



Design Patent Damages After *Samsung v. Apple*

*Ronald J. Mann**

The Supreme Court said just about as little as possible in its opinion in *Samsung Electronics Co. v. Apple Inc.*,¹ in which it rejected the \$400 million verdict Apple had won based on allegations that Samsung’s cellphones infringed design patents covering the original iPhones. In essence, the Court reversed the decision of the U.S. Court of Appeals for the Federal Circuit to uphold a jury verdict and sent the case back to let the Federal Circuit define the appropriate legal standard.²

The case involves an obscure statute not discussed by the Supreme Court in half a century, which grants protection for “design patents,” a type of intellectual property that is related to, but much easier to acquire than, the “utility patents” at issue in the Supreme Court’s most prominent intellectual-property cases of the last few decades. Apple had several design patents on the original iPhones, covering such things as the shape of the face (black and rectangular with rounded corners) and the grid of icons on the black screen. A jury concluded that the Samsung cellphone models sold shortly after release of the original iPhones infringed those design patents, and it awarded Apple all the profits Samsung made from the infringing phones.³

The design patents, though, cover only a small part of the iPhones, which include hundreds if not thousands of electronic components, many of which are themselves protected by utility patents and are arguably irrelevant to the external look and feel of the device that the design patents protect. That raises the legal question whether the statute in fact requires Samsung to pay all the

* Albert E. Cinelli Enterprise Professor of Law, Columbia Law School; Co-Director, The Charles Evans Gerber Transactional Studies Center, Columbia Law School. Email: rmann@law.columbia.edu. A previous version of this article appeared as Ronald J. Mann, *Opinion Analysis: Justices Tread Narrow Path in Rejecting \$400 Million Award for Samsung’s Infringement of Apple’s Cellphone Design Patents*, SCOTUSBLOG (Dec. 6, 2016, 4:09 PM), <http://www.scotusblog.com/2016/12/opinion-analysis-justices-tread-narrow-path-in-rejecting-400-million-award-for-samsungs-infringement-of-apples-cellphone-design-patents/>. Copyright 2016 by Ronald J. Mann. All rights reserved.

¹ No. 15-777, 2016 WL 7078449 (U.S. Dec. 6, 2016).

² *Id.*

³ *Id.* at *2-4.

profits from the infringing phones (as the Federal Circuit held) or whether it would be enough for Samsung to pay Apple all the profits attributable to the infringing design. The relevant statute states that the award should include all profits from the “article of manufacture” to which Samsung “applie[d] the patented design.”⁴ The main question, then, is whether the “article of manufacture” is necessarily the phone itself or instead is just the case and screen to which the design patents relate. The Federal Circuit concluded that it was not appropriate to distinguish between the phone and its exterior, and accordingly affirmed the jury’s verdict awarding Apple all profits from the infringing phones.⁵

All eight justices joined Justice Sonia Sotomayor’s cautious opinion ruling in Samsung’s favor. The opinion starts by summarizing the statute and the Federal Circuit’s categorical conclusion that “article of manufacture” always refers to the end product sold to consumers. The opinion then offers a sparse three pages rejecting that conclusion. Importantly, the opinion says almost nothing about the purposes or goals of the design-patent statute. Rather, it takes the position that the text of the statute compels rejection of the Federal Circuit’s end-product rule.⁶

The opinion rests directly (and almost exclusively) on the idea that, according to its dictionary definition, an “article of manufacture” is any “thing made by hand or machine.”⁷ To the Court, it follows directly from that definition that an article of manufacture could be either an entire “product sold to a consumer” or, at least in some cases, “a component of that product.”⁸ As Justice Sotomayor explains, “[t]hat a component may be integrated into a larger product . . . does not put it outside the category of articles of manufacture.”⁹

That narrow holding, though, is all the Court gives us. The opinion tells us nothing at all about the correct answer to this case, because it offers no guidance on how one might go about distinguishing the “article of manufacture” of relevance from the actual cellphones at issue. It’s not just that the opinion doesn’t specify the relevant article of manufacture (the case? the screen? both?)—the opinion does not even instruct the Federal Circuit definitively to reject the entire cellphone as the article of manufacture. All we are told is that the Federal Circuit must define a test under which it would be possible to treat components as articles of manufacture; if the Federal Circuit creates such a test and applies it to define the cellphone as the article of manufacture, the parties might end up exactly where they were before this case came

⁴ 35 U.S.C. § 289.

⁵ *Apple Inc. v. Samsung Elecs. Co.*, 786 F.3d 983 (Fed. Cir. 2015), *rev’d*, *Samsung*, 2016 WL 7078449.

⁶ *Samsung*, 2016 WL 7078449, at *5–6.

⁷ *Id.* at *5.

⁸ *Id.*

⁹ *Id.*

to the Court. Leaving no doubt about the Supreme Court's agnosticism, the opinion goes out of its way to emphasize that the justices intend to offer no direction on how to address or resolve the definitional problem. Among other things, the opinion notes that the federal government has suggested a test, but that neither of the parties has briefed the issue.¹⁰ Accordingly, "in the absence of adequate briefing by the parties," the Court leaves the problems of defining and applying the appropriate standard for the Federal Circuit to resolve.¹¹

Given the discussion at the oral argument, none of this should be surprising, because several justices expressed the view that the Federal Circuit was better situated to work out the details of such a test in the first instance.¹² Still, it might come as a surprise to Apple and Samsung that their briefs weren't "adequate" to shed more light on the correct answer to their dispute. At bottom, this might best be seen as just another of the minimalist decisions that have issued so frequently from the still-diminished eight-member Court.

¹⁰ *Id.* at *6.

¹¹ *Id.*

¹² See Ronald J. Mann, *Argument Analysis: Justices Cautious About Resolving Samsung-Apple Dispute Over Design of Cell Phones*, SCOTUSBLOG (Oct. 13, 2016, 11:17 AM), <http://www.scotusblog.com/2016/10/argument-analysis-justices-cautious-about-resolving-samsung-apple-dispute-over-design-of-cell-phones/>; Ronald J. Mann, *Opinion Analysis: Justices Tread Narrow Path in Rejecting \$400 Million Award for Samsung's Infringement of Apple's Cellphone Design Patents*, SCOTUSBLOG (Dec. 6, 2016, 4:09 PM), <http://www.scotusblog.com/2016/12/opinion-analysis-justices-tread-narrow-path-in-rejecting-400-million-award-for-samsungs-infringement-of-apples-cellphone-design-patents/>.