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# Is it All or Nothing?: *Samsung Elecs. Co., Ltd. v. Apple Inc.*

VICTORIA E. THORNTON\*©

In *Samsung Electronics Co., Ltd. v. Apple Inc.*,<sup>1</sup> the Supreme Court was tasked to find whether 35 U.S.C. § 289 of the Patent Act, covering remedies for infringement of a design patent, incorporated both the distinct parts of a protected device and also the complete, shelf-to-consumer product ready for sale.<sup>2</sup> In a short opinion, the Court held that section 289 does in fact contemplate that fragments *can* be the relevant “article of manufacture” for purposes of damage allocation and therefore, the patent holder will not in every circumstance be awarded a disgorgement of the total profits the infringer has received as a result of selling the complete device.<sup>3</sup> The Court then remanded the case back to the Federal Circuit to decide what the relevant “article of manufacture” was for purposes of damage calculation.<sup>4</sup>

The Court reached the correct decision in this case because it chose to focus on the specific meaning of the words in section 289, without unduly manipulating or overcomplicating the analysis. Moreover, the decision to broadly construe the Patent Act was firmly rooted in precedent; the Court wisely considered its prior rulings on design infringement and reiterated that these decisions formed the basis of section 289. However, despite the Court’s direction being correct, ultimately, the decision left a lot to be desired. The opinion neglected to provide a test concerning

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<sup>1</sup> *Samsung Elecs. Co., Ltd. v. Apple Inc.*, 137 S. Ct. 429 (2016).

<sup>2</sup> *Samsung*, 137 S. Ct. at 429.

<sup>3</sup> *Id.* at 436.

<sup>4</sup> *Id.*

how exactly future courts are supposed to determine the relevant “article of manufacture,” engendering legal uncertainty in a field that already struggles to keep pace with burgeoning technological development.

## I. THE CASE

In 2011, Apple Inc. successfully sued Samsung Electronics Co., Ltd. for infringing several patents, specifically those related to the appearance of the iPhone device.<sup>5</sup> Design patents D593,087, covering the raised rim of the device, round corners and the rectangular front; D618,677 covering its black, rectangular front face and rounded corners; and D604,305 covering 16 chromatic icons arranged in a grid were all found to have been infringed.<sup>6</sup> The jury awarded Apple millions in damages for the infringement, which represented the *total profits* Samsung had made from the sale of these devices.<sup>7</sup> Samsung subsequently appealed to contest the amount of the award, stating that Apple should not be entitled to its total profits from the sale of the products.<sup>8</sup> The Federal Circuit rejected this apportionment view, subscribing to a perspective that “[t]he innards of [petitioner’s] smartphones were not sold separately from their shells as distinct articles of manufacture to ordinary purchasers,” thus, concluding that Apple should be entitled to Samsung’s entire profits.<sup>9</sup>

Therefore, the dispute before the Supreme Court derived from a textual interpretation issue concerning the language in section 289 of the Patent Act. The Act specifies that patent holders shall be protected from design

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<sup>5</sup> *Apple Inc. v. Samsung Elecs. Co., Ltd.* 786 F.3d 983 (Fed. Cir. 2015), *rev’d and remanded*, 137 S. Ct. 429 (2016).

<sup>6</sup> *Samsung*, 137 S. Ct. at 433.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.* at 434.

<sup>9</sup> *Apple Inc.*, 786 D.3d 983 at 1002.

infringement over “any article of manufacture for the purposes of sale.”<sup>10</sup> The Act furthermore, continues that the owner of the design shall be entitled to “the extent of his [the infringer’s] total profit.”<sup>11</sup> At trial, Samsung argued that in order to properly calculate damages, the focus should be limited to the precise “article” that the design in question was applied to, not the entire device.<sup>12</sup> However, Apple had once again argued that because a product like a smartphone cannot be severed and sold separately by its parts alone, the relevant “article” must be the entire device.<sup>13</sup>

Without getting overly technical with its analysis, the Court relied heavily on the dictionary to clarify the statutory language.<sup>14</sup> In addition, the Court posited that the history behind section 289 was predominately based off its prior rulings that preferred severability, or the “apportionment method” to allocate damages.<sup>15</sup> In light of this perspective, the Federal Circuit’s reading of the Act was considered to be uncompromisingly narrow and inflexible.<sup>16</sup> The Court found that when it comes to the involvement of design patents covering multicomponent products, the statutory language “article of manufacture” is applicable both to fragmentary parts of the device, as well as the body of the completed product ready to hand over to consumers.<sup>17</sup> The Supreme Court reversed and remanded this case for further proceedings,<sup>18</sup> and after seven years of going back and forth

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<sup>10</sup> 35 U.S.C. § 289 (2012).

<sup>11</sup> *Id.*

<sup>12</sup> *Samsung*, 137 S. Ct. at 434.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.* at 434.

<sup>15</sup> *See Id.* (“The text resolves this case. The term ‘article of manufacture,’ as used in § 289, encompasses both a product sold to a consumer and a component of that product.”).

