2017

Damages for Partial Product Design Patent Infringement

Patryk Oskar Rogowski

Follow this and additional works at: http://digitalcommons.tourolaw.edu/lawreview

Part of the Intellectual Property Law Commons

Recommended Citation
Available at: http://digitalcommons.tourolaw.edu/lawreview/vol33/iss3/22

This Article is brought to you for free and open access by Digital Commons @ Touro Law Center. It has been accepted for inclusion in Touro Law Review by an authorized editor of Digital Commons @ Touro Law Center. For more information, please contact ASchwartz@tourolaw.edu.
DAMAGES FOR PARTIAL PRODUCT DESIGN PATENT INFRINGEMENT

Patryk Oskar Rogowski*

I. INTRODUCTION

Article I of the United States Constitution provides, “Congress shall have Power . . . to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”1 The power of the patent holder is extraordinarily strong as it grants the patent holder a monopoly over the invention.2 As the Supreme Court noted, “The franchise which the patent grants, consists altogether in the right to exclude everyone from making, using, or vending the thing patented, without the permission of the patentee.”3

In the 2016 term, the Supreme Court of the United States was faced with the issue of determining the appropriate damages for infringement of design patents when the infringed design constituted only a small piece of the end-product.4 In Apple, Inc. v. Samsung Elecs. Co,5 the jury in the District Court found that Samsung infringed

* B.A. in Political Science and Economics, Stony Brook University 2014; J.D. Candidate 2018, Touro College Jacob D. Fuchsberg Law Center. I would like to give special thanks to Professor Rena Seplowitz for her patience, support, and encouragement throughout the entire writing process and law school. I would like to thank the members of the Touro Law Review, especially my Notes Editor Rhona Amorado. Lastly, I would like to express the deepest thanks to my family and friends who have provided enormous support and motivation throughout my law school career.

1 U.S. CONST. art I, § 8, cl. 2.
3 Bloomer v. McQuewan, 55 U.S. 539, 549 (1852).
three design patents owned by Apple.\textsuperscript{6} The jury awarded Apple the total amount of profits that Samsung earned in selling the smartphone device at issue.\textsuperscript{7} To be precise, the full amount of profits included profits derived from components of Samsung’s devices, which were designed exclusively by Samsung and had no connection to Apple in any way.\textsuperscript{8}

The Federal Circuit upheld the District Court’s verdict and award.\textsuperscript{9} The Federal Circuit interpreted 35 U.S.C. § 289\textsuperscript{10} to mean that the infringing “article of manufacture” in a multicomponent device refers to the end-product.\textsuperscript{11} This narrow reading of the statute underlay Samsung’s petition for certiorari to the Supreme Court.\textsuperscript{12}

In its petition, Samsung argued that the Court should apply an apportionment test, which would result in damages that are proportional to the infringed patents in the final article of manufacture.\textsuperscript{13} Apple, on the other hand, argued that the Supreme Court should uphold the entire-profit test applied by both the District Court and the Federal Circuit.\textsuperscript{14}

On December 6, 2016, the Supreme Court held that the Federal Circuit interpreted Section 289 too narrowly, and that lower courts can interpret the term article of manufacture to mean either a final product as a whole or one component of the final product.\textsuperscript{15} The Court, in a brief and limited opinion, reversed the decision and remanded it to the Federal Circuit.\textsuperscript{16} In turn, the Federal Circuit re-

\begin{itemize}
\item \textsuperscript{6} Id.
\item \textsuperscript{7} Id.
\item \textsuperscript{8} Id.
\item \textsuperscript{9} Apple Inc. v. Samsung Elec., 786 F.3d 983, 1001 (Fed. Cir. 2015), aff’g in part, rev’g in part 920 F. Supp. 2d 1079 (N.D. Cal. 2013), rev’d, 137 S. Ct. 429 (2016).
\item \textsuperscript{10} See infra text accompanying note 57.
\item \textsuperscript{11} Apple, 786 F.3d at 1001.
\item \textsuperscript{12} Petition for Writ of Certiorari, Apple, 137 S. Ct. 429 (No. 15-777) [hereinafter Writ of Certiorari].
\item \textsuperscript{13} Brief for Petitioner at 24-25, Apple, 137 S. Ct. 429 (No. 15-777) [hereinafter Brief for Petitioner]. A court applying the apportionment test would first find the ratio of the total components of the multicomponent device and the infringing components. Id. The court would then apply damages proportionally to that ratio. Id. If three components in the device were infringing, but the entire device was made up of 100 components, the infringed party would be entitled to three percent of the total profits. Id. Thus, Samsung would only pay for what it infringed. Id.
\item \textsuperscript{14} Brief for Respondent at 4, Apple, 137 S. Ct. 429 (No. 15-777) [hereinafter Brief for Respondent]. Under this argument, Samsung would forfeit profits for components of the device, which Apple had no part in creating. Id.
\item \textsuperscript{15} Apple, 137 S. Ct. at 431.
\item \textsuperscript{16} Id.
\end{itemize}
manded the case to the District Court with explicit permission to formulate a new test in dealing with infringements of multicomponent devices. 17

Broadening a definition of a term or phrase in patent law may lead to an increase in litigation. 18 In Apple, the Supreme Court gave lower courts the opportunity to broaden the meaning of article of manufacture. 19 Broadening of the statutory language is likely to create confusion among lower courts as to how exactly to apply the statute. 20 Further, the Federal Circuit, in remanding the case to the District Court, did not provide guidance as to what test should be applied in multicomponent device infringement cases, such as Apple. Leaving the task to lower courts could add to the complexity of interpreting and applying Section 289. In determining what test the courts should ultimately adopt, it is important to analyze the purpose of design patents, the statutory language governing design patent awards, and economic implications that will result from the application and enforcement of each test.

This Note will argue that the Supreme Court erred by stating a broader interpretation of Section 289 may be appropriate without providing clear guidelines as to how courts should apply this broader interpretation. This Note will propose four tests that the judicial branch could apply to provide predictability to litigants and direction to courts. 21

This Note will be divided into twelve sections. Section II will discuss design patents, including the key differences between a design patent and a utility patent. Section III will examine the Patent Act of 1952, and introduce Section 289, which is at the heart of this Note. Section IV will provide the procedural history of the Apple litigation. Section V will analyze the arguments presented by both parties at the Supreme Court. Section VI will discuss the important 2016 Supreme Court decision in Apple, in which the Court found itself with the task of defining the phrase article of manufacture in Section 289. Section VII will examine the history of apportionment, the

19 Apple, 137 S. Ct. at 431.
20 Id. The confusion stems primarily from a lack of guidance as to when the term should apply to the final product and when it should apply solely to the infringing component. Id.
21 See infra text accompanying notes 233-302.
leading method courts utilized in dealing with similar damages issues. Section VIII will discuss the importance of rewards for innovators. Section IX will present the judicial approaches to damages in utility patent cases. Section X will propose four tests that the judiciary could adopt for design patent infringement cases in which only one or a few components in a multicomponent product are infringed. This section will analyze how each proposed approach would apply to Apple if a court were to adopt the applicable test. Section XI will focus on proposed legislative solutions to clarify Section 289 and provide predictability to future litigants and guidance to the courts. Finally, Section XII will conclude that a consumer demand approach is the best approach for the Supreme Court to ultimately adopt.

II. PATENTS IN GENERAL

There are two main types of patents—design patents and utility patents. Courts treat them separately when it comes to awarding damages, and thus, it is critical that inventors determine what type of patent applies to their product because each type protects a product differently, which ultimately affects how damages are calculated.

A. Design Patents

A design patent is defined, generally, as “a patent granted for

22 Additionally, there are plant patents, but they are outside the scope of this Note. See 35 U.S.C. § 161 (2006) (“Whoever invents or discovers and asexually reproduces any distinct and new variety of plant, including cultivated sports, mutants, hybrids, and newly found seedlings, other than a tuber propagated plant or a plant found in an uncultivated state, may obtain a patent therefor, subject to the conditions and requirements of this title.”).


24 Bruce A. Kugler, A Fresh Perspective on Design Patents, 38 COLO. LAW. 71, 73 (2009).

25 Id.; see In re Bartlett, 300 F.2d 942 (C.C.P.A. 1962); see also Fields v. Schuyler, 472 F.2d 1304 (D.C. Cir. 1972).
a new, original, and ornamental design\textsuperscript{26} for an article of manufacture.\textsuperscript{27} Notably, a design patent does not protect utilitarian features of the product, which are “afford[ed] a legally separate protection.”\textsuperscript{28} A design patent does not protect functional aspects of an article of manufacture but rather its appearance and visual features.\textsuperscript{29} Design patents require the design to be “new, original, and ornamental.”\textsuperscript{30} Design patents, like the ones at issue in Apple, provide protections for inventions including an animated graphical user interface,\textsuperscript{31} ornamental design of a keyboard,\textsuperscript{32} or application icon.\textsuperscript{33}

A design patent is of great importance to an innovator.\textsuperscript{34} Design patents provide the inventor with a monopoly over the design for fifteen years from the date of issue.\textsuperscript{35} As evidenced by Apple, a design patent is so valuable in its nature that its infringement warrants aggressive litigation between two of the world’s largest smartphone device manufacturers.\textsuperscript{36}

