

### Identifying Information

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### Paper Information

Title:	Lost Profits Damages for Multicomponent Products: Clarifying the Debate
Abstract:	<p>In <i>Mentor Graphics Corp. v. EVE-USA, Inc.</i>, the Federal Circuit determined that the “but for” compensatory damages test applies to calculate lost profits damages in patent infringement cases over multicomponent products. The court rejected Synopsys’s argument that because multicomponent products necessarily have many important features beyond the few that are infringing, the court should only award the plaintiff the portion of “but for” damages that are apportionable to the infringing features. Although some scholars have supported the decision, many scholars believe that the Mentor Graphics rule will tend to overcompensate patentees and that an apportionment rule would be best. I offer a comprehensive economic framework for implementing the Mentor Graphics “but for” compensatory damages scheme in scenarios that were not before the court in <i>Mentor Graphics</i> but will arise in the future in this complex multicomponent world. By exploring the implications of this framework, I provide needed clarity to the Mentor Graphics debate. First, I show that a properly constructed compensatory damages rule and the apportionment rule advocated for by Synopsys and many scholars operate far more similarly than commentators currently believe. Second, I show that if my proposed framework is adopted, then each of the concerns expressed by scholars over the Mentor Graphics rule is either alleviated, overstated, or in need of some revision. I conclude by clarifying exactly what might be concerning about the Mentor Graphics rule.</p>