penn Nutrients, Inc., 962 F.2d 1048, 1051, 22 U.S.P.Q.2d 1577, 1579-80 (Fed. Cir. 1992).

[n69] E.g., Brooktree Corp. v. Advanced Micro Devices, Inc., 977 F.2d 1555, 1581, 24 U.S.P.Q.2d 1401, 1419-20 (Fed. Cir. 1992); Beckman Instruments, Inc. v. LKB Producter AB, 892 F.2d 1547, 1551, 13 U.S.P.Q.2d 1301, 1304 (Fed. Cir. 1989); Avia Group Int'l, Inc. v. L.A. Gear Cal., Inc., 853 F.2d 1557, 1567, 7 U.S.P.Q.2d 1548, 1556

(Fed. Cir. 1988); *Rosemount, Inc. v. Beckman Instruments, Inc.*, 727 F.2d 1540, 1547-48, 221 U.S.P.Q. 1, 8-9 (Fed. Cir. 1984).

[n70] *Cambridge Prods., Ltd. v. Penn Nutrients, Inc.*, 962 F.2d 1048, 1051, 22 U.S.P.Q.2d 1577, 1579-80 (Fed. Cir. 1992); *Eltech Sys. Corp. v. PPG Indus., Inc.*, 903 F.2d 805, 810, 14 U.S.P.Q.2d 1965, 1969-70 (Fed. Cir. 1990); *Beckman Instruments, Inc. v. LKB Produkter AB*, 892 F.2d 1547, 1553, 13 U.S.P.Q.2d 1301, 1304 (Fed. Cir. 1989); *Stevenson v. Sears, Roebuck & Co.*, 713 F.2d 705, 712-13, 218 U.S.P.Q. 969, 975-76 (Fed. Cir. 1983).

[n71] *Bandag, Inc. v. Gerrad Tire Co.*, 704 F.2d 1578, 1581, 217 U.S.P.Q. 977, 979 (Fed. Cir. 1983); *American Medical Sys., Inc. v. Medical Eng'g Corp.*, 794 F. Supp. 1370, 1391 (E.D. Wis. 1992).

[n72] *Devices for Medicine, Inc. v. Boehl*, 822 F.2d 1062, 1066, 3 U.S.P.Q.2d 1288, 1291-92 (Fed. Cir. 1987); *American Medical Sys., Inc. v. Medical Eng'g Corp.*, 794 F. Supp. 1370, 1391 (E.D. Wis. 1992).

[n73] *A.C. Auckerman Co. v. Chaides Constr. Co.*, 960 F.2d 1020, 1032, 22 U.S.P.Q.2d 1321, 1328 (Fed. Cir. 1992) (en banc); *Bott v. Four Star Corp.*, 807 F.2d 1567, 1575-76, 1 U.S.P.Q.2d 1210, 1216-17 (Fed. Cir. 1986); *Mainland Indus., v. Standal's Patents Ltd.*, 799 F.2d 746, 748, 230 U.S.P.Q. 772, 773 (Fed. Cir. 1986); *Leinoff v. Louis Milona & Sons Inc.*, 726 F.2d 734, 741-42, 220 U.S.P.Q. 845, 850-51 (Fed. Cir. 1984).

[n74] *Auckerman*, 960 F.2d at 1038, 22 U.S.P.Q.2d at 1333.

[n75] *Auckerman*, 960 F.2d at 1033, 22 U.S.P.Q.2d at 1329; *Leinoff*, 726 F.2d at 742, 220 U.S.P.Q. at 851; *Studiengesellschaft Kohle m.b.H. v. Northern Petrochem, Co.*, 784 F.2d 351, 356, 228 U.S.P.Q. 837, 841 (Fed. Cir.), cert. denied, 478 U.S. 1028 (1986).

[n76] *Vaupel Textilmaschinen KG v. Meccania Euro Italia*, 944 F.2d 870, 876-78, 20 U.S.P.Q.2d 1045, 1050-52 (Fed. Cir. 1991).

[n77] *Auckerman*, 960 F.2d at 1028, 22 U.S.P.Q.2d at 1325; *Hottel Corp. v. Seaman Corp.*, 833 F.2d 1570, 1573-74, 4 U.S.P.Q.2d 1939, 1941-42 (Fed. Cir. 1987); *Young Eng'rs., Inc. v. U.S. Int'l Trade Comm'n.*, 721 F.2d 1305, 1317, 219 U.S.P.Q. 1142, 1153 (Fed. Cir. 1983).

[n78] SmithKline Diagnostics, Inc. v. Helena Lab. Corp., 926 F.2d 1161, 1164-65 n.2, 17 U.S.P.Q.2d 1922, 1925 n.2 (Fed. Cir. 1991); Slimfold Mfg. Co. v. Kinkead Indus., Inc., 932 F.2d 1453, 1459, 18 U.S.P.Q.2d 1842, 1846-47 (Fed. Cir. 1991).

[n79] SmithKline Diagnostics, 926 F.2d at 1165 n.2, 17 U.S.P.Q.2d at 1925 n.2; Slimfold Mfg., 932 F.2d at 1458, 18 U.S.P.Q.2d at 1846-47.

[n80] E.g., Litton Indus. v. Honeywell Inc., Civil Action No. 90-4823 (C.D. Cal. Aug. 31, 1993) (\$1.2 billion; interlocutory decision); Polaroid Corp. v. Eastman Kodak Co., 16 U.S.P.Q.2d 1481 (D. Mass. 1990) (\$900+ million); Smith Int'l, Inc. v. Hughes Tool Co., 229 U.S.P.Q. 81 (C.D. Cal. 1986) (\$204+ million); Minnesota Min. & Mfg. v. Johnson & Johnson, 976 F.2d 1559, 24 U.S.P.Q.2d 1321 (Fed. Cir. 1992) (\$106+ million). See G. Sirilla, P. Edgell, A. Hess, "The Advice of Counsel Defense to Increased Patent Damages," 74 JPTOS 705, Appendix C (Oct. 1992), for a list of cases where the patentee recovered large damage awards.

[n81] Polaroid Corp. v. Eastman Kodak Co., 16 U.S.P.Q.2d 1481 (D. Mass 1990). In the Polaroid case, the judgment on the liability issues was in 1985, while the damages case was not decided until five years later, in 1990.