<sup>16</sup> *Id.*

<sup>17</sup> *See supra* note 15.

<sup>18</sup> *Samsung*, 137 S. Ct. at 431.

in the courts, the parties have finally settled over the matter for an undisclosed value.<sup>19</sup>

## II. LEGAL BACKGROUND

Interpretations of section 289 of the Patent Act have oscillated since its original codification. Where some courts interpreted the statutory language in such a way to favor the patent holder by granting full damages, others reasoned that it should not be a windfall against the infringing manufacturer. Section II.A discusses design infringement, Section II.B discusses how courts once conceptualized the way in which damages ought to be calculated and finally, Section II.C describes the history behind the formation of section 289.

### A. Who's Looking, and at What?

In 1871, it was imperative for the Supreme Court to clearly define the scope of what a design patent covered.<sup>20</sup> In a seminal case, *Gorham Co. v. White*,<sup>21</sup> two manufactures produced strikingly similar silverware. Both parties had argued over how similar a design needed to be to incur an actionable, infringing offense.<sup>22</sup> The Court reasoned that, notwithstanding an expert's keen eye, an infringement only occurs when lay consumers are unable to distinguish one brand from the other.<sup>23</sup> Specifically, "that if, in the eye of an

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<sup>19</sup> Stephen Nellis, *Apple, Samsung settle U.S. patent dispute*, REUTERS, (Jun 27, 2018) <https://www.reuters.com/article/us-apple-samsung-elec/apple-samsung-settle-u-s-patent-dispute-idUSKBN1JN2S4>.

<sup>20</sup> *Gorham Mfg. Co. v. White*, 81 U.S. 511 (1871).

<sup>21</sup> *Gorham*, 81 U.S. at 511.

<sup>22</sup> *Id.*

<sup>23</sup> *Id.* at 528 ("Experts, therefore, are not the persons to be deceived. Much less than that which would be substantial identity in their eyes would be undistinguishable in the eyes of men generally, of observers of ordinary

ordinary observer . . . the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other.”<sup>24</sup> Thus, the Court decided that the test should focus upon the point of view of the consumer, rather than a specialist trained in the relevant field.<sup>25</sup> The reasoning behind this conclusion was that an expert would always discover some sort of discrepancy no matter what, as no two items could ever be exactly alike.<sup>26</sup> The Court explained that “[t]here never could be piracy of a patented design, for human ingenuity has never yet produced a design, in all its details, exactly like another—so like that an expert could not distinguish them.”<sup>27</sup>

Many years later, the Supreme Court’s holding in *Gorham* remained the standard for considering when a design had been infringed, but the scope of the test became more sophisticated with time. In 2008, the Federal Circuit in *Egyptian Goddess, Inc. v. Swisa, Inc.*<sup>28</sup> dealt with a design infringement case where the creator of a nail buffer sought to enforce its design patent against its competitor. In considering if there had been an infringement, the Federal Circuit took into consideration that products sitting on the market do not just appear on the shelves, isolated and without any relation to all of the other similar products that surround it.<sup>29</sup> Rather, that the ordinary observer looking at

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acuteness, bringing to the examination of the article upon which the design has been placed that degree of observation which men of ordinary intelligence give. It is persons of the latter class who are the principal purchasers of the articles to which designs have given novel appearances, and if they are misled, and induced to purchase what is not the article they supposed it to be.”)

<sup>24</sup> *Id.*

<sup>25</sup> *See supra* note 22.

<sup>26</sup> *Gorham*, 81 U.S. at 528.

<sup>27</sup> *Id.*

<sup>28</sup> *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665 (Fed. Cir. 2008).

<sup>29</sup> *Egyptian Goddess*, 543 F. 3d at 674.

the device amongst the “prior art,” would see what makes this particular device special or “novel” from all of the others enough to stand out and warrant patent protection.<sup>30</sup>

To illustrate the complexity of this standard, the court introduced the example of a woman shopping for clothes.<sup>31</sup> To an unfamiliar observer, a rack of dresses might appear to look substantially the same in design, however a familiar shopper would be well acquainted with the signature cuts, colors and styles relevant and popular in the “prior art” in order to know what dresses are stolen images or just creative variations. In particular, the Federal Circuit provided the following example:

prior to the conception of th[e] design there were in use and on sale very many similar garments, with variations in design so slight as to leave to the ordinary observer the impression of a very general resemblance, and we must assume that to womankind, who are the purchasers in the main of this class of garment, these various coincident forms of garments were known, and whether such purchasers would be deceived into taking the garments which are alleged to infringe for a garment of the patented design would necessarily depend largely upon that general knowledge.<sup>32</sup>

Therefore, rather than leaving the discussion about design infringement to what the *Gorham* Court left us many years ago in 1871, patent law incrementally evolved to address who

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<sup>30</sup> *Id.*

<sup>31</sup> *Id.* at 674-75.

