# Learning from Apple v Samsung

**THE CASE:**
*Apple v Samsung*
US District Court of California
24 May 2018

After the parties finally settled their seven-year design patent battle, **Richard LaBarge** explores the ongoing 'article of manufacture' question post-*Apple v Samsung*

**If you use design patents or have competitors who do, a recent decision in the *Apple v Samsung* war deserves attention.** This article offers ideas for those patenting their company's designs, for those designing around competitors' patents, for those being charged with design patent infringement, and for those asserting infringement.

As background, the patent statute (37 CFR 289) authorises the owner of a design patent to recover the "total profit" that an infringer makes from use of the patented design on "any article of manufacture". In its 2016 *Apple v Samsung* decision, the Supreme Court ruled that the "article of manufacture" referenced isn't necessarily the product that the defendant sold.

The court didn't say how to identify the right "article of manufacture", and sent the case back to the Federal Circuit to decide that. That court, in turn, remanded the case to the trial court. There, the jury was finally instructed to base a damage award on whatever product "most fairly… embod[ied] Samsung's appropriation of Apple's patent designs". The jury was instructed to consider:

- What the patent itself said about what was patented;
- The relative prominence of the claimed design on the overall product;
- The degree to which the design can be considered "conceptually distinct" from the overall product; and
- The physical connectedness between the patented design and the rest of the overall product.

The jury wasn't asked to spell out what it considered to be the right article of manufacture but, in its May verdict, awarded Apple damages for design patent infringement of $533m: roughly half of Samsung's profits on its infringing smartphones.

The trial court's instructions might not have stood on appeal. But those last decisions inspire some ideas.

> "SCOTUS didn't say you can't recover the profits on the sale of the product... only that it is no longer automatic that you can get those profits as damages."

## Applying for a design patent

If your company is (for example) an automaker that has designed a new cup holder for its cars, you might be inclined to try to patent that cup holder. And patenting a design for a cup holder could put your company in a good position to recover the profits of companies that sell replacement cup holders. But it's not clear how damages would be measured when competing automakers simply put infringing cup holders in their cars.

If your design is patentable as a design for a cup holder, then (under current law) it's probably also patentable as a design for "a vehicle" itself".[1] And if you patent that cup holder as a design for "a vehicle" (identifying the vehicle as the "article of manufacture" on which the design is used), then you might argue that the defendant's vehicle should be the appropriate "article of manufacture" on which to base a damage award under the statute.

On its face, the statute seems to presume that the patented design is ornamental enough to sell whatever product you decide to name as the "article of manufacture". That presumption doesn't always align with market realities – it is unlikely that anyone would buy a car because of the ornamental design of its cup holders. To address the disconnect between what the statute seems to presume and what sometimes happens in the market, the Supreme Court authorised courts to conclude that some other "article of manufacture" might be the appropriate one to consider when assessing damages.

Even with that new wrinkle, an automaker who wants to stop other automakers from copying its cup holder might still be better off patenting a design for "a vehicle" than patenting the same design as a design for "a cup holder". The Supreme Court didn't say you *can't* recover the profits on the sale of the product that the infringer actually sells, it only said that it is no longer automatic that you can get those profits as damages. So, if your competitors sell cars, you might want to patent your designs as designs for *cars* even if the design is "just" the shape of a new cup holder in those cars.

You might also consider changing the way you illustrate the design in your patent drawings. Design patent drawings commonly use both solid and broken lines, with the design being defined by what is shown in solid lines, and the broken lines being generally ignored. Some practitioners use solid lines only for the elements of the product that are crucial to

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evoke the desired aesthetic impression. If the design resides in the shape of a cup holder in your car, then only that cup holder is shown in solid lines. But instead of showing only the cup holder in solid lines, you might now consider showing some generic features of the car – such as the back wheels – in solid lines too. Because the rear wheels on your competitors' cars will probably look very similar to yours (they are, after all, just wheels), then showing those details in solid lines might not narrow the effective scope of your patent much. But it could make it harder for an infringer to assert that your claimed design conceptually and physically resides only in the cup holder. That, in turn, could strengthen your damage case against a competing automaker.

## Designing around a competitor's product

Let's change the example. If you fear that a competitor will claim that the casing on your new smartphone looks too similar to the casing on its smartphone, you might check if it is practical to have the casing engineered as a separate structural component of your phone. If your company is sued, replacing that component might be easier than redesigning the whole phone. And having the casing as a separate structural component could help you argue that the infringing "article of manufacture" is that separate casing component, not the overall product. If you can win on that, it could reduce your potential damages exposure significantly.

If it's practical to put the disputed ornamental elements on a separate structural component, then you might also consider offering to sell that component to your customers at a reasonable price. If you charge $500 for your phone, but offer replacement casings for $25, then you may have evidence and an argument that no more than 5% ($25/$500) of your smartphone profits are attributable to the shape of the casing.

**"Wouldn't it be unfair to have to turn over the profits on the whole product when so much of the value resides in its other parts?"**

## Defending an infringement claim

If you've already been sued, then consider developing a separate name for the portion of your overall product that bears the pertinent design elements of your accuser's patent and point to that portion as the "article of manufacture" for damages purposes. Wouldn't it be unfair to have to turn over the profits on the whole product when so much of the value resides in its other parts?

If the claimed design is only a trivial part of why a customer would ever buy the overall product, then also consider arguing that the patent should be struck down on the grounds that it is not sufficiently ornamental to support the design patent. To be valid, a patented design must not only be new and original, it must also be ornamental. See 35 USC § 171(a). Consider arguing that while the design in question might be ornamental enough to support a patent on the particular component on which it is used, it's not sufficiently ornamental to support a patent on the overall product ie, it's not ornamental enough to make people buy the overall product, as the damage statute seems to presume.

Yes, you'll be fighting uphill against a presumption that any issued patent is valid. And it is true that some cases seem to suggest that it's a low bar for meeting the ornamental requirement. But cases like *In re Stevens*, 173 F. 2d 1015 (CCPA 1949) suggest that even designs that have ornamental aspects may not meet the ornamental requirement if they aren't ornamental enough to sell the claimed product. In that case (and some others like it), the ornamental aspects of the product were found to be unlikely to sell the product because they were hidden from view in ordinary use. But you might argue that what's important about the cases isn't the factual reasons why the ornamentation was inadequate to sell the product, but rather the courts' conclusion that designs that aren't ornamental enough to sell the claimed product shouldn't be patentable.

## Bringing an infringement claim

At trial, you'll probably drum home that the "article of manufacture" in question is the defendant's overall product. The fact finder might be asked to spell out what it considers to be the right article of manufacture, and if you've used that particular jargon enough, it might reflexively call to mind the defendant's overall product.

If there is a jury, you might also consider asking for an instruction that the product identified in the title and the claim of the patent be presumed to be the article of manufacture in question. That might be a stretch, but it would be no stretch to say that "the article of manufacture" for which the design is patented is the product named in the title and claim of the patent. Federal regulations (37 CFR 1.153) specifically require that.

**Footnote**

1. To claim the car (rather than the cup holder itself) is easy. You just change the title and the wording of the claim, and show the cup holder installed in a simplified car body shown in broken lines.

## Author

Richard LaBarge is a partner in the Chicago office of Marshall, Gerstein & Borun, and an admirer of good design. He has secured over 700 US design patents for the firm's clients.

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