IMPACT OF *APPLE V. SAMSUNG* ON DESIGN PATENT ENFORCEMENT

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BIOGRAPHICAL INFORMATION

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Selected Publications

- "Texas Supreme Court Update," State Bar of Texas Litigation Section, News for the Bar, June 2017.
- "Practical Trial & Motions Tips," San Antonio Bar Association Seminar: Bench Motions & Trials IX, May 2017 (co-authored with Judge Michael Mery).
- "Gorsuch's Appointment Could Affect the Deference Given to the USPTO Under *Chevron* and *Auer*," State Bar of Texas IP Section, Newsletter, May 2017 at 17–19.
- "Texas Supreme Court Update," State Bar of Texas Litigation Section, News for the Bar, March 2017.
- "Texas Supreme Court Update," State Bar of Texas Litigation Section, News for the Bar, November 2016.
- "Evidence & Discovery," San Antonio Bar Association Seminar: Bench Motions & Trials VIII, May 2016 (co-authored with Judge Cathy Stryker and Judge Richard Price).
- "Three Precedential Trademark Cases from Fall 2015," State Bar of Texas IP Section, Newsletter, February 2016 at 8–9.
- "E-World—Filing, Service, Discovery, Evidence & Predicates," San Antonio Bar Association Seminar: Bench Motions & Trials VII, May 2015 (co-authored with Judge Cathy Stryker and Judge Richard Price).
- "Predicates for Introducing Social Media & Technological Evidence," San Antonio Bar Association Seminar: Bench Motions & Trials VI, May 2014 (co-authored with Judge Cathy Stryker and Judge Richard Price).
- "Trade Dress 101," 101 Article Series for the American Bar Association's Young Lawyers Division Intellectual Property and Internet Law Committee website, January 2014.

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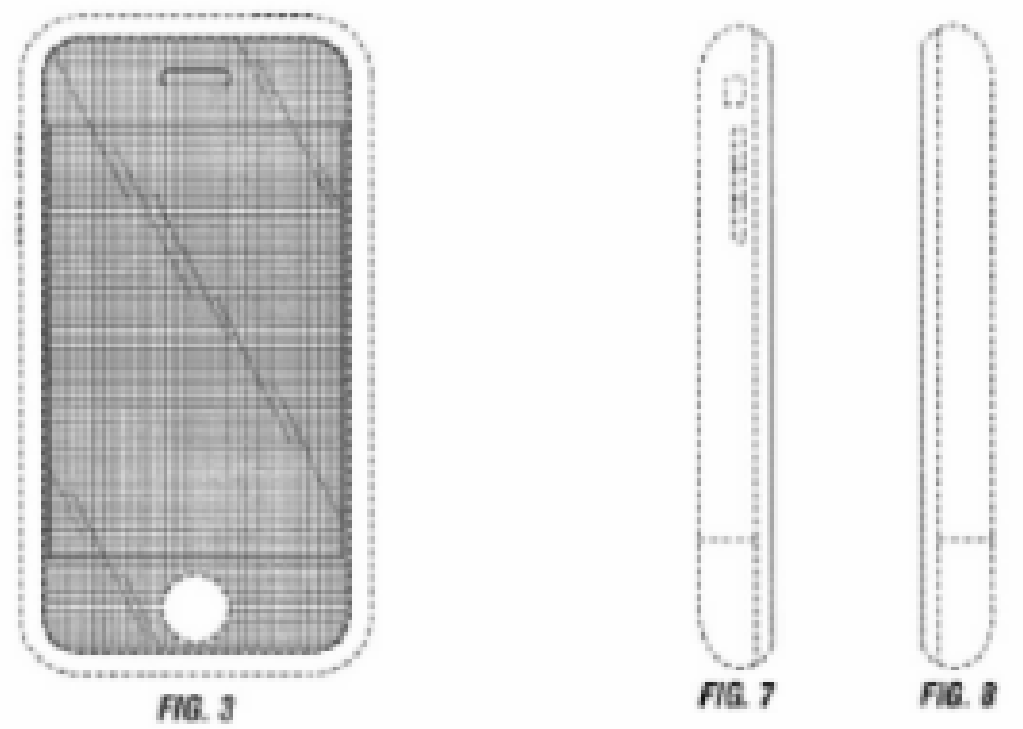
IMPACT OF *APPLE V. SAMSUNG* ON DESIGN PATENT ENFORCEMENT

Interbrand named Apple ( ) the Best Global Brand of 2016: followed by the likes of Google, Coca Cola, Microsoft, and Toyota.[1] Therefore, it is no surprise then that when Apple squares off with Samsung in a patent dispute for hundreds of millions of dollars that we would hear about it (especially as patent litigators).