<sup>32</sup> *Id.*

exactly is looking at the product, along with other vital considerations that must go into discerning if something has really been infringed.

### 1. *Apportionment Theory*

Even in modern patent jurisprudence it is clear that in the event a legitimate infringement is found, the patent holder has the opportunity to collect damages; yet, confusion has always persisted concerning exactly how to apply those damages.<sup>33</sup> While it may be simple to assign an award to manufactures who hold a patent covering a singular device, products, more often than not, are multifaceted—complete with various, functioning parts. Because this process of figuring out how to separate the “article” in these particular cases has traditionally been so difficult, patent holders generally were “able to recover the infringer’s profits on the entire device, despite the fact that the design patent was limited to a portion of the device.”<sup>34</sup> This broad method of applying damages often furnished a “windfall” to patent holders.<sup>35</sup>

Yet, despite the confusion amongst courts, history seemed to favor an “apportionment” approach, or rather, granting patent holders damages only from the specific component of their device that was actually infringed. A notable example of this is seen in the *Piano* cases, *Bush & Lane Piano Co. v. Becker Bros* I and II.<sup>36</sup> In 1913, looking to the “ordinary observer” and “prior art” standards, the district court for the Southern District of New York found that the defendant, a manufacturer of pianos, had infringed the

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<sup>33</sup> Thomas J. Daly & Katherine Quigley, *Patent Infringement as Applied in Samsung v. Apple*, 40 L.A. LAW. 10 (2017).

<sup>34</sup> *Id.*

<sup>35</sup> *Id.*

<sup>36</sup> *Bush & Lane Piano Co. v. Becker Bros.*, 209 F. 233 (S.D.N.Y. 1913), *rev'd*, 222 F. 902 (2d Cir. 1915).

plaintiff's designs on the outer body of their pianos.<sup>37</sup> Though, instead of damages being awarded just for the outer decorative casing, the court granted damages over the entire instrument.<sup>38</sup> On the first appeal, the Second Circuit rejected this conclusion and highlighted an important distinction: "what [the] [Plaintiff] invented was a piano case, not a piano. He received a patent for a 'piano case' and not for a piano, but he has recovered the profits on 958 pianos."<sup>39</sup> Thus, apparently deciding not to overcomplicate the matter, the Second Circuit reasoned that the plaintiff received an unjust windfall. Particularly, that "[he has] been awarded the profits on the piano proper, for which it holds no patent, when its recovery should have been confined to the part which alone is covered by the claim of its patent."<sup>40</sup> This discussion ultimately lead to the conclusion of the dispute on the second appeal, where the Second Circuit finally decided that "the ends of justice are best served by *apportioning, and thus separating, profits* which were derived from the investment in infringement."<sup>41</sup>

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<sup>37</sup> *Bush*, 209 F. at 233.

<sup>38</sup> *Id.*

<sup>39</sup> *Bush & Lane Piano Co. v. Becker Bros.*, 222 F. 902 (2d Cir. 1915).

<sup>40</sup> *Id.* at 904.

<sup>41</sup> *Bush & Lane Piano Co. v. Becker Bros.*, 234 F. 79, 83 (2d Cir. 1916) (emphasis added).

## B. Forming a Rule

As a result of fear over disproportionate applications of patent protections for design infringements, finding a clear-cut way to guard against the uncertainty has remained an impetus for the Supreme Court to perfect an ideal test. In *Dobson v. Hartford Carpet Co.*,<sup>42</sup> a case about carpet designs, the Court affirmed the finding of a design infringement, but rejected the damage award.<sup>43</sup> The Court had found fault with the trial court's calculation method of taking the amount plaintiff *would have normally profited* off a typical sale of the product with the included design, rather than just the design itself.<sup>44</sup> The Court reasoned that there was simply no link between how much plaintiff typically received in the sale of each, whole carpet, and what the design itself *actually* enriched the defendant.<sup>45</sup> Instead, the Court decided that patent holders must provide proof that the profits the infringer received derived "due to" the design and not any other part or attribute.<sup>46</sup> In addition, the Court in *Dobson v. Dornan*<sup>47</sup> reached a similar conclusion, reasoning that "plaintiff[s] must show what profits or damages are attributable to the use of the infringing design."<sup>48</sup>

In summary, these *Dobson* cases subsequently became the foundation for damage allocation procedures and as a result, were largely codified in section 289 of the Patent Act.<sup>49</sup> Importantly, the decisions indicate, that early on, the Court had made up its mind that damages should only be linked to

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<sup>42</sup> *Dobson v. Hartford Carpet Co.*, 5 S. Ct. 945 (1885).

<sup>43</sup> *Dobson*, 5 S. Ct. at 949.

<sup>44</sup> *Id.* at 947.

<sup>45</sup> *Id.*

<sup>46</sup> *Id.*

<sup>47</sup> *Dobson v. Dornan*, 6 S. Ct. 946 (1886).

<sup>48</sup> *Id.* at 949.

