

Supreme Court Overturns Apple's \$399 Million Design Patent Damage Award

DECEMBER 7, 2016

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For the first time in a century, the United States Supreme Court took up a design patent case. The question before the Court was are all of Samsung's infringing smartphone profits a proper basis for damages or just some portion? Specifically, the Court addressed the meaning of an "article of manufacture" as it pertains to calculating damages for design patent infringement under 35 U.S.C. § 289. At issue was whether the lower courts properly awarded Apple damages based on the total profits for Samsung smartphones found to have infringed three Apple design patents. The Supreme Court disagreed with this approach, holding an article of manufacture could be a component of the whole device.

Before the Supreme Court addressed the issue, the Federal Circuit affirmed, identifying the entire smartphone as the only permissible "article of manufacture" for the purposes of calculating damages under § 289 because consumers could not separately purchase components of the smartphones. Section 289 provides a remedy specific to design patent infringement, which is a person who manufactures or sells "any article of manufacture to which [a patented] design or colorable imitation has been applied shall be liable to the owner to the extent of his total profit." 35 U.S.C. § 289.

The Supreme Court observed that the first step to calculating damages under § 289 is to identify the "article of manufacture" to which the infringing design has been applied. Applying this analysis, the Supreme Court disagreed with the lower courts, holding that "article of manufacture" encompasses both a product sold to a consumer and a component of that product. The Court reasoned that just because a component may be integrated into a larger product does not put it outside the category of an article of manufacture. The Court further observed that its holding is consistent with existing patent law, finding the Federal Circuit's interpretation of "article of manufacture" to be too narrow.

In a unanimous opinion, the Court held that in the case of a multicomponent product, the relevant "article of manufacture" encompasses both a product sold to a consumer and a component of that product. In doing so, the Court reversed the United States Court of Appeals for the Federal Circuit's affirmance of Apple's \$399 million damages award. This ruling may impact the way parties assess the value of their design patents both aggressively and defensively, particularly when the design relates to one or more components of a larger multicomponent products.

The Supreme Court's opinion can be found [here](#).

For assistance with your design patent questions please contact:

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