\textbf{B. Utility Patents}

While a design patent protects the aesthetic and visual features of an article,\textsuperscript{37} a utility patent protects how the product works and functions.\textsuperscript{38} Utility patents originally protected primarily mechanical and electrical devices.\textsuperscript{39} However, today, utility patents

\begin{itemize}
\item \textsuperscript{26} In re Harvey, 12 F.3d 1061, 1064 (Fed. Cir. 1993) (“An ornamental design has “no use other than its visual appearance.”).
\item \textsuperscript{27} \textit{Design Patent}, BLACK’S LAW DICTIONARY (10th ed. 2014).
\item \textsuperscript{28} \textit{A Guide to Filing a Design Patent Application}, UNITED STATES PATENT AND TRADEMARK OFFICE, https://www.uspto.gov/web/offices/com/iip/pdf/brochure_05.pdf. (last visited Apr. 11, 2017). Utilitarian features are features which are functional and serve some purpose of use, as opposed to decorative or ornamental use. \textit{Id}.
\item \textsuperscript{30} \textit{RONALD B. HILDRETH, ET AL., PATENT LAW: A PRACTITIONER’S GUIDE § 1:7.2 (4th ed. 2016)}.
\item \textsuperscript{31} U.S. Patent No. D613,300 (issued Apr. 6, 2010).
\item \textsuperscript{32} U.S. Patent No. D616,886 (issued June 1, 2010).
\item \textsuperscript{33} U.S. Patent No. D671,558 (issued Nov. 27, 2012).
\item \textsuperscript{34} \textit{See generally William J. Seymour & Andrew W. Torrance, \textit{(R)evolution in Design Patentable Subject Matter: The Shifting Meaning of “Article of Manufacture”, 17 STAN. TECH. L. REV. 183 (2013)}.
\item \textsuperscript{35} 35 U.S.C. § 173 (2012). The term for a design patent was extended to 15 years from the date of grant for applications filed on or after May 13, 2015.
\item \textsuperscript{36} Apple Inc. v. Samsung Elec., 786 F.3d 983, 1001 (Fed. Cir. 2015).
\item \textsuperscript{38} 35 U.S.C. § 101 (2006).
\item \textsuperscript{39} J. David Gonce, \textit{My Client Has This Great Idea. Now, What am I Supposed to Do With...}
protect a wider array of subject matter such as computer programs, methods of doing business, and genetically modified living organisms.

A utility patent gives the inventor a monopoly to manufacture, use, and sell the patented device for twenty years from the filing date. Utility patents cover parts of the smartphone such as list scrolling, application programming interfaces for scrolling operations, or graphical user interface for displaying structured electronic documents. Those three utility patents were part of the Apple litigation at the District Court, and the Federal Circuit upheld their infringement.

III. THE PATENT ACT OF 1952

The Patent Act of 1952 was a congressional initiative to codify federal patent laws. The Act established Title 35 of the United States Code. One of the Act’s purposes was to provide protections for the patent holder. While there is no physical barrier preventing any individual from explicitly infringing on a patent, patent holders have the option to pursue a financial or equitable remedy when they believe that their patent was infringed. Sometimes, the award of an injunction against the infringer is not enough and the court also awards damages. If the patent holder obtains an injunction against the infringer, there is a high likelihood that the infringer has pro-

See generally Dealtracker, Inc. v. Huber, 674 F.3d 1315 (Fed. Cir. 2012) (discussing a patent for a program which aided the processing of credit card applications over electronic networks).


Apple Inc. v. Samsung Elec., 786 F.3d 983, 989 (Fed. Cir. 2015).


Id.


Id. (specific statutory language permitting financial damages for infringement).
duced, manufactured, and sold the product containing an infringing article of manufacture. A patent holder is unlikely to be aware of the infringement at the early stages of the infringer’s manufacturing process and before sales have begun to occur.

The core question behind any patent litigation is: What appropriate amount of damages is the plaintiff patent-holder entitled to recover from the defendant patent-infringer? In determining the appropriate amount of damages in design patent cases, the courts look to 35 U.S.C. § 289 for answers. The statute provides:

> Whoever during the term of a patent for a design, without license of the owner, (1) applies the patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or (2) sells or exposes for sale any article of manufacture to which such design or colorable imitation has been applied shall be liable to the owner to the extent of his total profit, but not less than $250, recoverable in any United States district court having jurisdiction of the parties.

The natural reading of this section suggests that if a design patent is infringed, the plaintiff can recover all profits derived from the infringer’s sale of the product.

Apple presented the Supreme Court with a complex scenario, which has recently caused great confusion in the Federal Circuit. In granting certiorari, the Court was tasked to answer “[W]here 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

See Apple, 786 F.3d at 983 (stating that Samsung was selling the smartphone containing infringing patents).


Apple, 786 F.3d at 1001.


Id.

See Apple, 786 F.3d. at 983.
component?”60 On December 6, 2016, the Court, in a brief ruling, held that the term article of manufacture in Section 289 is “broad enough to embrace both a product sold to a consumer and a component of that product.”61

IV. **APPLE v. SAMSUNG: PROCEDURAL HISTORY**

The litigation arose out of the three design patents owned by Apple, which cover various features of smartphones.62 All three patents are narrow, protecting very specific parts of the product, and “claim only partial features of a smartphone’s design.”63 The first design patent, D618,677, covers a black rectangular round-cornered front face.64 The second design patent, D593,087, covers a “substantially similar rectangular round-cornered front face plus the surrounding rim or ‘bezel’. . . .” 65 The third design patent, D604,305, covers “a particular colorful grid of sixteen icons.”66 Apple sued Samsung for the infringement of these design patents.67

The litigation at the United States District Court for the Northern District of California resulted in a jury verdict in favor of Apple.68 After the victory, Apple filed a motion for supplemental damages and prejudgment interest.69 Samsung appealed to the Federal Circuit on two different counts.70 First, Samsung argued the District Court erred by failing to

---

60 Question Presented, Samsung Elecs. Co. v. Apple Inc., 137 S. Ct. 429 (2016). In 1998, the Federal Circuit held that “[t]he statute requires the disgorgement of the infringers' profits to the patent holder, such that the infringers retain no profit from their wrong.” Nike Inc. v. Wal-Mart Stores, Inc., 138 F.3d 1437, 1448 (Fed. Cir. 1998). In 2009, the Federal Circuit overturned a $357,693,056.18 verdict against Microsoft for its infringement of a date-picker feature in its Outlook software. Lucent Techs., Inc. v. Gateway, Inc., 580 F.3d 1301 (Fed. Cir. 2009), cert. denied, 30 S. Ct. 3324 (2010). The court held that “the infringing use of Outlook's date-picker feature is a minor aspect of a much larger software program and that the portion of the profit that can be credited to the infringing use of the date-picker tool is exceedingly small.” Id. at 1333.

61 Apple, 137 S. Ct. at 435.


63 Brief for Petitioner, supra note 13, at 6.

64 See Writ of Certiorari, supra note 12; see also Brief for Petitioner, supra note 13, at 6.

65 Brief for Petitioner, supra note 13, at 6.

66 Brief for Petitioner, supra note 13, at 55.

67 Apple Inc. v. Samsung Elec., 786 F.3d 983 (Fed. Cir. 2015).

68 Apple, 2012 WL 3071477.

69 Apple, 786 F.3d at 983.

70 Id.
properly instruct the jury to focus solely on the ornamental components of the product.\textsuperscript{71} The Federal Circuit held that the District Court did not err when it failed to instruct the jury on a proper method to determine the infringement of design patents.\textsuperscript{72} Rather, it permitted the jury to compare the two products side-by-side and decide whether similarities existed.\textsuperscript{73} That analysis, Samsung alleged, was unfairly prejudicial and too broad to establish infringement on three design patents.\textsuperscript{74}

Second, Samsung argued that the District Court erred in regard to the amount of damages awarded to Apple.\textsuperscript{75} The Federal Circuit affirmed the District Court’s decision to award Apple the entire amount of profits from Samsung’s sale of smartphones, which contained the patented designs worth $399 million.\textsuperscript{76} The court relied on Section 289 to determine that the “total amount of profits” was appropriate.\textsuperscript{77} This ruling required the court to determine the meaning of the term article of manufacture, the question ultimately presented to the Supreme Court.

When interpreting what an article of manufacture is in a multicomponent product, the Federal Circuit held that the entire smartphone device is the only allowable article of manufacture.\textsuperscript{78} The Federal Circuit, in its interpretation of Section 289, held that if a product bears a design, which is protected by an existing patent, the infringer is liable for the entire amount of the profits derived from the product, “no matter how minor the patented design in relation to the product as a whole.”\textsuperscript{79} The Federal Circuit did not engage in any complex interpretation of Section 289.\textsuperscript{80} Rather, the court held that

\begin{itemize}
  \item \textsuperscript{71} Id.
  \item \textsuperscript{72} Samsung, on the other hand, argued that the District Court should have instructed the jury that “each of these patents contains indisputably unprotected elements within its overall claimed ‘ornamental’ design.” See Writ of Certiorari, supra note 12. Similarly, the Federal Circuit issued a simple interpretation in Nike, when it held that “The statute requires the disgorgement of the infringers’ profits to the patent holder, such that the infringers retain no profit from their wrong.” Nike Inc. v. Wal-Mart Stores, Inc., 138 F.3d 1437, 1448 (Fed. Cir. 1998).
  \item \textsuperscript{73} Apple, 678 F.3d at 1330.
  \item \textsuperscript{74} Id. at 1332.
  \item \textsuperscript{75} Id.
  \item \textsuperscript{76} Id.
  \item \textsuperscript{77} Id.
  \item \textsuperscript{78} Apple, 786 F.3d at 983.
  \item \textsuperscript{79} Brief for Petitioner, supra note 13, at 24.
  \item \textsuperscript{80} See generally Apple, 786 F.3d 983.
\end{itemize}
there is “clear statutory language,” which “prohibits [the court] from adopting a ‘causation’ rule.”\textsuperscript{81} The Federal Circuit affirmed the District Court’s narrow reading of Section 289 of the Patent Act.\textsuperscript{82} Samsung subsequently filed a writ of certiorari to the Supreme Court of the United States, arguing that the Federal Circuit erred by reading Section 289 too narrowly.\textsuperscript{83}

