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# Supreme Court Agrees to Review Design Patent Infringement Damages

BY [TIMOTHY COUGHLIN](#) / ON APRIL 16, 2016

On May 15, 2015, the United States Court of Appeals for the Federal Circuit (The Federal Circuit) handed down its decision in *Apple, Inc. v. Samsung Elecs. Co.* The court held that Samsung's mobile phones had infringed two of Apple's design patents for the iPhone series of products, D593,087, which claims some ornamental design regarding the iPhone bezel, and D604,305, which claims the ornamental design of the GUI (graphical user interface). The Federal Circuit invoked 35 U.S.C. § 289, which states:

"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....*"

The Federal Circuit held that Apple was entitled to the total profit Samsung had earned in selling the infringing products, a \$548 million verdict. The holding indeed did not fall on deaf ears, as shown by public outcry from large corporations, such as Google and Facebook, declaring that the damages rule set forth by the Federal Circuit creates an unprecedented windfall to a plaintiff and should be reconsidered. The "total profit" rule allows patent holders to automatically reap the cost and labor benefits of hundreds of noninfringing utility patents upon a showing of one infringing design patent attributed to the same product.

As compared to the damages received for the infringement of utility patents, a plaintiff is limited to lost profits: the amount of money the patent owner lost due to the infringement. However, this "but-for" causation is difficult to prove considering a plaintiff must show an absence of noninfringing substitutes. Essentially, a plaintiff is required to show that no other competitor's products would have been able to "grab" a portion of the market if the defendant did not exist; a difficult feat in today's competitive cell phone market. When not able to meet the high standard of lost profits, reasonable royalties may be granted, assuring that the patent holder does not go home empty-handed. Reasonable royalties award a plaintiff the market-dictated rate based on hypothetical licensing agreements between the patent holder and infringer. In other words, a plaintiff is entitled to profits attributed to the infringed patent in light of the infringing product's overall inventive aspects.

Utility patents have traditionally been viewed as the more useful type of patent, allowing an inventor to claim functions, methods, and compositions of matter, much more than mere ornamental features claimed in design patents. Why, then, should the more complex utility

patent be given less value than a design patent (as shown by the aforementioned discrepancy in available remedies) in the context of infringement?

On March 18, 2016, ten months after the Federal Circuit decision, the Supreme Court heeded Samsung's appeal and decided to address the issue of damages by granting certiorari. Very notably, this will be the first design patent case that the Supreme Court has taken in over a century. Similarly so, the Supreme will need to clarify whether the doctrine surrounding § 289, which has remained largely untouched since its enactment, should apply in today's modern world of increased patent complexity.

The main concern is that the total profit damages rule—which would have been justified in the 1800's in simple instances where an invention is attributed a handful of patents and most inventions were of the mechanical nature—is not reasonably applicable to contemporary products who each may have the rights to hundreds of utility patents. The Supreme Court will determine whether traditional interpretations of § 289 stands the test of time, or if legislative intent inferred from a long-forgotten Congress is replaced by progressive concepts of reasonable damages to better suit an ever more technologically innovative world.

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