

United States District Court  
Northern District of California

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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION

APPLE INC.,  
  
Plaintiff,  
  
v.  
  
SAMSUNG ELECTRONICS CO. LTD., et  
al.,  
  
Defendants.

Case No. 11-CV-01846-LHK  
**ORDER REQUIRING NEW TRIAL ON  
DESIGN PATENT DAMAGES**  
Re: Dkt. Nos. 3521-24

After two jury trials and decisions by both the Federal Circuit and the United States Supreme Court, the instant case has been remanded for a determination of whether the jury’s \$399 million award in favor of Apple for design patent infringement should stand or whether a new damages trial is required. At the center of the U.S. Supreme Court’s decision and the question now before this Court is 35 U.S.C. § 289, which is a damages provision specific to design patents.

Section 289 reads, in relevant part:

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.

1 Apple and Samsung<sup>1</sup> dispute whether the relevant article of manufacture for the purpose of  
 2 calculating damages under § 289 for the design patent infringement in the instant case is the entire  
 3 smartphone or a part thereof. In *Samsung Electronics Co. v. Apple Inc.*, 137 S. Ct. 429 (2016)  
 4 (“*Supreme Court Decision*”), the U.S. Supreme Court interpreted § 289 for the first time. It  
 5 explained that “[a]rriving at a damages award under § 289 . . . involves two steps. First, identify  
 6 the ‘article of manufacture’ to which the infringed design has been applied. Second, calculate the  
 7 infringer’s total profit made on that article of manufacture.” *Id.* at 434. The U.S. Supreme Court  
 8 then held that “[t]he term ‘article of manufacture,’ as used in § 289, encompasses both a product  
 9 sold to a consumer and a component of that product.” *Id.* However, the U.S. Supreme Court  
 10 declined to establish the test for identifying the article of manufacture for the purpose of § 289. *Id.*  
 11 After remand to the Federal Circuit, the Federal Circuit held that “the trial court should consider  
 12 the parties’ arguments in light of the trial record and determine what additional proceedings, if  
 13 any, are needed. If the court determines that a new damages trial is necessary, it will have the  
 14 opportunity to set forth a test for identifying the relevant article of manufacture for purpose of  
 15 § 289, and to apply that test to this case.” *Apple Inc. v. Samsung Elecs. Co.*, 678 F. App’x 1012,  
 16 1014 (Fed. Cir. 2017) (unpublished) (“*Federal Circuit Remand Decision*”).

17 Accordingly, the Court must now set forth the method for determining the relevant article  
 18 of manufacture for the purpose of § 289. Taking into consideration that test and the trial  
 19 proceedings in the instant case, the Court must then decide whether a new damages trial for design  
 20 patent infringement is warranted.

## 21 **I. BACKGROUND**

### 22 **A. History of § 289**

23 “Section 289 of the Patent Act provides a damages remedy specific to design patent  
 24 infringement.” *Supreme Court Decision*, 137 S. Ct. at 432. The history of § 289 provides  
 25 important context for understanding the progression of the litigation in the instant case, as well as  
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27 <sup>1</sup> The Court refers to Samsung Electronics Company, Samsung Electronics America, and Samsung  
 28 Telecommunications America collectively as “Samsung” in this order.

1 the competing policy considerations implicated by the formulation of a test for determining the  
 2 relevant article of manufacture under § 289. As the U.S. Supreme Court has explained, Congress  
 3 enacted the predecessor to § 289 in 1887 in response to the U.S. Supreme Court’s decisions in  
 4 what are known as the *Dobson* cases. *Supreme Court Decision*, 137 S. Ct. at 432-33 (citing  
 5 *Dobson v. Dornan*, 118 U.S. 10 (1886); *Dobson v. Hartford Carpet Co.*, 114 U.S. 439 (1885)).  
 6 “The cases involved the Dobson brothers, who were found to have infringed patented designs for  
 7 carpets.” *Nike, Inc. v. Wal-Mart Stores, Inc.*, 138 F.3d 1437, 1441 (Fed. Cir. 1998). “In *Dobson*  
 8 *v. Hartford Carpet Co.*, the lower courts had awarded the holders of design patents on carpets  
 9 damages in the amount of ‘the entire profit to the [patent holders], per yard, in the manufacture  
 10 and sale of carpets of the patented designs, and not merely the value which the designs contributed  
 11 to the carpets.’” *Supreme Court Decision*, 137 S. Ct. at 432-33 (internal citation omitted) (quoting  
 12 *Dobson v. Hartford Carpet Co.*, 114 U.S. at 443). The U.S. Supreme Court “construed the statute  
 13 [in effect at the time] to require proof that the profits were ‘due to’ the design rather than other  
 14 aspects of the carpets.” *Id.* at 433 (quoting *Dobson v. Hartford Carpet Co.*, 114 U.S. at 444).  
 15 “[B]ecause the patentees could not show what portion of the [damages] was due to the patented  
 16 design and what portion was due to the unpatented carpet,” the U.S. Supreme Court reversed.  
 17 *Nike*, 138 F.3d at 1441 (citing *Dobson v. Dornan*, 118 U.S. 10; *Dobson v. Hartford Carpet Co.*,  
 18 114 U.S. 439). The U.S. Supreme Court awarded nominal damages of six cents to each plaintiff.  
 19 *Dobson v. Dornan*, 118 U.S. at 18; *Dobson v. Hartford Carpet Co.*, 114 U.S. at 447.