V. ARGUMENTS BEFORE THE SUPREME COURT OF THE UNITED STATES

After losing in both the District Court and the Court of Appeals for the Federal Circuit, Samsung filed a writ for certiorari to the United States Supreme Court.\textsuperscript{84} The core arguments revolved around the proper interpretation of the ambiguously worded Section 289 of the Patent Act.\textsuperscript{85} If the statute were to be read narrowly, as held by the District Court and upheld by the Federal Circuit, then Apple would prevail because the article of manufacture would encompass the entire multicomponent device—the finished product.\textsuperscript{86} If the statute were to be read more broadly, Samsung would prevail.\textsuperscript{87} A broader reading would mean that the article of manufacture could be applied on a case-by-case basis, and Samsung, on remand, would be able to make an argument that the appropriate damages are those of the specific infringing components, not the device as a whole.\textsuperscript{88}

Samsung argued the holding of the lower court “provide[s] a vehicle for design-patent holders to obtain unjustified windfalls far exceeding the conceivable value of any inventive contribution.”\textsuperscript{89} Specifically, Samsung pointed out the lower court’s observation that “even if the patent features contributed 1% of the value of Samsung’s phones, Apple gets 100% of Samsung’s profits.”\textsuperscript{90} Consequently, Samsung warned that this decision is “an open invitation to litigation

\begin{footnotesize}
\begin{enumerate}
\item[81] Id.
\item[82] Id.
\item[83] Writ of Certiorari, supra note 12.
\item[84] Writ of Certiorari, supra note 12.
\item[85] See generally Brief for Petitioner, supra note 13; see generally Brief for Respondent, supra note 14.
\item[87] Apple, 137 S. Ct. at 436; Brief for Respondent, supra note 14.
\item[88] Apple, 137 S. Ct. at 436.
\item[89] Writ of Certiorari, supra note 12.
\item[90] Writ of Certiorari, supra note 12.
\end{enumerate}
\end{footnotesize}
abuse” which may bring a “new flood of extortionate patent litigation.”

By Apple’s own admission, the narrow patents, which were infringed, are not components that drive sales. Rather, Apple stated that the “software creates the largest share of [the] product’s value.” The functionality of the smartphone itself, including the software and the smartphone’s other capabilities, is the main selling point of the device. Ultimately, the Supreme Court, in an 8-0 opinion, authored by Justice Sonia Sotomayor, interpreted the statute more broadly, to cover both the finished product and individual components.

A. Arguments of the Appellant, Samsung

Samsung had a lot to lose at the Supreme Court. Not only was Samsung fighting to overturn the judgment of the lower court but it also knew this case was an opportunity for the Supreme Court to settle the issue of appropriate damages for infringement of a multi-component product, after previously denying certiorari on this issue many times.

The Supreme Court heard arguments on October 11, 2016, and focused a significant amount of time on the article of manufacture question. Kathleen M. Sullivan, appearing on behalf of Samsung, argued strongly that the Federal Circuit’s holding “was wrong as a matter of law.” She stated, “It is wrong . . . to hold that the entire product is necessarily the article of manufacture from which you measure total profit.” Answering Justice Ginsburg’s question, “how would [the Court] determine the profit attributable to the rele-

91 Writ of Certiorari, supra note 12.
92 Brief for Petitioner, supra note 13 at 9.
93 Brief for Petitioner, supra note 13 at 9.
94 Brief for Petitioner, supra note 13 at 9.
95 Following the death of Justice Antonin Scalia on February 13, 2016, the Supreme Court sat with only eight justices.
97 Judgment of the lower court awarded nearly $1 billion in damages. See Apple, 2012 WL 3071477.
100 Id. at 6:35.
101 Id. at 6:40.
vant article of manufacture?,” Ms. Sullivan responded that the proper
method would be “through ordinary accounting that would look to
the cost of goods sold in relation to revenues for the relevant com-
ponent.” To determine the cost of goods sold, Ms. Sullivan suggest-
ed the trial court should rely on the testimony of expert witnesses. Although conceding that the “total profit from the article of manufac-
ture may sometimes be a substantial part of the total profit on the
product,” Ms. Sullivan argued that the burden of proof would be on
the patent-holder to “prove that the bulk of the profits came from [the
given article of manufacture].”

1. Purchaser Motivation and Apportionment

In its brief, Samsung argued “consumers purchased Samsung . . . phones overwhelmingly because of their functional, non-design features.” Relying on Apple’s market research, Sam-
sung argued that other factors drove the sales, which outweighed the
infringing design patents at bar. The value consumers placed on
various functional aspects of the phone (e.g., screen size, company
reputation, and the app market) outweighed the value consumers
placed on the design features of the smartphones in question. In
fact, “according to . . . Apple market data, a phone’s ‘design’ in gen-
eral was a reason for only 1% of Apple’s purchases and 5% of An-
droid purchases, far below other considerations such as services, mul-
timedia functions, ease of use, and brand.”

Furthermore, Samsung pointed out that Section 289 “limits
recoverable total profit to that attributable to the article of manufac-

102 Id. at 7:34.
103 Id. at 8:29.
104 Oral Argument, supra note 99, at 9:45. Much of the oral argument focused on the
Volkswagen Beetle car. Oral Argument, supra note 99, at 9:45. Primarily, there were ques-
tions whether the VW Beetle’s peculiar shape drove the sales. Justice Kennedy, question-
ing Ms. Sullivan, raised the issue that it would be unfair if the Volkswagen Beetle design was
“done in three days” and “was a stroke of genius,” to “give three days’ profit.” Oral Argu-
ment, supra note 99, at 9:45.
105 Brief for Petitioner, supra note 13, at 9 (emphasis in original).
106 Brief for Petitioner, supra note 13, at 9.
107 Brief for Petitioner, supra note 13, at 9.
108 Brief for Petitioner, supra note 13, at 10. If the Supreme Court were to formulate a
test that apportioned the damages for the infringement of a design patent, which composed a
small percentage of the smartphone, it seems reasonable that the value placed by the pur-
chasing consumer on given design and functional parts would have to be taken into consid-
eration.
ture to which an infringing design is ‘applied.’”\footnote{109}  Samsung argued that the article of manufacture does not necessarily have to “be the entire product as sold.”\footnote{110} Rather, the article of manufacture can be a small component of a finished product, meaning the “finished product can be made from numerous articles of manufacture.”\footnote{111}

Realizing that the apportionment argument has flaws, as it would be very difficult for courts to administer, Samsung argued that:

Consumers may value the front face because it’s scratch-resistant, because it’s water-resistant, because it’s shatterproof. We’re going to give the patent-holder under our article-of-manufacture test all the profits for the front face, even if it includes profit from those non-design features of the front face, whether the pure apportionment test or pure causation test would limit the profits to the profits from the design parts rather than the functional parts.\footnote{112}

Conceding that this proposed test would be “a little over inclusive,” Samsung claimed “plaintiffs should be happy for that.”\footnote{113}

2. Analysis of Samsung’s Apportionment and Purchaser Motivation Argument

Each individual purchasing a smartphone values different parts of a smartphone differently.\footnote{114} Person A might put great value on a smartphone’s GPS capabilities and the size of the app store, and put little value on the smartphone’s rectangular round-cornered design.\footnote{115} On the other hand, Person B might, as Steve Jobs did, find the aesthetic appearance and design of the smartphone to be of enormous value, particularly if that purchaser uses the smartphone solely

\footnote{109}{Brief for Petitioner, supra note 13, at 24.} 
\footnote{110}{Brief for Petitioner, supra note 13, at 25.} 
\footnote{111}{Brief for Petitioner, supra note 13, at 25. This argument, accepted by the Court, likely limits Apple’s recovery to only the profits Samsung derived from the three articles of manufacture. Apple, however, on remand in the district court, could prove that the three articles substantially influenced a majority of consumers who purchased Samsung’s smartphone.} 
\footnote{112}{Oral Argument, supra note 99, at 10:50.} 
\footnote{113}{Oral Argument, supra note 99, at 10:50.} 
\footnote{115}{Id.}
for its non-smart features. Thus, if the Supreme Court, in the future, formulated an apportionment test, it would have great difficulty doing so because of the subjective nature of the value placed by purchasing consumers on various aspects, both functional and ornamental, of the smartphone itself. Additionally, many consumers are not interested in solely the functional aspect, or solely the design aspect. Many consumers are interested in both aspects, which makes formulating a test for all courts to apply a tremendous challenge.

It seems natural for a court analyzing the issue to consider the motivation of the consumers who purchased the smartphones in question; however, that factor should not be dispositive. Plaintiffs, when arguing that they suffered pecuniary losses as a result of a defendant’s infringement, should be permitted to provide testimony or survey evidence that may show that consumers were, in part, motivated to purchase the defendant’s product based on an infringing component.

The case, remanded to the District Court with the statute’s newly broadened definition, provides a heavier burden to plaintiff in establishing that consumers were motivated to purchase the defendant’s products directly because of the infringed designs. While this will not serve to show per se infringement, it will likely play a substantial role in the determination of appropriate damages. If the main driver of sales of the defendant’s product is shown to be the

---


117 See supra note 105 and accompanying text.

118 See supra note 105 and accompanying text.

119 See supra note 105 and accompanying text.

120 Aymes v. Bonelli, 980 F.2d 857, 861 (2d Cir. 1992) (“It does not necessarily follow that because no one factor is dispositive all factors are equally important, or indeed that all factors will have relevance in every case. The factors should not merely be tallied but should be weighed according to their significance in the case.”).