That said, we may be slightly less aware of the extent of the dispute. For perspective, Apple initiated the current dispute in the Spring of 2011, and by July 2012, the two companies were embroiled in more than fifty lawsuits around the globe, with billions of dollars in damages claimed between them. This article focuses on the design patent dispute initiated by Apple that recently made its way to the United States Supreme Court (and is far from over).

I. FACTS

Apple released the first iPhone on January 29, 2007. Apple obtained numerous design patents in connection with the release. Those patents included the D618,677 patent, covering a black rectangular front face with rounded corners, the D593,087 patent, covering a rectangular front face with rounded corners and a raised rim, and the D604,305 patent, covering a grid of 16 colorful icons on a black screen. Figures from those patents are included below:



The D'677 patent (above) illustrates design elements on the front face of the iPhone.

[1] Best Global Brands, INTERBRAND: http://interbrand.com/best-brands/best-global-brands/2016/ranking/

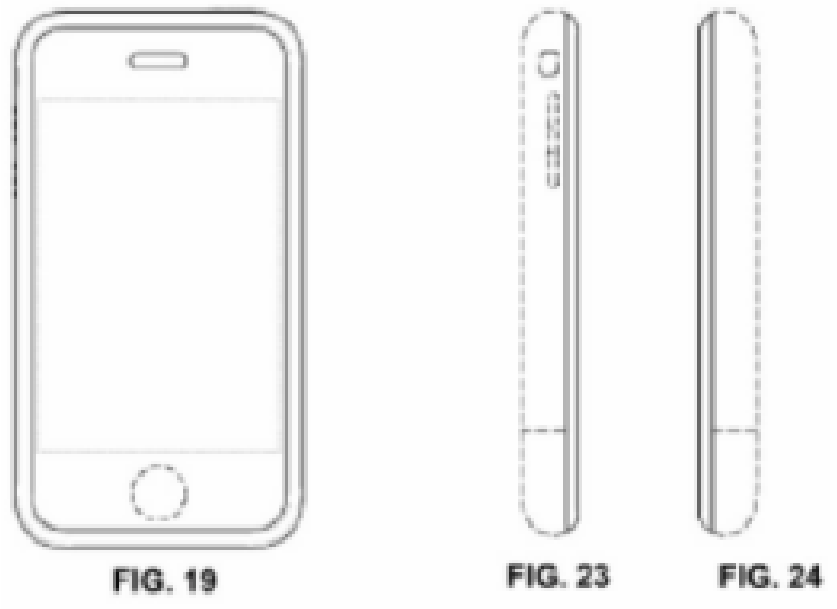


FIG. 19 FIG. 23 FIG. 24

The D'087 patent (above) illustrates design features that extend to the bezel of the iPhone.

FIG. 1

The D'305 patent (above) illustrates "the ornamental design for a graphical user interface for a display screen or portion thereof".

There were several Samsung entities named as Defendants in the lawsuit. For this article they are referred to collectively as Samsung. Like Apple, Samsung manufactures and sells smartphones. After Apple released the iPhone, Samsung released several smartphones that resembled the iPhone.

Apple sued Samsung on April 15, 2011, alleging that Samsung extensively infringed Apple's intellectual property. Causes of action included patent infringement (utility and design), trademark infringement, trade dress

infringement, etc. This article is limited in scope to the infringement of design patents D593,087, D618,677, and D604,305.[2]

A jury ultimately found that several Samsung smartphones infringed the D'087, D'305 and D'677 design patents. Altogether, Apple was awarded $399 million in damages for Samsung's design patent infringement, which amounted to the entire profit Samsung made from its sales of the infringing smartphones.

II. PROCEDURAL POSTURE

The Federal Circuit affirmed the design patent infringement damages award. To that end, the Court rejected Samsung's argument "that the profits awarded should have been limited to the infringing 'article of manufacture' "—for example, the screen or case of the smartphone—"not the entire infringing product"—the smartphone. 786 F.3d 983, 1002 (2015). The Court reasoned that limiting the damages award was not required because the "innards of Samsung's smartphones were not sold separately from their shells as distinct articles of manufacture to ordinary purchasers." *Id.*

Samsung petitioned for a writ of certiorari over two issues:

1. Where a design patent includes unprotected non-ornamental features, should a district court be required to limit that patent to its protected ornamental scope?
2. Where a design patent is applied to only a component of a product, should an award of infringer's profits be limited to those profits attributable to the component?

The Court granted cert. on March 21, 2016.

