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Rogue phOne: A Design Wars Story
The Supreme Court enters the war in Apple's quest to rule the smartphone universe

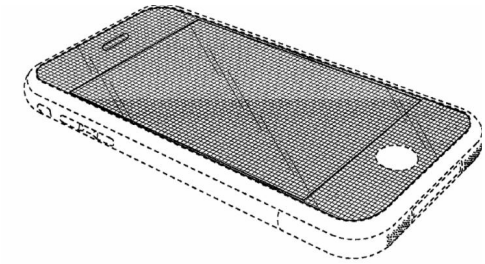
Following up on our May 2016 Client Alert entitled "Design Patents at the Supreme Court: A Picture is Worth..." the United States Supreme Court has now ruled on Samsung's appeal of an August 2012 jury award of over $1 billion in patent infringement damages to Apple and the 2015 upholding by the Federal Circuit of nearly $400,000,000 of that award based on infringement of three pictured design patents. A design patent can be awarded by the United States Patent and Trademark Office for "any new, original and ornamental design for an article of manufacture." While the holding of the Court is favorable to Samsung, Justice Sotomayor, writing for a unanimous eight, stopped short of enunciating a test for calculating damages under Section 289 of the Patent Laws.

Under that Section in Chapter 35 of the United States Code:

> "Whoever during the term of a patent for a design, without license of the owner...applies the patented design...to any article of manufacture...shall be liable to the owner to the extent of his total profit, but not less than $250...." [1]

The question brought by Samsung on appeal was: "Where a design patent is applied only to the component of a product, should an award of infringer's profits be limited to those profits attributable to the component?"

In our earlier Alert, we replicated each of the three design patents at issue, but here let's look only at one of Apple's weapons, D 618,677



Remembering that the "patented design" includes only the design designated by solid lines, and that dotted lines are specifically not part of that "patented design," Sotomayor, J wrote:

> "[R]eading 'article of manufacture' in Section 289 to cover only an end product sold to a consumer gives too narrow a meaning to the phrase."

Samsung had argued that using a calculus based on its total profit on its sale of each smartphone was not warranted under the statute, but the Court refused to rule on whether "the relevant article of manufacture is the smartphone, or a particular smartphone component" and remanded the case to the Federal Circuit.

Interestingly, given that an Apple iPhone is assembled in Asia (rather than manufactured), can it be said that an iPhone is not an article of manufacture at all, and therefore not "sold" under Section 289? And given the dotted lines in the '677 Patent above that clearly show that the only patented design Apple holds in that patent is to "a black rectangular front face with rounded corners" (as acknowledged in the Supreme Court opinion), what would be the "total profit" Samsung made for selling that component? The next chapter in this saga may well be written by the Federal Circuit given that these galactic combatants don't have a history of settlement and the star wars might well continue. We will keep you posted.

If you have questions about patents or other related intellectual property issues, please contact Gregory J. Winsky or a member of Archer's Intellectual Property Group in Haddonfield, N.J., at (856) 795-2121, in Philadelphia, Pa., at (215) 963-3300, in Princeton, N.J., at (609) 580-3700, in Hackensack, N.J., at (201) 342-6000, or in Wilmington, Del., at (302) 777-4350.

1 With respect to the drawings shown in this Alert, one should be advised that the "patented design" of each on which damages can be assessed is limited to the design as shown by solid lines; the dotted lines are not part of the "patented design."