122 Id.

123 Id.
component which infringed on plaintiff’s patent, then Apple may argue that, even under the new broad reading of Section 289, the entire amount of defendant’s profits should be awarded.124

3. Language of Section 289

In its brief to the Supreme Court, Samsung argued that Section 289’s language regarding the infringer’s liability “to the extent of his total profit”125 “obviously cannot mean all of the company’s worldwide profit.”126 Samsung further argued that Congress, in formulating and enacting Section 289, did not intend to radically alter the predecessor statute, which was enacted in 1887.127 At that time, Congress sought to protect design patents for items such as “carpets, wallpapers, and oil-cloths.”128 Samsung argued that in the legislative history, Congress did not intend design patents to apply to advanced technologies, which “embody hundreds of thousands of functional features having nothing to do with any patented design.”129 Although our legal system is built upon precedent, we must focus on the fact that Congress, in the year 1887, was likely not thinking about products that contained “hundreds of thousands of functional features.”130

4. Analysis of Samsung’s Section 289 Argument

The meaning of Section 289 is an important issue which requires clarification by Congress or the Supreme Court.131 Since a design patent issued in the United States only applies to products sold in the United States, Congress or the Supreme Court could clarify that damages are limited to sales in the United States.132 If a court were to

---

124 Id. This outcome would be supported under the Supreme Court’s decision, as a final product is an acceptable interpretation of article of manufacture.
126 Brief for Petitioner, supra note 13, at 24.
127 Brief for Petitioner, supra note 13, at 25.
128 Brief for Petitioner, supra note 13, at 25.
129 Brief for Petitioner, supra note 13, at 25 (“Congress never suggested that the same assumptions would hold for complex products like smartphones, which . . . embody hundreds of thousands of functional features having nothing to do with any patented design.”).
130 Brief for Petitioner, supra note 13.
131 The next best alternative would be for a district court or Federal Circuit to take this view in the Apple case.
hold that the infringer is liable, according to the statutory language, “to the extent of his total profit,” the court could certainly limit recovery without unduly burdening either party’s interest. For example, a court could interpret “to the extent of [the infringer’s] total profit” to mean the extent of the infringer’s total profits derived from the sale of the product within the United States. This distinction could also serve as a deterrent to infringing manufacturers. If the manufacturer will lose all of its profits from each smartphone device sold within the United States, it is more likely to create a smartphone, which will not infringe at all on any patent. It is highly unlikely for a phone manufacturer in another country to create a smartphone for which it will net zero profits in the United States.

Furthermore, Samsung’s allegation that the total profit would encompass “the company’s worldwide profit” of all products is a flawed argument. Under this argument, a court would be extremely unlikely to find that Samsung’s infringement of three design patents warrants Apple to receive all profits Samsung earned from its entire product line, including smart watches, televisions, headsets, and other products manufactured by Samsung. Samsung argues that non-infringing articles should not be included in the award. It is highly unlikely that a court, under a narrow reading of Section 289, would permit an award of damages derived from the sale of defendant’s non-infringing articles. Thus, Samsung’s argument that “the

134 Id.
135 Id.
136 Congress intended to set statutory damages high in the intellectual property area for the purposes of deterrence (“Courts and juries must be able to render awards that deter others from infringing intellectual property rights. It is important that the cost of infringement substantially exceed the costs of compliance, so that persons who use or distribute intellectual property have a strong incentive to abide by the copyright laws.” H.R. Rep. No. 106–216, at 6 (1999)).
138 Id.
139 Brief for Petitioner, supra note 13, at 27.
140 AstraZeneca AB v. Apotex Corp., 782 F.3d 1324, 1344 (Fed. Cir. 2015) (reversing a part of the District Court’s judgment because “the reasonable royalty reward included damages for the sale of non-infringing products.”).
141 See generally Samsung Elecs. Co. v. Apple Inc., 137 S. Ct. 429 (2016) (providing that the only product at issue is a smartphone).
142 See supra note 139.
text of Section 289 compels reversal” is faulty. Rather, the text, if anything, needs clarification and simple explanation by the Supreme Court, or a statutory amendment by Congress.

**B. Arguments of the Appellee, Apple**

Named *Time Magazine*’s “Invention of the Year” in 2007, the iPhone was greatly praised not solely for its functional features but also critically for its appearance and design. In the cover page article, discussing the first reason why Apple’s iPhone is “the best thing invented this year,” *Time Magazine* noted:

Most high-tech companies don’t take design seriously. They treat it as an afterthought. Window-dressing. But one of Jobs’ basic insights about technology is that good design is actually as important as good technology. All the cool features in the world won’t do you any good unless you can figure out how to use said features, and feel smart and attractive while doing it.

**1. Design Fueled Sales**

Apple’s brief referred to reviews from various sources, which focused on the iPhone’s design, all to drive home the point that the design patents at issue fueled the sales. The *New York Times* described the iPhone “as ‘gorgeous’ with a ‘shiny black [front face], rimmed by mirror finish stainless steel’ and a ‘spectacular’ user interface.” Both of the design features complimented by *The New York Times* are protected by the patents infringed here, the D593,087 patent (shiny black front-face) and the D604,305 (colorful user interface). Other design compliments came from the *Wall Street Jour-

---

143 Brief for Petitioner, supra note 13, at 24.
144 See discussion infra Sections X and XI.
146 Id.
147 Brief for Respondent, supra note 14, at 5.
nal, which along with The New York Times and Time Magazine, are not publications that generally focus their product reviews on design, and thus, their praise of the iPhone’s design speaks volumes about the partial motivation of customers who choose to purchase this product.151

2. Substantial Similarity

Samsung relied on the statement of one of its executives who said “[T]he difference [between the new Samsung phone and the iPhone] was truly that of Heaven and Earth.”152 However, Apple provided evidence of statements from Samsung’s executives that would lead a reasonable individual to believe that Samsung sought to create a product which closely resembled the iPhone.153 Samsung’s market share skyrocketed “from 5% to 20% in just two years” after creating smartphones, which directly competed with the iPhone.154 Wired Magazine published a story about the similarity of the new Samsung Vibrant and the Apple iPhone, which noted that the Vibrant’s design “was shockingly similar to the iPhone 3G: the rounded curves at the corners, the candy bar shape, the glossy, black finish and the chrome-colored metallic border around the display.”155 The article went on to conclude, “[T]here’s little to make the [Vibrant] notable, apart from its striking similarity to the iPhone.”156 Further, acknowledging that Samsung is a “sophisticated company,” Apple argued that Samsung “chose to copy the design innovations of its biggest competitor and profited significantly from doing so.”157

150 Brief for Respondent, supra note 14, at 5.
151 Arguably, Apple has led a revolution in the area of smartphone design. This, perhaps, is the reason why many publications have continuously, from the iPhone’s inception, covered design aspects of new smartphone devices. Since the introduction of the iPhone, most, if not all, new smartphones have in one way or another been inspired or influenced by Apple’s design of the iPhone. A defendant will not be found liable for patent infringement solely on the basis of being inspired by another product. The defendant must, as in Samsung’s case here, actually violate and copy a design for which the plaintiff owns a registered and active patent.
152 Brief for Respondent, supra note 14, at 9.
153 Brief for Respondent, supra note 14, at 9 (“Let’s make something like the iPhone.”).
154 Brief for Respondent, supra note 14, at 10.
156 See supra note 155.
Since the jury found that “eighteen Samsung smartphone models infringed Apple’s design patents,” a logical conclusion can be drawn that “the design of eighteen separate Samsung smartphones was ‘substantially similar’ to the patented design of the iPhone.”

The substantial similarity, Apple argued, demands a narrow reading of Section 289 and the award equal to the total profits.

3. Language of Section 289

Samsung, Apple argued, “introduced no evidence that the relevant articles of manufacture were anything other than the whole smartphones and never offered any calculation of Section 289 damages based on anything other than their entire phones.” A narrower reading of the statute would result in damages for infringement of one component of a multicomponent device to be equal to all profits derived from the sale of the device. This narrower interpretation would clearly work in Apple’s favor, as it would permit it to keep the $399 million in damages awarded by the lower courts rather than be entitled to only a small fraction, proportionate to the actual infringing components.

Since the Federal Circuit applied a narrow reading of Section 289 of the Patent Act, Apple argued that the Supreme Court should affirm this narrow reading. The Supreme Court, however, reversed the Federal Circuit’s interpretation and held the lower court could use a broader reading of Section 289.

VI. THE SUPREME COURT’S DECISION

The Supreme Court’s holding did not clarify the main question at hand. By simply holding that the article of manufacture definition applied by the Federal Circuit was too narrow, the Court

---

158 Brief for Respondent, supra note 14, at 12.
159 Brief for Respondent, supra note 14, at 12.
160 Brief for Respondent, supra note 14, at 12.
161 Brief for Respondent, supra note 14, at 3.
162 Brief for Petitioner, supra note 13.
163 Brief for Respondent, supra note 14.
164 Brief for Respondent, supra note 14.
166 Id.
failed to devise a rule to guide lower courts.\textsuperscript{167} The decision threatens to cause confusion among lower courts and a split in cases at the Federal Circuit.\textsuperscript{168}

In a relatively brief and unanimous decision, the Supreme Court reversed the narrow reading of Section 289 as applied by the Federal Circuit.\textsuperscript{169} The Court limited its holding to resolving the question: “[W]hether, in the case of a multi-component product, the relevant article of manufacture must always be the end product sold to the consumer or whether it can also be a component of that product?”\textsuperscript{170} By limiting itself to that very question, the Court constrained itself to resolving the issue in only one way.\textsuperscript{171} The Court held that “the term article of manufacture is broad enough to encompass both a product sold to a consumer as well as a component of that product.”\textsuperscript{172} In some cases, the Supreme Court observed “a patent holder will sometimes be entitled to the infringer’s total profit from a component of the end product.”\textsuperscript{173} By rejecting the Federal Circuit’s narrow reading, which the Court stated “cannot be squared with the text of Section 289,” the Court reversed and remanded the case to the Federal Circuit to determine “whether, for each of the design patents at issue here, the relevant article of manufacture is the smartphone, or a particular smartphone component.”\textsuperscript{174}

On February 7, 2017 the Federal Circuit issued its \textit{per curiam} decision to remand the case to the District Court, which is “better positioned to parse the record” of this litigation.\textsuperscript{175} On remand, the district court would be able to determine whether a new trial on the issue of damages is necessary.\textsuperscript{176} If it orders a new trial, the district court “will have the opportunity to set forth a test for identifying the rele-

\begin{footnotesize}
\begin{itemize}
\item\textsuperscript{167} Id.
\item\textsuperscript{168} See \textit{supra} text accompanying notes 1-21.
\item\textsuperscript{169} Apple, 137 S. Ct. 429.
\item\textsuperscript{170} Id. at 434.
\item\textsuperscript{171} As first-year law students learn, the use of the word “always” in a sentence is always fatal, as there are almost always exceptions.
\item\textsuperscript{172} Apple, 137 S. Ct. at 435. This ruling is not entirely consistent with Samsung’s recommendation that the Supreme Court hold that damages resulting from the infringement of one article in a multi-article product shall \textit{not} result in damages equal to the total profits derived from the sale of the end product.
\item\textsuperscript{173} Id. at 434 (emphasis added).
\item\textsuperscript{174} Apple, 137 S. Ct. at 436.
\item\textsuperscript{176} Id.
\end{itemize}
\end{footnotesize}
vant article of manufacture” under Section 289. To formulate a test, the district court most likely will consider various tests that prior courts have established, such as the apportionment approach, to avoid repeating failed tests.