20 Concerned that the *Dobson* cases weakened design patent law to the point of “provid[ing]  
 21 no effectual money recovery for infringement,” Congress in 1887 enacted the predecessor to  
 22 § 289, which eliminated the “need to apportion the infringer’s profits between the patented design  
 23 and the article bearing the design.” *Nike*, 138 F.3d at 1441-42 (quoting H.R. REP. NO. 1966, 49th  
 24 Cong. 1st Sess., 1 (1886)); *see also Supreme Court Decision*, 137 S. Ct. at 433 (citing S. REP. NO.  
 25 206, 49th Cong., 1st Sess., 1-2 (1886)). Instead of requiring proof that profits were attributable to  
 26 the patented design, the predecessor to § 289 allowed the patentee to recover “the total profit”  
 27 made by the infringer from the “manufacture or sale . . . of the article or articles to which the

1 design, or colorable imitation thereof, has been applied.” *Supreme Court Decision*, 137 S. Ct. at  
 2 433 (quoting 24 Stat. 387). The Patent Act of 1952 codified that “total profit” remedy for design  
 3 patent infringement in § 289, *see id.*, and the Federal Circuit in *Nike* affirmed that § 289 did not  
 4 require apportionment, *see* 138 F.3d at 1441-43. With this background established, the Court now  
 5 recounts the history of the instant case.

6 **B. The Design Patents and Trial Proceedings in the Instant Case**

7 After releasing the iPhone in 2007, Apple obtained design patents on a number of phone  
 8 design features. As relevant here, Apple obtained the following three design patents: (1) the  
 9 D618,677 patent (the “D’677 patent”), which covers a black rectangular front face of a phone with  
 10 rounded corners; (2) the D593,087 patent (the “D’087 patent”), which covers a rectangular front  
 11 face of a phone with rounded corners and a raised rim; and (3) the D604,305 patent (the “D’305  
 12 patent”), which covers a grid of 16 colorful icons on a black screen. *See Supreme Court Decision*,  
 13 137 S. Ct. at 432-33.

14 On April 15, 2011, Apple sued Samsung for, among other things, design patent  
 15 infringement, utility patent infringement, and trade dress infringement. ECF No. 1. Throughout  
 16 the proceedings, Samsung argued for apportionment. Samsung only raised its article of  
 17 manufacture theory days before trial. Specifically, Samsung does not contest that the issue of the  
 18 proper article of manufacture was never raised during discovery. In fact, Samsung resisted  
 19 attempts by Apple to obtain data about the costs of components of Samsung’s infringing phones.  
 20 *See* ECF No. 673 at 15 (order by Magistrate Judge Paul Grewal holding that Samsung has  
 21 previously withheld relevant information on the “selling price per accused product, gross margin,  
 22 expenses and operating profit”); ECF No. 880 at 10–14 (Magistrate Judge Grewal imposing  
 23 sanctions for Samsung’s delay in providing documents including the “‘costed bills of materials’  
 24 for the accused products”). However, Samsung eventually produced pricing information to Apple  
 25 about the component parts of Samsung’s phones. *See* ECF No. 2607-5 at 16 (Apple’s damages  
 26 expert noting that he relied on “a file that reflects detailed information on [Samsung’s] material  
 27 costs for the Accused Products”).

1 One of Samsung's expert reports written by Michael Wagner, which Samsung filed as part  
2 of its motion for summary judgment, included a damages theory that would have awarded Apple  
3 less profit than the entire profit on Samsung's infringing phones. *See* ECF No. 3198 ¶ 340 (using  
4 consumer survey information to indicate a split between the profit attributable to the design of  
5 Samsung's phones and its technology). However, in response to Apple's motion to exclude the  
6 damages theory from this expert report, Samsung solely argued that the expert report was  
7 admissible based on its apportionment theory of damages, and did not mention the article of  
8 manufacture theory. ECF Nos. 1057, 1157 ("Samsung's opposition cites no legal basis for Mr.  
9 Wagner's apportionment of damages, in clear contravention of 35 U.S.C. § 289, instead appealing  
10 only to procedural and policy arguments for allowing apportionment in this case."). The Court  
11 excluded Michael Wagner's expert report as to those damages because § 289 and Federal Circuit  
12 case law clearly exclude an apportionment theory of design patent damages. *See* ECF No. 1157  
13 (citing *Nike*, 138 F.3d at 1442-43 (noting that Congress removed "the need to apportion the  
14 infringer's profits between the patented design and the article bearing the design" when it passed  
15 the Act of 1887, which was subsequently codified under § 289)).