<sup>49</sup> *Samsung Elecs. Co., Ltd. v. Apple Inc.*, 137 S. Ct. 429, 433 (2016).

what was actually taken or infringed, and to not default to the total value of the product sold to consumers.

### **C. Post-Dobson**

However, despite the Court's efforts in trying to provide a clear standard for damage allotment, the application of the interpretation still remained a complex and muddled issue nonetheless. The debate that persisted remained very technical; primarily hinging on whether the statutory language, "article of manufacture" could also incorporate an interpretation that meant just an aspect of the larger, complete whole of a multicomponent product for sale.

For example, in *Diamond v. Chakrabarty*,<sup>50</sup> the Court again reasoned that the statutory language ought to be interpreted broadly so to incorporate the intricate parts of a machine rather subscribing to a narrower method.<sup>51</sup> In addition, the United States Court of Customs and Patent Appeals in *Application of Zahn*,<sup>52</sup> further clarified and provided more structure to the interpretation, finding that "a design for an article of manufacture may be embodied in less than all" of the entire product for sale.<sup>53</sup> However, there were also many instances where it appeared as though courts pushed back against this interpretation, or manipulated how this rule ought to be applied.<sup>54</sup> In *Nike, Inc. v. Wal-Mart Stores, Inc.*,<sup>55</sup> the Federal Circuit stated that "apportionment" where "the patentee was required to show what portion of the infringer's profit, or of his own lost profit,

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<sup>50</sup> *Diamond v. Chakrabarty*, 447 U.S. 303 (1980).

<sup>51</sup> *Samsung*, 137 S. Ct. at 435 (citing *Diamond v. Chakrabarty*, 447 U. S. 303, 308 (1980)).

<sup>52</sup> *Application of Zahn*, 617 F.2d 261 (C.C.P.A. 1980).

<sup>53</sup> *Id.* at 267.

<sup>54</sup> See *Schnadig Corp. v. Gaines Mfg. Co.*, 620 F.2d 1166, 1171 (6th Cir. 1980), *Bergstrom v. Sears, Roebuck & Co.*, 496 F. Supp. 476, 495 (D.Minn. 1980).

<sup>55</sup> *Nike, Inc. v. Wal-Mart Stores, Inc.*, 138 F.3d 1437 (Fed. Cir. 1998).

was due to the design and what portion was due to the article itself,” was a relic of the past.<sup>56</sup> The court reasoned that the apportionment method “presented particularly difficult problems of proof for design patentees” and similarly portrayed the *Dobson* cases as the pinnacle of the issue.<sup>57</sup> It was then in 2015 that the Federal Circuit in *Apple Inc. v. Samsung Electronics Co., Ltd.* leading up to *Samsung Electronics Co., Ltd. v. Apple Inc.*, used this shifting momentum to similarly find that the apportionment process requiring patent holders to finely sparse out which part of their multicomponent products damages could derive from, was overly complex and chose to render the old interpretation obsolete.<sup>58</sup>

In addition to the confusion, Supreme Court rulings closely reflected such back and forth movement representative of the times as well. In 2015, the Court in *Nordock, Inc. v. Systems Inc.*,<sup>59</sup> considered the matter settled; “reiterat[ing] that apportioning profits in the context of design patent infringement is not appropriate.”<sup>60</sup> Particularly in this case, since the infringed design in question on a dock leveler was “welded” to the product and there was no evidence presented to prove the components were ever sold separately.<sup>61</sup> Notably, buttressing the Court’s decision was the Federal Circuit’s recent decision in *Apple* to do away with the ostensibly more complex way of damage apportionment.<sup>62</sup> Even still, the continuous oscillation in what method in allocation was the correct one has yet to come to a standstill. The Court in handling the primary case,

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<sup>56</sup> *Nike*, 138 F. 3d at 1441.

<sup>57</sup> *Id.*

<sup>58</sup> *Apple Inc. v. Samsung Elecs. Co., Ltd.*, 786 F.3d 983, 1001 (Fed. Cir. 2015).

<sup>59</sup> *Nordock, Inc. v. Sys. Inc.*, 803 F.3d 1344 (Fed. Cir. 2015).

<sup>60</sup> *Nordock*, 803 F. 3d at 1354.

<sup>61</sup> *Id.* at 1355.

<sup>62</sup> *Id.*

*Samsung Electronics Co., Ltd. v. Apple Inc.*, took a radical move to again shift back its opinion of how section 289 should apply, using the original *Dobson* cases that originally inspired the statute.<sup>63</sup>

### III. THE COURT'S REASONING

In *Samsung Electronics Co., Ltd. v. Apple Inc.*, the Supreme Court reversed the Federal Circuit in its refusal to reduce the damages awarded to Apple based on Samsung's sale of its entire smartphone with the infringed design.<sup>64</sup> In doing so, the Court concluded that the relevant statutory language that has long been under dispute, the "article of manufacture," is nothing more than an item that is either produced in a factory or handmade by the manufacturer.<sup>65</sup> Therefore, when the issue relates to design infringement that happens to be applied to the more complex, multicomponent products for sale, section 289 of the Patent Act may also cover each distinct aspect.<sup>66</sup> The Court's final decision, however, did not provide a test to precisely categorize the relevant "article" for purposes of damage allocation.