VII. APPORTIONMENT AND ITS HISTORY

The concept of apportionment resulted in many complex issues of proof for design patent holders who were “required to show what portion of the infringer’s profit, or of his own lost profit, was due to the design and what portion was due to the article itself.” The owner of the design patent “could recover only the proportionate amounts of profits that were proven to be attributable to the presented feature.”

Apportionment was a requirement until the case of *Dobson v. Dornan* (1886), which involved an infringement of a carpet design. The plaintiff was unable to present evidence on whether the purchasers of the defendant’s infringing carpets purchased the carpets based on the design, or whether the purchasers would have purchased the carpets without the infringing design. The Supreme Court awarded the design patent holder only six cents, a nominal sum, after the patent holder was unable to show what portion of the “infringer’s profits was due to the patented design and what portion was due to the unpatented [design].”

This decision, which Congress called a “virtual repeal” of design patent laws, led Congress to enact the Design Patent Act of 1887. The House Committee on Patents, discussing this act, said the following:

> It is expedient that the infringer’s entire profit on the

---

177 *Id.*


180 *Id.* Under this test, Apple would have the burden of proof to show what portion of Samsung’s profits was attributable to the user interface and to the rectangular rounded-corner shape design of the smartphone. The burden was on Apple to prove “proportionate amounts of profits . . . attributable to the presented feature.” *Id.*

181 *Dobson*, 118 U.S. at 10.

182 *Id.*

183 *Id.*

184 *Id.; see also* *Dobson v. Hartford Carpet Co.*, 114 U.S. 439 (1886).

185 *Brief for Respondent, supra* note 14, at 17.
article should be recoverable, as otherwise none of his profit can be recovered, for it is not apportionable; and it is just that the entire profit on the article should be recoverable . . . , for it is the design that sells the article, and so that makes it possible to realize any profit at all. 186

The Design Patent Act of 1887 applied “to any article of manufacture” and was, therefore, not limited to any specific component of a device, but rather the finished product as a whole. 187 The Second Circuit, in 1893, interpreted the provision in the following way: “The rule which [C]ongress declared for the computation of profits was the total profit from the manufacture or sale of the article to which the design was applied, as distinguished from the pre-existing rule of the profit which could be proved to be attributable to the design.” 188 Simply, the Second Circuit held that if a manufacturer of a product infringes on a patented design, the patent holder would be entitled to the entirety of defendant’s profits, rather than only profits attributable to the patented design. 189

When Congress passed the Patent Act of 1952, the “total profit” language used in the Design Patent Act of 1887 was incorporated into Section 289. 190 As Apple argued in its brief, the issue of identifying the relevant article of manufacture is up to the fact finder. 191 Based on case law dealing with Section 289, Apple asserted, the burden of proof falls on the defendant to prove what the relevant article of manufacture is. 192 A proper analysis of the issue of damages is vital, as the economy relies on innovation and new ideas without which economic progress would stall. 193

VIII. IMPORTANCE OF REWARDS FOR INNOVATION

A marketable product does not suddenly appear overnight. 194

186 Congressional Record – House, p. 834. Speaker: Mr. Martin on H.R. 8323; see also Brief for Respondent, supra note 14, at 17-18.
187 Congressional Record – House, p. 834. Speaker: Mr. Martin on H.R. 8323.
188 Untermeyer v. Freund, 58 F. 205, 212 (2d Cir. 1893).
189 Id.
191 Brief for Respondent, supra note 14, at 3.
192 Brief for Respondent, supra note 14, at 3.
193 See infra text accompanying notes 194-217.
194 Fred Vogelstein, The Day Google Had to ‘Start Over’ on Android, THE ATLANTIC
A product is born as a simple idea; countless hours are spent developing that intangible idea into a tangible marketable product, which ends up in the hands of consumers. Whether that product is a massive success or failure, it is up to the purchasing public to determine whether they will benefit from acquiring the given product. Naturally, if the product is a failure, no other company or individual will want to reproduce the product and try to cash in. However, if the product is a success, any investor will try to enter the market and try to capitalize on its success.

Thus, a dilemma arises as to why any individual or company should invest a large amount of time and money when the easier alternative is to just wait for somebody else to invest the time and money and then simply free-load on the idea. Patent law seeks to solve the dilemma by rewarding the innovator who made such an investment with a patent. The time and expense invested in the creation or invention of a new product is considerable, and a monopoly for the production and sale of that invention is considered a reward for the innovation. Legal protection is necessary because without it, competitors can simply free ride on an inventor’s idea without

---

(Dec. 18, 2013), https://www.theatlantic.com/technology/archive/2013/12/the-day-google-had-to-start-over-on-android/282479/ (“By January 2007, they’d all worked sixty-to-eighty-hour weeks for fifteen months—some for more than two years—writing and testing code, negotiating software licenses, and flying all over the world to find the right parts, suppliers, and manufacturers.”).

195 Id.
197 See supra note 194.
198 Don Harris, Ten Reasons Chinese Companies Fail in the U.S., FORBES (July 21, 2010), http://www.forbes.com/sites/china/2010/07/21/ten-reasons-chinese-companies-fail-in-the-u-s/#427857d59e19 (“the companies don't want to invest much on design, because it's bound to be copied by competitors right away.”); Ty, Inc. v. GMA Accessories, Inc., 132 F.3d 1167 (7th Cir. 1997) (“Ty began selling the ‘Beanie Babies’ line . . . in 1993, and it was the popularity of the line that induced [the defendant] to bring out its own line of bean-bag stuffed animals three years later.”).
199 This is often a problem not only in the United States, but in China as well. Id.
200 Bloomer v. McQuewan, 55 U.S. 539, 549 (1852) (stating that “the franchise which the patent grants consists altogether in the right to exclude everyone from making, using, or vending the thing patented.”).
201 The United States has long acknowledged the importance of the patent system in encouraging innovation. Indeed, “the encouragement of investment-based risk is the fundamental purpose of the patent grant, and is based directly on the right to exclude.” Importantly, the patent system provides incentive to the innovative drug companies to continue costly development efforts. See Biotechnology Indus. Org. v. D.C., 496 F.3d 1362, 1372 (Fed. Cir. 2007).
making any investments.\textsuperscript{202} Along with that legal protection comes another huge benefit to an innovator: “[P]atents operate by temporarily reducing competition.”\textsuperscript{203}

In today’s market-driven society, competition is enormous.\textsuperscript{204} Profit maximization is the biggest driver behind many innovations.\textsuperscript{205} The best way to achieve maximum profit is to create a unique product that is in high demand, but which no other company is producing.\textsuperscript{206} Intellectual property law provides legal protections to innovators who create a product.\textsuperscript{207}

Thomas Jefferson said: “[S]ociety may give an exclusive right to the profits arising from [inventions], as an encouragement to men to pursue ideas which may produce utility.”\textsuperscript{208} Although Jefferson addressed an exclusive right in regard to utility patents, modern technology has focused a great deal on the design of new products and not only on their functional aspects.\textsuperscript{209} This “exclusive right to the profits” provides an enormous benefit to the innovator, and encourages other entrepreneurs to create products.\textsuperscript{210}

