



Intellectual Property Alert: *Apple v. Samsung*: The Federal Circuit Clarifies Design Patent Principles Law

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May 20, 2015 — In a much anticipated opinion issued by the U.S. Court of Appeals for the Federal Circuit in *Apple v. Samsung* on May 18, the design patent law with respect to remedies and the infringement test remains robust. Notably, and favorable to design patent owners, the Federal Circuit did not limit the availability of monetary remedies of Section 289. Furthermore, the Federal Circuit clarified aspects of the design patent infringement test.

Section 289 Infringer’s Profits

Section 289 of Title 35 sets forth additional remedies available for the infringement of a design patent. Section 289 provides in-part: “Whoever... sells or exposes for sale any article of manufacture to which such design or colorable imitation has been applied *shall be liable to the owner to the extent of his total profit...*” (emphasis added). Samsung challenged the award of the infringer’s profits under Section 289 based on two main theories: (1) lack of causation and (2) apportionment should have been applied. The Federal Circuit rejected Samsung’s arguments.

Causation Rejected

Samsung argued that Apple failed to establish that infringement of its design patents *caused* any Samsung sales or profits, and that consumers chose Samsung products based on a host of other factors. Further, Samsung contended that the damages should have been limited to the profit attributable to (i.e., caused by) the infringement. The Federal Circuit rejected the “causation” arguments because Samsung (1) advocated the same “apportionment” requirement that Congress rejected when it codified Section 289; and (2) the clear statutory language of Section 289 did not require causation.

Apportionment Rejected

Samsung contended that the profits awarded to Apple should have been limited to the infringing “article of manufacture” (that is, the portion of the product that incorporates the subject matter of the patent) and not the entire infringing product. Said another way, Samsung argued that the infringer’s profits should have been based on the smartphone casing without its internal electronics. The Federal Circuit rejected this argument, indicating that Section 289 explicitly authorizes the award of total profits from the article of manufacture bearing the patented design.

Samsung attempted to support its argument by comparing its situation to a Second Circuit decision that allowed an award of the infringer's profits from the patented design of a *piano case* but *not* from the sale of *the entire piano*. *Bush & Lane Piano Co. v. Becker Bros.*, 222 F. 902, 903 (2d Cir. 1915). In addressing the *Bush & Lane* case, the Federal Circuit noted that that decision was fact-specific, and in those facts, purchasers would select and purchase piano cases separately from the pianos. The Federal Circuit opined this case was not similar to the facts at hand because the innards of Samsung's smartphones were not sold separately from their casing as distinct articles of manufacture. Therefore, the Federal Circuit held that the district court was not required to limit the infringer's profits as argued by Samsung.

Design Patent Infringement Test

Samsung raised three central theories contending that erroneous jury instructions warranted reversing the infringement finding — (1) functionality, (2) actual deception, and (3) comparison to the prior art. The Federal Circuit found none of these arguments persuasive.

Functionality

Samsung contended that the district court erred in failing to exclude the functional aspects of the design patents either in the claim construction or elsewhere in the infringement jury instructions. Specifically, Samsung contended that the district court should have excluded elements in their entirety that are “dictated by their functional purpose,” or cover the “structural . . . aspects of the article.” For example, Samsung contended that rectangular form and rounded corners are among such elements that should have been ignored in the infringement analysis. Samsung based this argument on the Federal Circuit's *Richardson* decision. *Richardson v. Stanley Works, Inc.*, 597 F.3d 1288 (Fed. Cir. 2010).

The Federal Circuit found that *Richardson* did not support Samsung's position for eliminating functional or structural aspects from the claim scope of design patents. The Federal Circuit noted that the application of claim construction in *Richardson* to elements “dictated by their functional purpose” was due to a reflection of the facts there; and it did not establish a rule to eliminate entire elements from the claim scope. The Federal Circuit held that Samsung, therefore, failed to show prejudicial error in the jury instructions.

Actual Deception and Prior Art

Samsung contended that the infringement jury instructions were erroneous for (1) stating that actual consumer deception was not required, and (2) for providing guidelines in considering prior art, rather than requiring consideration of prior art. The Federal Circuit disagreed with Samsung on both points. Regarding actual deception, the Federal Circuit observed that the jury instruction simply clarified that actual deception was not required for a finding of design patent infringement, and such was an accurate reflection of the ordinary observer test set forth in *Gorham Co. v. White*, 81 U.S. 511, 528 (1872). Regarding the role of prior art, the Federal Circuit noted the jury instruction expressly required that each juror “must” consider the prior art admitted at trial in accordance with *Egyptian Goddess v. Swisa, Inc.* 543 F.3d 665,678 (Fed. Cir.

2008)(*en banc*) and the instructions did not reduce the entire prior art analysis to a mere option for the jury.

Split Decisions on Other Forms of IP

In addition to the design patent issues, utility patent and trade dress issues were on appeal as well. The Federal Circuit came out in favor of Apple on the utility patent issues and in favor of Samsung on the trade dress/product configuration trademark issues. Specifically, the Federal Circuit affirmed the district court's holding that Apple's utility patents were valid. It further reversed the district court and found that Apple's trade dress was not protectable under Ninth Circuit law.

Conclusion

The practical effect of this decision for design patentees is that the Federal Circuit has confirmed the infringer's profit provision of Section 289. The infringer's profits remedy is commonly an important remedy for design patentees and frequently serves as a deterrent for third parties who consider making simulations. Notably, the Federal Circuit appears have to put to rest the view that *Richardson* requires an element-by-element analysis to exclude "functional" features from the claim scope. Finally, this decision reinforces that the design patent infringement test does not require actual deception.

We will continue to monitor the development in this case.

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