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<sup>63</sup> *Samsung Elecs. Co., Ltd. v. Apple Inc.*, 137 S. Ct. 429, 432-33 (2016).

<sup>64</sup> *Id.* at 434.

<sup>65</sup> *Supra* note 15.

<sup>66</sup> *Id.*

### A. Remembering Dobson's Rule

The Court began its analysis by teasing out the importance of patent protections that cover design, distinguishing it from other aspects of the product in question such as actual utility or functionality of the device.<sup>67</sup> Then, quoting the Act, the Court explained that “patent protection is available for a ‘new, original and ornamental design for an article of manufacture.’”<sup>68</sup> And, echoing the past, the Court explained that “a design patent is infringed ‘if, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same.’”<sup>69</sup>

The Court then highlighted that its prior decisions were consistent with the concept of apportionment.<sup>70</sup> Citing the *Dobson* cases, the Court showed that, in suits concerning design infringements in multicomponent products, it is customary to “construe[] the statute to require proof that the profits were ‘due to’ the design rather than other aspects of the carpets.”<sup>71</sup> Furthermore, it clarified that these prior decisions provided the guiding framework that was more or less the basis for the Patent Act currently under such intense debate and confusion.<sup>72</sup> Specifically, that it was “*in response* to the *Dobson* cases [that] Congress enacted a specific damages remedy for design patent infringement.”<sup>73</sup>

Moreover, section 289 requires that if an infringement is found, the infringer must be liable to the patent holder for the “extent of his total profit, but not less than \$250.”<sup>74</sup> Here, the Court became very technical with the actual meaning of

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<sup>67</sup> *Samsung*, 137 S. Ct. at 433.

<sup>68</sup> *Id.* at 432.

<sup>69</sup> *Id.*

<sup>70</sup> *Id.* at 432-33.

<sup>71</sup> *Id.* at 433.

<sup>72</sup> *Id.*

<sup>73</sup> *Samsung*, 137 S. Ct. at 433 (emphasis added).

<sup>74</sup> 35 U.S.C. § 289 (2012).

the word “total” and sought assistance from the American Heritage Dictionary, stating that “‘total’ of course, means all . . . the ‘total profit’ for which [section] 289 makes an infringer liable is thus all of the profit made from the prohibited conduct, that is, from the manufacture or sale of the ‘article of manufacture’ to which [the patented] design or colorable imitation has been applied.”<sup>75</sup> Thus, beyond laying the background information for the codification of the Act, the Court also stressed that the language itself was simple. As a result of this analysis, the Court reasoned that the proper method for damage calculation necessarily involves a two-step test. Courts must “first, identify the ‘article of manufacture’ to which the infringed design has been applied,” and “second, calculate the infringer’s total profit made on that article of manufacture.”<sup>76</sup>

Though, “[u]nder the former interpretation” of section 289, “a patent holder will always be entitled to the infringer’s total profit from the end product,”<sup>77</sup> the Court considered that the correct interpretation of the statute was to be much different. The Court reasoned that the term “article” really means nothing more than “just a particular thing” and that “manufacture” means “the conversion of raw materials by the hand, or by machinery, into articles suitable for the use of man” and “the articles so made.”<sup>78</sup> By breaking down the statutory language this way, the Court simplified a lot of the confusion surrounding section 289. Rather than diving deep into how prior courts have wrestled with these terms and how to properly apply them, the Court found that “an article of manufacture, then, is simply a thing made by hand or machine” and therefore, appears to be “broad enough to encompass both a product sold to a consumer as well as a

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<sup>75</sup> *Samsung*, 137 S. Ct. at 434.

<sup>76</sup> *Id.*

<sup>77</sup> *Id.*

<sup>78</sup> *Id.* at 435.

component of that product.”<sup>79</sup> This point is at the heart of the Court’s logic, and effectively deemed the Federal Circuit’s prior holding to be too narrow of an interpretation.

#### IV. ANALYSIS

In *Samsung Electronics Co., Ltd. v. Apple Inc.*, the Supreme Court held that section 289 of the Patent Act is sufficiently broad to both encompass a sole component of a product and also the complete product prepared for sale.<sup>80</sup> The Court came to the correct conclusion because it properly construed the language of the statute by looking to each precise meaning of the words without overcomplicating or manipulating them. Further, the Court’s reasoning was correct because it was practical; the holding comfortably rested upon precedent, showing a positive regression back to its initial findings on the issue. However, the decision is not without its complications. In the end, *Samsung Electronics Co., Ltd. v. Apple Inc.*, and its eventual settlement, left no map or guideline to help future courts determine the precise articles of manufacture.

