

Supreme Court Punts Design Patent Damages Back to Federal Circuit

Dec 22 2016

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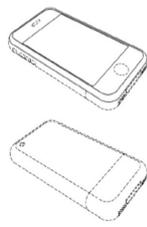
Practice Area: Patents

The Supreme Court issued a rare decision on the issue of damages for design patent infringement in the *Apple v. Samsung* smartphone case. The result could mean significant changes in the calculation of damages for infringement of design patents.

The decision is one more step in the ongoing battle between Apple and Samsung that originally included claims of patent infringement, design patent infringement and trade dress infringement. Samsung's phones were found to infringe the ornamental designs in each of the three design patents shown below and Apple was awarded Samsung's entire profit from the sale of its infringing smartphones, which amounted to nearly \$400 million. The only issue on appeal was the basis for the damages award.



D618,677



D593,087



D604,305

Generally, a design patent holder may seek damages under the standard patent damages statute 35 U.S.C. §284 that sets a floor for damages as "a reasonable royalty for the use made of the invention by the infringer." As an alternative, the patentee can collect damages under the design-patent-damages provision in 35 U.S.C. §289. Section 289 provides for the significant remedy of profit disgorgement based upon a defendant's use of the patented "article of manufacture." The infringer "shall be liable to the owner to the extent of his total profit."

The Federal Circuit affirmed the damages award, rejecting Samsung's argument that damages should be limited because the relevant articles of manufacture on which damages are based were the front face or screen as opposed to the entire smartphone. The Federal Circuit's reasoning was that such a limit was not required because the components of Samsung's smartphones were not distinct articles of manufacture.

The Supreme Court held unanimously that the Federal Circuit incorrectly interpreted §289 in holding that the "article of manufacture" for the purpose of calculating damages must be the entire smartphone and remanded the case back to the Federal Circuit for additional briefing on what constitutes an "article of manufacture" in the context of the design patents at issue.

Although the Supreme Court did not completely resolve the issue, this decision will be significant in future design patent cases when the design patent protection is directed solely to a component or element of a product as compared to the entirety of the product.

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