

Samsung v. Apple

Banner & Witcoff offers the following content as a resource to help clients understand and prepare for the potential impact of this case:

Apple first filed suit against Samsung in the U.S. District Court for the Northern District of California in 2011, asserting Apple's D593,087, D618,677, and D604,305 design patents against various Samsung smartphones and asserting that Samsung diluted its unregistered and registered trade dresses that are materially identical to the designs claimed in its design patents, among other things. A jury found that all three design patents were infringed, as well as dilution of the trade dresses, ultimately awarding damages of \$399 million for design patent infringement and \$382 million for trade dress dilution.

The district court did not require Apple to prove that the patented design features provided a material contribution to Samsung's sales nor did it require any apportionment of the damages award. The Court of Appeals for the Federal Circuit affirmed the district court's design patent award, and held that "total profit" in Section 289 constitutes all of an infringer's profits from an entire product.

After the Federal Circuit denied rehearing *en banc*, Samsung filed a petition for writ of certiorari to the Supreme Court and challenged two rulings: (1) the panel held design patent infringement depended on the factfinder's review of the overall ornamental appearance of a design, even if the design applied to aspects of the phone that had some utilitarian purpose, and (2) the panel held the text of Section 289 "explicitly authorizes the award of total profit." However, the Supreme Court only granted certiorari with respect to the second issue.

In briefing and oral argument at the Supreme Court, the parties and the United States as amicus curiae addressed how to identify the "article of manufacture," and also how to determine total profits based on the article of manufacture.

There were several suggestions for the analysis, including a two-part test for the overall analysis (identify the article of manufacture and then determine the amount of profit attributable to that article of manufacture). There was also discussion of a four-factor analysis to do that (i.e., looking at the claimed design, its prominence in the product, whether the design is "conceptually distinct" from the product as a whole, and the physical relationship between the design and the rest of the product). There was discussion of the role of expert witnesses, and on how you might consider the manner in which the design was developed (e.g., a "flash of genius" versus a long drawn-out design process) in deciding on the profits attributable to that design.

All of this discussion had the design patent legal community eagerly anticipating detailed guidance on how “total profits” should be tabulated, what factors were to be considered (e.g., two-part test with four factors?), and what evidence was to be offered.

However, in the Supreme Court’s decision on Dec. 6, 2016, it declined to resolve the case on the merits, establish a test or even identify relevant factors. Instead, it merely said that the Federal Circuit “reading ‘article of manufacture’ in §289 to cover only an end product sold to a consumer gives too narrow a meaning to the phrase,” and reversed.

The takeaway from the Supreme Court decision is simple: the “article of manufacture” may be a component of a product sold to a consumer, regardless of whether the component is sold separately or not. However, because the Supreme Court did not provide further guidance (and said that a test “is not necessary to resolve the question presented in this case”), it seems the Federal Circuit has considerable leeway on how to proceed.

IMPORTANT DATES

- Dec. 6, 2016 – Supreme Court issues decision
- Oct. 11, 2016 – Supreme Court hears arguments
- March 21, 2016 – Supreme Court grants petition for a writ of certiorari
- Dec. 14, 2015 – Samsung files petition for a writ of certiorari with Supreme Court
- May 18, 2015 – Federal Circuit issues decision

COURT DOCUMENTS

- [Supreme Court decision](#)
- [Supreme Court arguments transcript](#)
- [Samsung's petition to the Supreme Court](#)
- [Federal Circuit decision](#)

MEDIA

Banner & Witcoff attorneys are available to answer questions and discuss this case. Media inquiries should be directed to Amanda Robert (312) 463-5465 or arobert@bannerwitcoff.com.