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Supreme Court Agrees to Hear Apple-Samsung Design Patent Damages Case

By Laura Lydigsen

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Yesterday, the U.S. Supreme Court granted Samsung's petition for a writ of certiorari in *Apple Inc. v. Samsung Electronics Co., Ltd. et al.* (No. 15-777) and will hear Apple and Samsung's arguments relating to damages awards in design patent infringement cases. Specifically, the Court granted certiorari on the following question: "Where a design patent is applied to only a component of a product, should an award of infringer's profits be limited to those profits attributable to the component?" At the district court level, Apple was initially awarded more than $1 billion dollars in damages as Samsung was found to have infringed Apple's utility and design patents related to Apple's smartphones and diluted Apple's trade dress. With respect to design patent infringement, the jury awarded Apple all profits earned by sales of Samsung's infringing smartphones. On appeal, the Federal Circuit vacated the portion of the damages relating to trade dress, making Apple's total award of profits $548 million: $149 million for utility patent infringement and $399 million for design patent infringement.

In its petition for writ of certiorari to the U.S. Supreme Court, Samsung argued that Apple is not entitled to a disproportionate award of all profits from Samsung's smartphones found to infringe. Samsung argued that the Federal Circuit's decision was in conflict with 35 U.S.C. § 289, which states that an infringer who "applies the patented design . . . to any article of manufacture . . . shall be liable to the extent of his total profit[.]" Samsung argued that an "article of manufacture" is only the portion of the product to which the patented design is applied, as opposed to the entire product—citing precedent from the predecessor court of the Federal Circuit and case law from the time when the Patent Statute was first enacted. In addition, Samsung noted that, when read in context, the phrase "total profit" should be limited to the "profit made from the infringement," a phrase appearing in the second paragraph of section 289. Finally, Samsung argued that an award of all profits is excessive due to the principles of causation and equity, which would support an award of profits proportional to the infringer's wrong. Respondent Apple argued that section 289 is clear and that awards of all profits are required by the statute, supported by its legislative history, and confirmed by case law precedent. The Federal Circuit agreed with Apple, finding that the language of section 289 authorizes an award of total profits for design patent infringement.

Brinks Gilson & Lione represented the National Grange of the Order of Patrons of Husbandry in connection with amicus briefing in support of Samsung both before the Federal Circuit and the Supreme Court. National Grange's pleadings may be found here (Federal Circuit brief on the merits in support of Samsung), here (Federal Circuit brief in support of Samsung's petition for rehearing *en banc*); and here (U.S. Supreme Court joint brief in support of Samsung's petition for a writ certiorari).

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