##### **A. The Supreme Court Was Right to Assert that Design Infringements Need Not Always Include the Finished Product**

The Court was correct to interpret the statutory language broadly. More specifically, that “the [phrase] ‘article of manufacture’ is broad enough to embrace both a product sold to a consumer and a component of that product, whether sold separately or not.”<sup>81</sup> Therefore, the lower court’s ultimate refusal to reduce the damage award to reflect only the amount made on the infringed design, forced a “narrow a

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<sup>79</sup> *Id.*

<sup>80</sup> *Id.* at 434.

<sup>81</sup> *Id.* at 436.

meaning to the phrase.”<sup>82</sup> In addition, the Court’s reasoning makes logical sense—if investigated, a general search for the word “article” will likely show that the term may mean a part of a larger whole.<sup>83</sup> Because such definition is in fact so broad, the Court was correct in its understanding that it would be futile to curtail its meaning to any interpretation that does not provide for that. Rather, the Court’s decision acknowledged that the term “article” inherently incorporates that which may be a distinct piece of a larger whole.<sup>84</sup>

In the opinion, the Court strongly emphasized that though “a component may be integrated into a larger product...[that] [this] does not put it outside the category of articles of manufacture.”<sup>85</sup> Comparatively, this same logic was described in the United States Amicus Brief submitted in anticipation of this decision; almost echoing the Court’s findings.

The court below appears to have assumed that the relevant “article of manufacture” is necessarily the final product as sold in commerce. That is incorrect. When Congress first adopted the “total profit” standard, it was responding to concerns raised about a specific set of products - carpets, wallpaper, and the like - that are composed of a single component... But nothing in section 289’s text or history suggests that the relevant “article of manufacture” must invariably be the product as sold. To the contrary, the term “article of

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<sup>82</sup> *Id.*

<sup>83</sup> Definition of the word “article,” MERRIAM-WEBSTER, <https://www.merriam-webster.com/dictionary/article> (last visited Jan. 7, 2018).

<sup>84</sup> *Samsung*, 137 S. Ct. at 434.

<sup>85</sup> *Id.* at 435.

manufacture” literally encompasses all manufactured objects—both complete products and components—and it has historically been understood to include both.<sup>86</sup>

The brief, which was submitted neutrally in support of neither party, hits upon the reality at hand; it would be contrived and artificial to trumpet the idea that section 289’s language only means straight-to-sale products.

Noticeably, the Court’s reasoning is not only deeply rooted in the text, its analysis of the issues at hand are clean; it does not seek to overcomplicate the question to be clarified—using only a standard dictionary definition to make a point. Moreover, as seen from the Amicus Brief, the legal background leading up to the case, precedent and history, all work together to firmly buttress the opinion.

### **B. The Supreme Court’s Decision Enhanced, Rather than Detracted From Existing Law**

As detailed, not only did Congress adopt a particular standard to provide adequate remedies for instances of design infringement,<sup>87</sup> the framework and basis for the adoption was rooted in the *Dobson* cases and its progeny,<sup>88</sup> all requiring the apportionment of damage awards. However, the lower courts consistently ran back and forth, struggling with how to remedy infringements from patent protections covering products that only grew more advanced and sophisticated throughout time.

The more contemporary example of this struggle may be seen in *Nordock*, where the court there found that “an

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<sup>86</sup> Brief for the United States at 27, *Samsung Elecs. Co., Ltd. v. Apple Inc.*, 137 S. Ct. 429 (2016) (No. 15-777).

<sup>87</sup> *Samsung*, 137 S. Ct. at 433.

<sup>88</sup> *Id.*

improper methodology” was used, showing “an incorrect understanding of the relevant article of manufacture.”<sup>89</sup> In denying the defendant’s plea to apportion the damages to the infringed aspect of the product, lip and hinge plates of a dock leveler, the court adamantly stated that the plates could not be severed from the product. For purposes of section 289, “total profit” can only mean “the entire profit on the sale of the article to which the patented design is applied . . . .”<sup>90</sup>

The Supreme Court’s ruling in *Samsung* puts the confusion at rest. The Court’s reasoning accurately expresses the view that this method of interpretation is inherently divorced to how section 289 of the Patent Act was engineered. Specifically, the Court highlighted that Congress acted “in response to the *Dobson* cases,”<sup>91</sup> where it reasoned that the lower court’s grant of “the entire profit...in the manufacture and sale of carpets of the patented designs, and not merely the value which the designs contributed to the carpets” was in error and inherently misguided.<sup>92</sup> In remanding the case, the Court found it appropriate instead to limit damages. The *Dobson* cases, only further buttress the Court’s opinion that apportionment is the underlying method behind how section 289 should actually be applied.<sup>93</sup>

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<sup>89</sup> *Nordock, Inc. v. Sys. Inc.*, 803 F.3d 1344, 1355 (Fed. Cir. 2015).