\begin{flushleft}
\textsuperscript{202} Richard A. Posner, \textit{Antitrust in the New Economy}, John M. Olin L. \\ & Econ. Working Paper (2d Series) 1, 3 (2000) (“Without legal protection, the creator of intellectual property may be unable to recoup his investment, because competitors can free ride on it.”).
\textsuperscript{203} Vornado Air Circulation v. Duracraft Corp., 58 F.3d 1498, 1507 (10th Cir. 1995).
\textsuperscript{204} Tapping Our Talent, N.Y. St. B.J., October 2002, at 5. (“[T]oday’s fast-paced, information-saturated society where the competition to be heard above the crowd is a daily challenge.”).
\textsuperscript{205} Juan-Carlos Ortiz, \textit{International Trade Agreements and Private Desalination Plants: Is California’s Coast Safe?} 30 WHITTIER L. REV. 671, 676 (2009) (“[P]rivate companies are driven by profits and will cut down costs in order to maximize profits.”).
\textsuperscript{206} Fred Vogelstein, \textit{supra} note 194.
\textsuperscript{207} Ray K. Harris \\ & Rodney J. Fuller, \textit{Technology Barriers: 21st Century IP Basics}, ARIZ. ATT’Y, January 2008, at 22 (“Intellectual property law is designed to encourage further discovery and innovation by protecting and rewarding ... pioneering companies.”).
\textsuperscript{208} VI. Writings of Thomas Jefferson, at 180-81 (Washington ed.). Although focusing on the word “utility” it is arguable here that the idea incorporates design patents as well. Thomas Jefferson (1743 – 1826) was not alive at the time the first design patent was issued in 1842. Therefore, it is arguable that had design patents existed at the time of Thomas Jefferson’s life, he would have included them in his writings, considering his views on the importance of exclusive rights for inventors.
\textsuperscript{209} This observation is especially relevant to a corporation such as Apple which has a long history, especially under the leadership of former-CEO Steve Jobs, of focusing much of its efforts on the design of each product it releases. This focus on the beauty and aesthetic features of its products led to the 2016 release of a book entitled “Designed by Apple in California” (ISBN: 978-0-9975138-0-6 and 978-0-9975138-1-3) which is comprised solely of photographs of Apple’s devices over the history of the company. Given this history, it cannot reasonably be doubted that Apple places an enormous value on its design patents.
\textsuperscript{210} Kendall v. Winsor, 62 U.S. 322, 328 (1858).
\end{flushleft}
the iPhone, bring enormous advantages to society as a whole.\textsuperscript{211} The creation of the iPhone was not an overnight phenomenon: In 2004, Apple undertook a bet-the-company project to enter the smartphone market. With no assurance of success, Apple spent billions of dollars as hundreds of its employees worked night[s], weekends, all the time to create a new, original, and beautiful object, something that would really wow the world. Before launch, Apple’s risky venture was viewed skeptically. But upon its release in 2007, the iPhone was acclaimed as a revolutionary product that set the standard for smartphone design.\textsuperscript{212}

As evidenced by Apple, a corporation spends a significant amount of time, energy, and resources on risky products.\textsuperscript{213} The risk is often associated with enormous rewards, which are only possible as a result of a monopoly on the new, groundbreaking product.\textsuperscript{214} Without patent protection, the payoff for risk taking would not be adequate, and society would suffer.\textsuperscript{215} This payoff should be safeguarded by laws, which provide deterrence to potential infringers, as well as guaranteeing financial rewards to inventors.\textsuperscript{216} To formulate a proper method or test for damages for infringement of multi-component devices, the District Court should first look at the calculation of damages in utility parent cases.\textsuperscript{217}

\textsuperscript{211} Id. (“It is undeniably true, that the limited and temporary monopoly granted to inventors was never designed for their exclusive profit or advantage; the benefit to the public or community at large was another and doubtless the primary object in granting and securing that monopoly.”).

\textsuperscript{212} Brief for Respondent, supra note 14, at Introduction.

\textsuperscript{213} Tim Bajarin, \textit{Why Apple is Spending Crazy Amounts of Money on New Ideas}, \textit{TIME MAGAZINE} (May 18, 2016), http://time.com/4339940/apple-rd-research-development/ (stating that Apple spent $10 billion on research and development in the first half of 2016).

\textsuperscript{214} See supra note 2 (establishing that a patent will provide a monopoly, preventing anybody from entering into direct competition).

\textsuperscript{215} U.S. CONST. art. I, § 8, cl. 8 (establishes that patents are a way “[t]o promote the Progress of Science and useful Arts”).


\textsuperscript{217} However, the Supreme Court could review the same case. When the District Court establishes a test for damages in multi-component devices, the case might be appealed to the Federal Circuit followed by a petition for a writ of certiorari to the Supreme Court.
IX. APPROACHES TO DAMAGES IN UTILITY PATENT CASES

In analyzing how the Supreme Court should rule in a design patent infringement case, it is helpful to observe how courts decide damages for other intellectual property infringement cases. \(^{218}\) Section 284, which deals with utility patent damages, states the following:

Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court. When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed. Increased damages under this paragraph shall not apply to provisional rights undersection 154(d).

The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.\(^ {219}\)

The statute sets the floor and ceiling for damages in utility patent infringement cases.\(^ {220}\) The minimum damages available under this statute are the “reasonable royalty for the use made of the invention by the infringer,” along with interest and costs.\(^ {221}\) The maximum damages permitted are equivalent to three times the assessed amount.\(^ {222}\) The key in this statute is the option of a compulsory license.\(^ {223}\) Although compulsory licenses in patent law are very limited, and generally reserved for use by the federal government, there is no statute preventing the court’s use of a compulsory license in non-government infringement.\(^ {224}\) The core function of Section 284

---

\(^{218}\) See supra text accompanying notes 22-47.


\(^{220}\) Id.

\(^{221}\) Id.

\(^{222}\) Id.


\(^{224}\) See infra note 274 and accompanying text on the limited use of compulsory patent licensing by the government in pharmaceuticals.
damages in utility patent cases is to ensure adequate and equitable damages. The statute lays out a road map for a court to apply to ensure proper damages are awarded. There is no reason why Section 284 cannot be expanded to apply to Section 289.

The problem with compulsory damages is the difficulty in determining an adequate amount as there is no bargaining process at the time of the infringement. Section 1498 deals with the government’s patent licensing power. The statute requires the payment of “reasonable and entire compensation” for the term of use of the patent. However, courts may interpret the ambiguous wording to mean reasonable, as opposed to fair and true market value. Additionally, the granting of compulsory licenses violates the basis tenet of patent law, which provides that a patent holder has the exclusive right to sell, use, and manufacture the patented article. The District Court could apply some of these ideas to one of the proposed solutions discussed in the next section.

X. PROPOSED JUDICIAL SOLUTIONS

The issue presented in the Apple litigation is likely to be repeated at some point in the near future. If Congress fails to amend Section 289, there are four ways in which the courts, in later decisions, could clarify the issue.

226 Id.
227 Id.
228 Id. (Use of the word ‘reasonable’ rather than ‘market value’ or ‘fair value.’).
230 Id.
231 Arguments can be made that when the government infringes on a patent and grants a compulsory license, the holder of the patent will have a new stream of revenue and thereby will benefit from the compulsory license. For a deeper analysis, see Amanda Mitchell, Tamiflu, the Takings Clause, and Compulsory Licenses: An Exploration of the Government’s Options for Accessing Medical Patents, 95 CAL. L. REV. 535, 542 (2007).
233 Prior to the Supreme Court ruling in Samsung v. Apple, numerous design patent cases dealt with substantially the same issue in the Federal Circuit and came to different conclusions. See Lucent Techs., Inc. v. Gateway, Inc., 580 F.3d 1301 (Fed. Cir. 2009); Nike Inc. v. Wal-Mart Stores, Inc., 138 F.3d 1437 (Fed. Cir. 1998).
234 See discussion supra Sections X(A), X(B), X(C), and X(D). Additionally, the District Court could adopt an approach in Apple.
A. The Bottom Line Approach—Federal Circuit’s Holding

The first solution can be called “the bottom line approach.” The Supreme Court could take a very harsh stance against an infringer and award the plaintiff every penny of profit the defendant derived from the sale of each device that contained any design patent owned by the plaintiff. This would involve a very simple and straightforward one-part test. The only question that would be asked is: Does the product in question contain any component, regardless of how small, that violates an existing design patent?235 The plaintiff would have the burden to show the existence of a valid and active patent, and that the article in question either contains or uses the patented component.236 If the plaintiff meets its burden, then the infringer is liable for any profit it earned by selling the product to its customers.237 If the Supreme Court implements this test, any existing patent would be strengthened because a company or individual would think twice before manufacturing a product that comes very close to infringing on an existing patent in fear that all profits would be lost.238

This test would apply Apple’s narrow interpretation of Section 289.239 Apple argued that a final product is simply one article of manufacture, not a composite of hundreds or thousands of individual articles of manufacture.240 Under Apple’s interpretation of article of manufacture, because three design patents were infringed and included in Samsung’s final product, Samsung should be “liable to [Apple] to the extent of [Samsung’s] total profit.”241 However, Samsung argued, in both its brief to the Supreme Court and during the oral arguments, that the final product can contain hundreds or thousands of articles of manufacture, and thus, the award of total profits would be inequitable.242

In a case such as Apple, it is undeniable that both parties are

---

236 David Herr, et al., Declaratory Judgments—Patent Infringement—Burden of Proof, 29 (3) FED. LITIGATOR 5 (providing that the burden of proof is on the plaintiff patent holder, even in declaratory judgment actions).
237 Id. (plaintiff carries the burden of proof).
238 Halo Elecs. Inc. v. Pulse Elecs. Inc, 136 S. Ct. 1923 (2016) (holding that enhanced damages may be “justified where the infringer acted deliberately or willfully”).
239 Brief for Respondent, supra note 14.
240 Brief for Petitioner, supra note 13; Brief for Respondent, supra note 14.
242 Brief for Petitioner, supra note 13, at 44.
large, international, sophisticated companies. Apple alone has over 500 in-house attorneys. With the legal resources of each corporation so large, each is unquestionably aware of the patents owned by their competitors. Thus, if one of the two companies creates a product, a component of which infringes one or more patents of its direct competitor, it is not an oversight. Although it is possible that a company may believe that its product or feature is not infringing the patent, it is likely to be aware of the existence of a substantially similar product or feature, which is patented. Considering that a company like Samsung is undisputedly a sophisticated manufacturer, it has the resources to safeguard itself against a potential infringement of another’s patents. An infringement of a direct competitor’s patent is no mistake, but is highly likely to be known. This knowledge supports the imposition of a heavy penalty on the infringer. If the infringer’s bottom line is impacted, by penalizing the infringer to the extent of his total profits and possible punitive damages, there is a larger deterrence factor in the future.

This approach, applied by the Federal Circuit in Apple Inc., can have weighty and seemingly unfair ramifications. This ruling can be used as precedent to hold “an automobile manufacturer . . . liable for its entire profits from a particular car model if that model contained, say, an infringing tail light.” In the wake of Apple Inc.,

---


245 The filing of a patent requires a thorough research of prior art. That research reveals patents, which are similar in nature to the research.

