The Design Patent Train Hits a Cow

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PRACTICES Intellectual Property, Patents, Patent Prosecution and Counseling, Design Patents

The design patent train has been chugging along ever since the Federal Circuit overhauled the test for determining design patent infringement back in September 2008, making it easier for design patent owners to establish infringement and signaling the start of a pro-design patent era. Apple jumped on the design patent train by winning a $399 million (!) award at the expense of Samsung after Samsung's smartphones were found to infringe Apple's design patents relating to the front portion of Apple's iPhone. This high-profile litigation award heightened awareness of the value of design patents, and the design patent train kept chugging.

However, the design patent train appears to have hit a cow on the tracks, the cow being a unanimous 8-0 decision by the U.S. Supreme Court in *Samsung Elecs. Co. v. Apple Inc.*, No. 15-777, (Dec. 6, 2016), overturning Apple's $399 million award.

The $399 million award by the lower court was based on the damages remedy found in Section 289 of the Patent Act, which provides that a person found to manufacture or sell "an article of manufacture" that infringes another's patented design "shall be liable to the owner to the extent of his total profit." 35 U.S.C. § 289. Upon appeal, the Federal Circuit had affirmed the $399 million award, rejecting Samsung's argument that the damages should be limited because Samsung's entire profits were not attributable to the front portion of each Samsung smartphone (i.e., the infringing portion of each device). Rather, the Federal Circuit held that the entire smartphone was the only permissible reading of "article of manufacture" for the purposes of the statute because consumers could not purchase the front portion of the smartphone separately from the rest of the device.

In its rare design patent ruling, the Supreme Court found that the Federal Circuit's reading was inconsistent with the language of the statute. The Court first noted that arriving at a damages award requires two steps, namely (1) identifying the "article of manufacture" at issue, and (2) calculating the infringer's total profit made on the identified article. The Court's decision was limited to the scope of the term "article of manufacture" and whether it can ever refer to anything but the end product sold to the consumer.

Relying heavily on a text-based analysis, the Court held that the term "article of manufacture" in Section 289 is broad enough to "encompass both a product sold to a consumer and a component of that product." The Court dissected the terms "article" and "manufacture", taking into account their respective definitions, and held that not only are products manufactured, but so too are components of products. In addition, the Court found its reading to be consistent with Section 171 of the Patent Act, which permits a design patent to be obtained on a single component of a multicomponent product. In the end, the Court declined to set out a new test for determining what the relevant article of manufacture is (*i.e.*, the first step of the damages inquiry), and remanded the case to the Federal Circuit. Lower courts are now faced with the difficulty of developing a workable legal standard that accomplishes the challenging tasks of determining which parts of a design are distinguishable from the end product, and placing dollar values on the partitioned pieces.

Going forward, applicants considering design patent protection for a product should probably consider pursuing a design patent on the entire product. While this strategy won't necessarily be the perfect cow-catcher that pushes *Samsung Elecs. Co. v. Apple Inc.* out of the way and off the tracks, the Court's holding in this case emphasizes the damages benefits in focusing protection on the product as a whole. Furthermore, applicants should carefully consider what portion(s) of the product should be the subject of design patent protection, taking into account manufacturing, sourcing, assembly, and other processes employed to produce the product to-be-protected, as well as activities occurring after the product is purchased and used. Careful consideration of these factors will allow the design patent train's whistle to continue to blow. All aboard!