<sup>90</sup> *Id.*

<sup>91</sup> *Samsung*, 137 S. Ct. at 433 (“In 1887, in response to the *Dobson* cases, Congress enacted a specific damages remedy for design patent infringement...The new provision made it unlawful to manufacture or sell an article of manufacture to which a patented design or a colorable imitation thereof had been applied. An act to amend the law relating to patents, trademarks, and copyright. . . . It went on to make a design patent infringer ‘liable in the amount of \$250’ or ‘the total profit made by him from the manufacture or sale . . . of the article or articles to which the design, or colorable imitation thereof, has been applied.’ The Patent Act of 1952 codified this provision in § 289.”).

<sup>92</sup> *Id.*

<sup>93</sup> *Id.*

### C. Future Implications: The Ripple Effect

As mentioned, the Court's decision to widen the scope of section 289 was an enhancement of the pre-existing case law. However, though the standard requiring apportionment as set forth in the *Dobson* cases had already become the preferred view of Congress, the basis for these ideals have derived from the eighteenth century.<sup>94</sup> Specifically, from an era where technology did not include multicomponent electronics devices. Since this time, the Court has wholly left the issue undisturbed, and because of the law's characteristic inability to move directly in tandem with technological advancement, courts were essentially left rudderless, forced to navigate uncertain territories and waters. This sense of rudderless direction is still, curiously, in place even after the Court's ruling on the matter.

The Court's holding was adept, but only theoretically so; it neglected to offer what patent applicants and reviewing courts need to parse what the correct "article" in any given circumstance is in practice. Without offering any sort of test, the Court simply remanded the case and left it up to the Federal Circuit to reconfigure Apple's damage award.<sup>95</sup> Looking to the future, this leaves the world of patent creation and the subsequent litigation it inevitably produces, uncertain.

This imbalance between theory and practice in the technology field will likely prove detrimental. Because the Court effectively volleyed the decision back to the Federal Circuit to formulate its own test—offering advice that the "article" *could be* only a component as well as the entire device, it is very likely that the amount of the original

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<sup>94</sup> *Dobson v. Hartford Carpet Co.*, 5 S. Ct. 945 (1885); *Dobson v. Dornan*, 6 S. Ct. 946 (1886).

<sup>95</sup> *Samsung*, 137 S. Ct. at 436.

damage award could have remained undisturbed.<sup>96</sup> However, since the *Samsung* case *has* since settled outside of court for an undisclosed value, interested spectators determined to see the outcomes of this case will never appreciate the real impact.

In addition to such considerations, it appeared as though the deliberating jury actually intended the initial Apple award to be punitive, endeavoring to hurt Samsung.<sup>97</sup> Reuters' interview with the foreman on the case stated concerning the verdict that: "[w]e wanted to make sure the message we sent was not just a slap on the wrist...[w]e wanted to make sure it was sufficiently high to be painful, but not unreasonable."<sup>98</sup> Yet, this is clearly in error. Section 289 seeks only to make the patent holder whole once more; the statutory language does not contemplate punitive measure. In summary, despite the Court's meticulous review of the American Dictionary and past sources to rightfully clarify the *scope* of the statute,<sup>99</sup> the new decision did not provide any guidance concerning what procedures are actually required.

Moreover, though the Court's ruling was correct to read the term "article" broadly, allowing damages for design infringements to be apportioned to components as well as full devices, the brief opinion may feel half-baked for creators and patent hopefuls looking for further guidance. Samsung released a statement concerning the matter, stating that the original award was not necessarily "a win for Apple, but a

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<sup>96</sup> *Id.* ("We decline to lay out a test for the first step of the § 289 damages inquiry. . . . Doing so is not necessary to resolve the question presented in this case, and the Federal Circuit may address any remaining issues on remand.").

<sup>97</sup> *Infra* note 97.

<sup>98</sup> Dan Levine, *Jury Didn't Want to Let Samsung off Easy in Apple Trial: Foreman*, REUTERS (Aug. 25, 2012), <http://in.reuters.com/article/us-apple-samsung-juror/jury-didnt-want-to-let-samsung-off-easy-in-apple-trial-foreman-idINBRE87O09U20120825>.

<sup>99</sup> *See supra* note 74.

loss for the American consumer,” meaning that the award “will lead to fewer choices, less innovation, and potentially higher prices.”<sup>100</sup> Moreover, the opinion may have left open a gap for the risk of stagnation in creative innovation to flourish. Written in a separate statement, Samsung stated:

[I]nnovation will be stymied by fear of litigation and the loss of all profits should a product be found to infringe any design patent—no matter how insignificant. For example, with their design patent for a front screen with rounded corners, Apple received all of Samsung’s profits from the sale of its phones. Such a ruling discourages innovators from bringing new products to market.<sup>101</sup>

While of course, these statements should be read with caution of bias, the Court’s brevity and silence concerning these important matters has inevitably left uncertainty for subsequent patent law litigation. The rule that governs concerning infringement cases is if the two designs are so similar that they may be mistaken for the alleged infringed device.<sup>102</sup> Yet with smartphone devices mostly being released in square shapes with square touch screen icons, the boundaries of what ought to be viciously protected by the law and what will inevitably stifle progress and future innovation becomes blurred. This is a strange reality.