246 *Id.*

247 *Id.*

248 *See supra* note 243 for Samsung’s market value.

249 Prior art searches are conducted by patent attorneys on a regular basis to check whether new concepts infringe on already existing patents.

250 Kemp v. American Tel. & Tel. Co., 393 F.3d 1354 (11th Cir. 2004) (discussing the general concept of money damages as a deterrent to corporations).

251 Apple Inc. v. Samsung Elec., 786 F.3d 983, 1001 (Fed. Cir. 2015).

252 Not based on an actual case, this is an illustrative example of the potential ramifications of applying this test. Jason Rantanen, *Apple v. Samsung: Design Patents Win*, Rogowski: Design Patent Infringement
high damage claims are going to be much more credible.\textsuperscript{253} Upholding the Federal Circuit’s ruling will open floodgates to litigation.\textsuperscript{254} A higher award in successful litigation is likely to motivate patentholders to file suit when they believe their patents are being infringed.\textsuperscript{255}

A. Fairness and Equity Approach

The second approach is a fairer and more reasonable option. Upon a finding of infringement of a design patent, the court would look at the final article of manufacture and evaluate the proportion of the total article, which infringes on the design patent.\textsuperscript{256} For example, if the final article is made up of 100 smaller articles, each covered by its own patent, and three of those smaller articles are infringed patents, the total damages will be closer to three percent of the total profits earned by the patent infringer.\textsuperscript{257} Under this approach, an exception would have to be made in situations where the infringed articles disproportionately contribute to the success of the product.\textsuperscript{258} If the exception were to apply, the plaintiff would have the burden to show the disproportionate effect of the article in question on the end product.\textsuperscript{259}

A main idea behind capitalism is that an individual creates a product, invests his or her time and money in it and, assuming there is market demand for it, receives a return on investment.\textsuperscript{260} It would be contrary to our economic system for one company to profit from a product, or component of a product, which the company did not create, manufacture, invest in, or take a risk in.\textsuperscript{261} Simply put, this approach would avoid unjust enrichment for the patent holder who could potentially see financial rewards for articles he did not cre-

\textsuperscript{253} Id.
\textsuperscript{254} See supra note 18 and accompanying text.
\textsuperscript{255} Considering the high expense of litigating patent cases, the award for successful litigation must be high enough to make the litigation worthwhile and profitable.
\textsuperscript{256} See supra note 13 and accompanying text.
\textsuperscript{257} See supra note 13 and accompanying text.
\textsuperscript{258} See infra note 287.
\textsuperscript{259} See supra note 236.
\textsuperscript{260} See supra note 201.
\textsuperscript{261} An important exception here is using articles, which are in the public domain.
In *Apple*, there is no question that Samsung infringed on three patents owned by Apple in the manufacture and sale of eighteen smartphones. The District Court, in analyzing the amount of damages Apple should be entitled to, would have to determine the proportion of components in Samsung’s smartphone to the infringed components to determine the value of the patents that Samsung infringed. Once the value is determined, Samsung would be liable to Apple only for the value of the patents actually infringed. This is a fairer and more equitable resolution because although three design patents were infringed, Samsung’s final product contained hundreds, if not thousands, of components that were not copied. All of those components cost millions of dollars to develop and manufacture, as well as countless time spent by hundreds of developers and manufacturers to create. If Apple was entitled to receive all profits for the smartphone containing the infringed patents, Apple would be receiving profits for which it neither developed nor invested time or money.

**B. Compulsory License Approach**

A third approach would be a court-mandated retroactive licensing agreement. A licensing agreement would force the infringer to pay a fair and reasonable fee to the infringed party, starting with the date of the first infringement. This approach is currently utilized in lawsuits where the federal government or a government con-

---

262 Avoiding unjust enrichment is generally a contract law issue, governed by state law. § 4:15. *Unjust Enrichment—Limitations on Application*, 28 N.Y. PRAC., CONTRACT LAW § 4:15. However, an unjust enrichment claim may be preempted by federal law. § 4:15. *Id.* See *Ultra-Precision Manufacturing, LTD. v. Ford Motor Company*, 411 F.3d 1369 (Fed. Cir. 2005) (providing an example of preemption of a state unjust enrichment claim by federal patent law).

263 See generally *Apple Inc. v. Samsung Elec.*, 786 F.3d 983, 1001 (Fed. Cir. 2015).

264 See *supra* note 13 and accompanying text.

265 See *supra* note 13 and accompanying text.

266 *Apple*, 786 F.3d at 1001.

267 Fred Vogelstein, *supra* note 194 (“By January 2007, they’d all worked sixty-to-eighty-hour weeks for fifteen months—some for more than two years—writing and testing code, negotiating software licenses, and flying all over the world to find the right parts, suppliers, and manufacturers.”).

268 Arguably, some of these damages could be considered punitive in nature.

269 This approach is similar to that of 28 U.S.C.A. § 1498 (1948).
tractor infringes on a patent.\textsuperscript{270} If a patent is “used or manufactured by or for the United States without license of the owner . . . the owner’s remedy shall be by action against the United States in the United States Court of Federal Claims for the recovery of his reasonable and entire compensation for such use and manufacture.”\textsuperscript{271} In such circumstances, the government is permitted to continue to use the patent subject to the compulsory license.\textsuperscript{272} However, the government will have to properly compensate the patent holder for the use of his invention.\textsuperscript{273}

The compulsory license approach has also been recently used internationally in situations where the government needs to use a patented drug whose price is too steep.\textsuperscript{274} For example, in Thailand, between 2006 and 2007, two compulsory licenses were issued by the public health authorities “on AIDS drugs and one on clopidogrel bisulfate (Plavix), a major cardiovascular treatment.”\textsuperscript{275} In the United States, a compulsory license threat was issued against pharmaceutical company Bayer as a result of the Anthrax scare.\textsuperscript{276} The United States intended to “stockpile . . . ciprofloxacin (Cipro) . . . as a defense against anthrax.”\textsuperscript{277} Before the government moved to do so, Bayer negotiated with the government and lowered the price of Cipro to avoid the compulsory license.\textsuperscript{278} However, the government’s use of a compulsory license for a lifesaving drug to benefit the general welfare and health of its citizens is distinguishable from a potential compulsory license on a design patent of an article that is used to manufacture a smartphone.\textsuperscript{279}

Under this approach, there would be little deterrence for com-

\textsuperscript{270} 28 U.S.C.A. § 1498 (1948).
\textsuperscript{271} Id.
\textsuperscript{272} Id.
\textsuperscript{273} Id.
\textsuperscript{277} Id.
\textsuperscript{278} Id.
\textsuperscript{279} Currently, in the United States compulsory licenses for patents are limited to government use. Technically, a license is not provided to the United States government for its use of a patented article, but rather the United States pays the patent holder compensation equivalent to the lost profits or reasonable royalties. See 28 U.S.C. § 1498 (2006).
panies and individuals to infringe patents. They would likely choose to infringe on the patents, and if the patent owner decided to engage in costly litigation, they could simply pay the patents’ fair market-value. Additionally, a company would engage in a cost-benefit analysis, and if the cost of a compulsory license outweighed the cost to innovate and manufacture an alternate, non-patent infringing, article, it would simply choose to infringe on the patent. Furthermore, this approach would violate the basic goal of patent law, which is to create a monopoly for the patent-holder.

This licensing agreement would allow Samsung to retroactively use the three design patents owned by Apple, but it would be forced to pay. The court would use available data and expert testimony to determine the value of each of the three Apple design patents. Once a value is determined, Samsung would be forced to pay the fair value of the compulsory license.

C. The Customer Demand Approach

A fourth approach focuses on customer demand. The Supreme Court could grant certiorari for cases where only a small percentage of all components of the final product, rather than the entire product, infringes on existing patents; thus, it is important for the courts to consider the customer’s perspective. Damages equivalent to the size of total profits under Section 289 should be available for the entire end-product “if the patented design is substantially the basis for customer demand for the entire article.”

A judicially created extension of damages for utility patents

281 This is a similar concept as in 28 U.S.C.A. § 1498 (1948).
283 See supra note 2 and accompanying text.
285 This is necessary in order to determine the proper value, as in 28 U.S.C.A. § 1498 (1948).
286 Id.
could be applied to design patents. 288 This “entire market value rule” for utility patents is best explained by Cornell University v. Hewlett-Packard Co. 289

(1) The infringing components must be the basis for customer demand for the entire machine including the parts beyond the claimed innovation, (2) the individual infringing and non-infringing components must be sold so that they constitute a functional unit or are parts of a complete machine or single assembly of parts, and (3) the individual infringing and non-infringing components must be analogous to a single functioning unit. 290

Thus, if the customer purchases a product primarily for the components, which were protected by the infringed patent, the patent-holder would be entitled to the entire market share, or the entire profit, of the given product. 291 Furthermore, the infringing component must be a part of the completed end-product, rather than a separate article, and serve as a single functioning unit. 292

This approach would resolve the hypothetical presented in Subsection A, where an automobile manufacturer would be liable for the entire profits of a specific car model that infringed on a patent for a tail light. 293 In that hypothetical, analyzed under this approach, the question would be whether the tail light in that specific car model was a substantial factor in the customer’s purchasing of the car model. 294 If the answer was in the affirmative, then the patent holder would be able to recover the entire sum of the profits received by the automobile manufacturer for the sale of the product which contained the infringed patent. 295 If, however, the answer was no, then the patent holder would only be entitled to a small portion, apportioned to