III. THE COURT'S DECISION

Justice Sotomayor authored the opinion of a unanimous Court. The opinion was limited to the second issue. Not surprisingly, it focused on the language of 35 U.S.C. § 289. Section 289 provides, in relevant part, that whoever manufactures or sells "any article of manufacture to which [a patented] design or colorable imitation has been applied shall be liable to the owner to the extent of his total profit." 35 U.S.C. § 289.

The Court clarified that a damages award under Section 289 involves two steps: (1) identify the 'article of manufacture' to which the infringed design has been applied; and (2) calculate the infringer's total profit made on that article of manufacture. *Samsung*, 137 S. Ct. at 434. The Court then explained that the only question before it was narrow: whether, in the case of a multicomponent product, the relevant 'article of manufacture' must always be the end product sold to the consumer or whether it can also be a component of that product. *Id*.

Evaluating the statutory text, the Court concluded that the term "article of manufacture," as used in Section 289, encompasses both a product sold to a consumer and a component of that product. *Id*. The Court did not, however, set out a test for identifying the relevant article of manufacture at the first step of the Section 289 damages inquiry. *Id*. at 436. Rather, the Court remanded the case for the lower court to address any remaining issues. *Id*.

IV. RECENT DEVELOPMENTS AND COMING ATTRACTIONS

On remand, the Federal Circuit recalled its mandate solely with respect to design patent damages and reinstated the case. Both parties filed statements urging the Federal Circuit to take different actions. Apple requested continued panel review, and Samsung asked the Court to remand to the district court for a new trial on damages. The Court ultimately declined to adopt either suggested course of action. Instead, the Court remanded the case to the district court for further proceedings, which may or may not include a new damages trial.

The Court instructed the trial court to consider the parties' arguments in light of the trial record and determine what additional proceedings, if any, are needed. The Court further acknowledged that if the trial court determines that a new damages trial is necessary, it will have the opportunity to set forth a test for identifying the relevant article of manufacture for purposes of Section 289, and to apply that test to this case.

V. CONCLUSION

The Supreme Court's decision is a temporary victory for Samsung as Samsung could get a second bite at the apple. However, the lower courts could set forth a test that would entitle Apple to the same damages as before. Moreover, the dispute concerning damages for infringement of design patents D593,087, D618,677, and D604,305 is but a battle in the overall war between these tech giants.

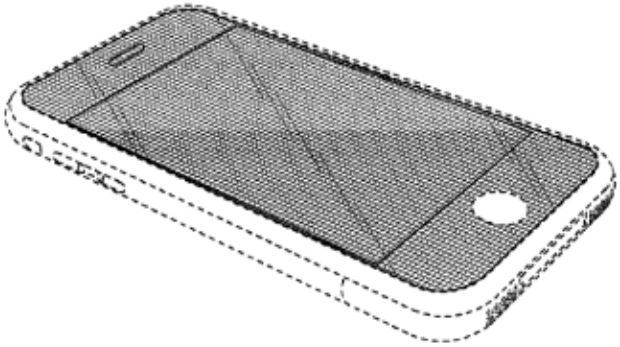
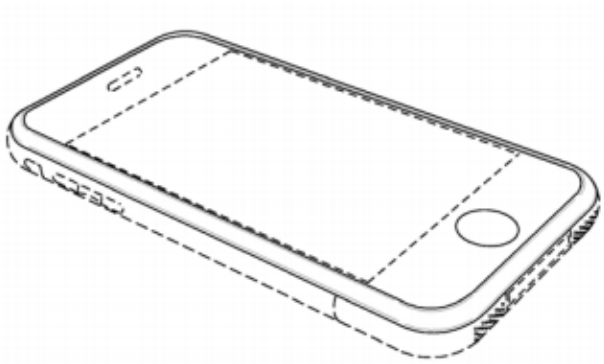
[2] *See Appendix A* for a side-by-side comparison of Apples' design patents and the infringing products.

To that end, this dispute has greater implications than the fates of Apple and Samsung. The trial court or the Federal Circuit will likely establish a test for calculating damages in design patent infringement cases involving multi-component products. Will the test have broad application or will it apply narrowly? Other issues arise from the Supreme Court's decision:

- How will the role(s) of expert witnesses change, if at all, in design patent infringement suits;
- Where is the line drawn between single component and multi-component designs;
- Does this decision discourage a patent savvy party from pursuing multiple design patents for the same product;
- How is this decision applied to disputes for designs of products that are mirror images (e.g., a pair of tennis shoes); and
- How does this decision impact remedies for infringement of architectural design patents, where the patented invention is not a product for sale?

Only time will tell.

APPENDIX A

'D677 Patent 	**Galaxy S 4G** 
'D087 Patent 	**Galaxy S 4G** 
'D305 Patent 	**Galaxy S i9000**