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<sup>100</sup> Christina Bonnington, *What the Apple v. Samsung Verdict Means for the Rest of Us*, WIRED (Aug. 24, 2012), <https://www.wired.com/2012/08/what-apple-v-samsung-means/>.

<sup>101</sup> SAMSUNG NEWSROOM, *Advancing a Better Future for Innovators and Consumers*, <https://news.samsung.com/us/samsung-advancing-a-better-future-for-innovators-and-consumers-scotus-apple-design-patent-law/> (last visited Jan. 7, 2018).

<sup>102</sup> *Supra* note 22.

Perhaps because of the Court's rather bare-bones holding, the same sense of rudderless direction has once again befallen lower courts who now must go forth and make decisions on how to properly apply this apportionment standard. Now that we know an article may also be a component of a device, what then? Furthermore, even with this necessary flexibility covering the law of design infringement awards created as a result of the Court's ruling, does this change the dangers of potential juries feeling the need to punish infringements so that the blows felt by subsequent damage awards are "painful"?<sup>103</sup>

### *1. Searching for a Test*

Though the Court was correct to support the more expansive definition of "article," the Court declined to provide a new test or guideline to help figure out how to categorize the relevant elements in a multicomponent device. Despite this shortfall, the Court did explicitly cite to the Amicus Brief that was submitted by the United States.<sup>104</sup> In this Brief, the United States proposed a model test that posits a case-by-case analysis, preferring to focus on the attribute that seems most likely to make the wronged patent holder whole once more.<sup>105</sup> The Court was correct to effectively use this Brief in lieu of creating an actual test because it supports the apportionment standard view the Court trumpets, and also puts in place something more concrete and practical for creators and courts to use.

First, the Court's decision that damage awards should be apportioned to the relevant article, not necessarily the whole device,<sup>106</sup> is mirrored in the proposed methods in the Amicus Brief. The Brief provides:

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<sup>103</sup> *Supra* note 97.

<sup>104</sup> *Samsung Elecs. Co., Ltd. v. Apple Inc.*, 137 S. Ct. 429, 436 (2016).

<sup>105</sup> *See supra* note 85.

<sup>106</sup> *See supra* note 15.

Congress did not render the infringer liable for its total profit on the final sold product, however, but only for its total profit on the “article of manufacture” to which the patented design was wrongfully applied. In cases where the identity of the relevant “article of manufacture” is otherwise open to reasonable dispute, the factfinder may legitimately consider which characterization would appropriately compensate (rather than over-compensate) the patentee for the contribution of the patented design to the value of the infringer's finished product.<sup>107</sup>

Secondly, the Court was correct to simply cite the Brief because it had already done the lion's share of the work in laying out a practical factor test. Using prior Federal Circuit precedent as support for its position, the Brief posits that there are several factors that must be looked at. First, the patent specification itself must suggest exactly which parts the design are associated with the device, and how that evidence is then related to the device “as a whole.”<sup>108</sup> Second, the factfinder must weigh the “prominence” or importance of the design to the device; if the design is “conceptually distinct” from the complete device and lastly, the factfinder must consider the “physical relationship between the patented design and the rest of the product,” meaning, if the component in question may be physically removed and sold separately from the rest of the product.<sup>109</sup>

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<sup>107</sup> Brief for the United States at 27, *Samsung Elecs. Co., Ltd. v. Apple Inc.*, 137 S. Ct. 429 (2016) (No. 15-777).

<sup>108</sup> *Id.* at 28.

<sup>109</sup> *Id.*

The Court, in citing this Brief thus effectively provided a way for later courts to properly define the appropriate standard concerning how to apportion damages for design infringement cases. In the long run, because the actual opinion leaves so many questions unanswered, creators seeking to secure a patent over a multicomponent product would likely be best served by seeking design patents over not just the entire device for sale, but also provide coverage over its distinct parts to ensure their inventions will be adequately protected and to avoid any potential unreliability in the application of the apportionment measure.<sup>110</sup>

## CONCLUSION

In hindsight, *Samsung Electronics Co., Ltd. v. Apple Inc.* did what was necessary in undoing what had gone wrong. Rather than provide a loophole for patent holders to receive a windfall in case of an infringement, section 289 should be understood more broadly to curtail this adverse result. This should be done under the language of the statute, while at the same time still endeavor to honor and adequately protect patent holders' creations. Further, what is clear from the Court's decision and the history that has led up to it is that damage allocation must also be executed in a particular way in order to guard creative expansion in the technology sector and to provide a free space for manufactures to engineer a new and innovative product for consumer sale. Keeping these factors in mind, the Court's decision in the matter pushes the conversation on the right track.

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<sup>110</sup> Thomas J. Daly & Katherine Quigley, *Patent Infringement as Applied in Samsung v. Apple*, 40 L.A. LAW. 10, 12 (2017).