288 Id.
290 Id.
291 Id.
292 Id.
293 See supra note 104 and accompanying text.
294 See supra note 104 and accompanying text.
295 See supra note 104 and accompanying text.
the significance of the tail light to the car model as a whole.\textsuperscript{296} The burden of proof would be on the plaintiff to prove that the customer demand for the product was substantially based on the infringing component.\textsuperscript{297} To satisfy the substantial standard, the court should apply the “but-for” test, by determining whether but for the infringing component the consumer would not have purchased this product.\textsuperscript{298}

This approach can be used to analyze the Apple case. Samsung argued in its brief, “[T]he undisputed evidence in the record shows that consumers purchased Samsung and other Android phones overwhelmingly because of their functional, non-design features.”\textsuperscript{299} This argument directly fulfills factor one of the entire market value rule established in Cornell University.\textsuperscript{300} Further citing Apple’s market data, Samsung argued that “a phone’s ‘design’ in general was a reason for only 1% of Apple purchases and 5% of Android purchases, far below other considerations such as services, multimedia functions, ease of use, and brand.”\textsuperscript{301} If the District Court were to approve the facts presented by Samsung, as it should, considering Apple failed to rebut them, then under the “entire market value rule,” as explained in Cornell University, Samsung’s device would not meet the first requirement that “the infringing components must be the basis for customer demand for the entire machine including the parts beyond the claimed innovation.”\textsuperscript{302}

\section*{XI. PROPOSED CONGRESSIONAL SOLUTIONS}

Congress passed 35 U.S.C. § 289 on July 19, 1952.\textsuperscript{303} As with any statute, Congress has the power to amend, repeal, or replace it.\textsuperscript{304} In order to provide clarity in future cases involving complex litigation dealing with patent infringement in multicomponent products,

\begin{footnotesize}
\begin{enumerate}
\item \textit{See supra note 104 and accompanying text.}
\item \textit{See supra note 236.}
\item \textit{See supra note 287 and accompanying text.}
\item \textit{Brief for Petitioner, supra note 13, at 9.}
\item Cornell University, 609 F. Supp. 2d 279.
\item Brief for Petitioner, supra note 13, at 10.
\item Cornell University, 609 F. Supp. 2d at 286.
\item That power even extends to constitutional amendments. For example, Congress passed the 18\textsuperscript{th} Amendment prohibiting the sale of alcohol on December 18, 1917. In 1933, Congress repealed it by passing the 21\textsuperscript{st} Amendment.
\end{enumerate}
\end{footnotesize}
Congress could clarify Section 289.\textsuperscript{305} Section 351 is the definitional section, which could be amended to add a narrower definition of the phrase article of manufacture.\textsuperscript{306} Alternatively, 35 U.S.C. § 289 could be amended with language narrowing the definition of article of manufacture.\textsuperscript{307}

All federal laws are drafted and passed by the United States Congress;\textsuperscript{308} Section 289 is no different.\textsuperscript{309} The province of the courts is to interpret laws, not to write or amend the laws.\textsuperscript{310} The issue exposed by \textit{Apple} is one which requires the law to be amended, not interpreted. As time progresses, so does technological innovation.\textsuperscript{311} Patented articles become more complex, involve more components, and the number of patents on each article increases as well.\textsuperscript{312}

Congress should seek to balance the interests of all parties.\textsuperscript{313} The patent holder, under current federal legislation, possesses the exclusive right to manufacture, sell, and use its patented article.\textsuperscript{314} That right, which is the keystone of patent law, must be kept strong.\textsuperscript{315} Otherwise, the monopoly, which drives up financial benefits for the patent holder, will be diminished, leading to fewer rewards for the innovation, which in turn slows down the wheels of progress and innovation.\textsuperscript{316} Equally important, the public’s interest must be taken

\textsuperscript{305} Congress could simply amend the definitional section of Title 35 to include article of manufacture.

\textsuperscript{306} \textit{Id}.

\textsuperscript{307} \textit{Id}.

\textsuperscript{308} U.S. CONST. art. I, § 1 (“All legislative Powers . . . shall be vested in a Congress of the United States . . .”).

\textsuperscript{309} 35 U.S.C. § 289 was passed by the United States Congress as part of the Patent Act of 1952.

\textsuperscript{310} See Marbury v. Madison, 5 U.S. 137 (1803).

\textsuperscript{311} Tom Warren, \textit{iPhone: A Visual History}, THE VERGE (Sep. 9, 2014), http://www.theverge.com/2014/9/9/6125849/iphone-history-pictures (providing that every new release of a smartphone brings new features, new designs, each more complex).

\textsuperscript{312} In 2015, Apple was awarded 1,938 patents; in 2016, Apple was awarded 2,102 patents. http://www.ificlaims.com/index.php?page=misc_top_50_2016.

\textsuperscript{313} Abbott Laboratories v. Sandoz, Inc., 544 F.3d 1341, 1362 (Fed. Cir. 2008) (providing an example of Congress’s balancing the interests for the statutory period of exclusivity).


\textsuperscript{315} Kendall v. Winsor, 62 U.S. 322, 327-28 (1858) (discussing the concept that the monopoly provided to the patent holder benefits both the inventor and the public or community at large).

into consideration. Congress, by giving the patent holder a monopoly, has already determined that the public will be served well when one individual or corporation holds the exclusive right to manufacture. Rewarding the patent holder with the full value of lost profit will not have a negative impact on the public. Furthermore, any member of the public might be the next inventor who will demand appropriate damages if his invention is infringed.

A congressional amendment would provide clarity for future similarly situated parties. There would no longer be a need for the Supreme Court, or any other court, to struggle with defining this key phrase, which would be determinative in deciding multi-million dollar design patent infringement litigations. A body of legislators, elected by the People, is the appropriate venue for amending federal law, not a body of nine unelected individuals who are not representative of the Nation.

XII. Conclusion

If there is a patent, which is infringed, the patent holder is entitled to damages from the infringer. That simple notion grows extremely complex when dealing with multicomponent products, such

encourages and fosters innovation in this country.

Kendall, 62 U.S. at 327-28. (“It is undeniably true, that the limited and temporary monopoly granted to inventors was never designed for their exclusive profit or advantage; the benefit to the public or community at large was another and doubtless the primary object in granting and securing that monopoly.”).

318 Id.

319 35 U.S.C. § 289 (2006) (providing that the total amount of profits in case of infringement is appropriate, thus showing congressional thinking that the awards of total profits will not negatively impact society).


321 A clear statute would eliminate any argument between the parties as to what the law actually is.

322 U.S. Const. art III, § 2 (establishing a case and controversy requirement, which would be nonexistent if a clear and unambiguous statute existed on this issue).

323 Marbury v. Madison, 5 U.S. 137, 170 (1803) (“Questions, in their nature political, or which are, by the constitution and laws, submitted to the executive, can never be made in this court.”).

as smartphones. The appropriate amount of damages that the patent holder is entitled to is an open question.

In a heavily anticipated ruling, the Supreme Court took a very limited approach to the question regarding appropriate damages for design patent infringement under Section 289. Simply, the Supreme Court held that the Federal Circuit’s narrow interpretation of Section 289 was not correct. The Court held that “the term article of manufacture is broad enough to encompass both a product sold to a consumer as well as a component of that product.”

The Court’s unanimous decision declined to establish a test in cases dealing with Section 289 damages, and remanded the case to the Federal Circuit. Further, rather than narrow the definition to provide clarity to lower courts, the Court broadened the definition. In turn, the Federal Circuit held that the district court is best able to handle the issues at hand, and expressly gave the district court the “opportunity to set forth a test for identifying the relevant article of manufacture” under Section 289. It is up to the District Court for the Northern District of California to be the leader in formulating the test, consistent with the Supreme Court’s decision in cases of design patent infringement in multicomponent devices.

Today, because of the Supreme Court’s ruling, we know what an article of manufacture is not. An article of manufacture is not always the finished end-product, nor is it always just a component of the finished end-product. Without a test established by the Supreme Court dealing with Section 289 damages, lower courts will continue to struggle with awarding appropriate damages.

326 Id.
327 Id.
328 Id.
329 Id. at 435.
330 Apple, 137 S. Ct. 429.
331 Id.
333 Id.
334 Apple, 137 S. Ct. 429.
335 Id.
Without congressional action, the District Court for the Northern District of California should adopt the customer demand approach. If the plaintiff is able to carry the burden of proving to the fact finder that the sale of defendant’s product was fueled substantially by a component, which infringes on the plaintiff’s patent, the plaintiff should be entitled to the sum of the total profits of the defendant. The court should carry over the “entire market value rule” from utility patents as elaborated by Cornell University. Apportionment in complex devices, such as a smartphone, would be a futile task for a jury. The need for clarity, simplicity, and deterrence makes the “entire market value rule” the ultimate test that the District Court should apply, and ultimately that the Supreme Court should adopt. Until a specific test is adopted for this issue, there is guaranteed to be confusion, uncertainty, venue shopping, and a whole lot of lawyering.

in *Apple* held that the term article of manufacture is “broad enough to embrace both a product sold to a consumer and a component of that product,” the Federal Circuit went on to say that the Supreme Court did not establish a test for the Circuit to follow. *Id.* Here, one party argued that the entire dock leveler at issue is the proper relevant article of manufacture. *Id.* The other party argued that the relevant article of manufacture is a smaller component of the end-product (the “lip and hinge plate,” rather than the entire dock leveler). *Id.* The Federal Circuit, not having a test to follow, remanded the case to the District Court to “revisit and restructure its jury instructions” for appropriate damages under Section 289. *Id.*

337 *See supra* note 291 and accompanying text; *Cornell University*, 609 F. Supp 2d at 286-87.

338 *i4i Ltd. Partnership v. Microsoft Corp.*, 598 F.3d 831 (Fed. Cir. 2010) (providing an example of a dispute regarding the amount of damages for the infringement of a patent for a “method and system for manipulating the architecture and the content of a document separately from each other.” U.S. Patent 5,787,449 (issued July 28, 1998)).

339 *See supra* text accompanying notes 1-21.