16 The first time Samsung raised its article of manufacture theory was in a trial brief filed on  
17 July 24, 2012, 6 days before the 2012 trial, which began on July 30, 2012. In that trial brief,  
18 Samsung argued in its trial brief that § 289 "require[s] that profits disgorgement be limited to the  
19 'article of manufacture' to which a patented design is applied" and that, as a result, Apple's  
20 attempt to seek "all of Samsung's profits from sales of the accused phones and tablets" would  
21 result in a windfall. ECF No. 1300 at 19-22. Samsung relied on *Bush & Lane Piano Co. v.*  
22 *Becker Bros.*, 222 F. 902 (2d Cir. 1915) ("*Piano I*"), and *Bush & Lane Piano Co. v. Becker Bros.*,  
23 234 F. 79 (2d Cir. 1916) ("*Piano II*") (opinion after appeal following remand) (collectively, "the  
24 *Piano* cases"), in which the Second Circuit held that the patentee had been overcompensated for  
25 being awarded the profits from an entire piano when the design patent at issue only applied to the  
26 piano case, not the internal components of the piano itself. *Piano I*, 222 F. at 904.

27 Samsung raised this issue again in a Rule 50(a) motion for judgment as a matter of law

1 following the close of Apple’s case-in-chief. Samsung argued that “Apple [has not] made any  
 2 effort to limit the profits it’s seeking to the article to which the design is applied. That’s the plain  
 3 language of [§ 289]. They are acting—they are assuming that the article to which the design is  
 4 applied is the entire product, which is erroneous as a matter of law. They have not factored out,  
 5 for example, the technology and what drives those profits.” ECF No. 1839 at 201-02.

6 In addition, Samsung’s proposed jury instructions included Proposed Jury Instruction 42.1:

7 If you find that [Samsung] infringed any of Apple’s design patents, and if you  
 8 decide to award Apple profits from [Samsung’s] sales, you should award only  
 9 those profits which were derived from the article of manufacture to which Apple’s  
 10 patented design was applied. The article to which Apple’s design was applied  
 11 may be the same as or different from Samsung’s devices as sold because devices  
 12 offered for sale may incorporate a single article of manufacture or several articles  
 13 of manufacture. The article of manufacture to which a design has been applied is  
 14 the part or portion of the product as sold that incorporates or embodies the subject  
 15 matter of the patent. Where the article of manufacture is a case or external  
 16 housing of the device, then only the profits from the sale of the case or external  
 17 housing of the device should be awarded. Under these instructions, an award of  
 18 profits for design patent infringement should not include profits earned from the  
 19 technology by which the devices operate or from any other functions of the  
 20 devices.

21 ECF No. 1694 (“Proposed Final Jury Instructions”) at 151.

22 Apple objected to Proposed Jury Instruction 42.1 on the grounds that (1) the *Piano* cases  
 23 were out-of-circuit, century-old precedent; (2) the Federal Circuit’s *Nike* decision “explain[ed] that  
 24 [article of manufacture] refers to the product that is sold”; and (3) the instant case was  
 25 distinguishable from the *Piano* cases because those cases “refer[] to the piano case being sold  
 26 separately from the piano,” whereas the outer case and internals of the phone are not sold  
 27 separately. Proposed Final Jury Instructions at 151-52.

28 The Court excluded Proposed Jury Instruction 42.1. *See* ECF No. 1901. Instead of  
 Proposed Jury Instruction 42.1, the Court gave Final Jury Instruction No. 54, which read in  
 relevant part:

If you find infringement by any Samsung defendant and do not find Apple’s  
 design patents are invalid, you may award Apple that Samsung defendant’s total  
 profit attributable to the infringing products.

The “total profit” of [Samsung] means the entire profit on the sale of the article to

1 which the patented design is applied, and not just the portion of profit attributable  
2 to the design or ornamental aspects covered by the patent. “Total profit” does not  
3 include profit attributable to other products that may be sold in association with  
4 an infringing article embodying the patented design.

5 If you find infringement by any Samsung defendant, Apple is entitled to all profit  
6 earned by that defendant on sales of articles that infringe Apple’s design patents.

7 ECF No. 1901 at 72.

8 After a thirteen day jury trial from July 30, 2012 to August 24, 2012 (the “2012 trial”) and  
9 approximately three full days of deliberation, the jury reached a verdict. *See* ECF No. 1931. The  
10 jury found that Samsung had infringed the D’677, D’087, and D’305 patents, Apple’s utility  
11 patents, and Apple’s trade dress. *Id.* The jury awarded approximately \$1.049 billion to Apple on  
12 its infringement and trade dress claims. *Id.*

13 After trial, Samsung moved for judgment as a matter of law. ECF No. 2013. In that  
14 motion, Samsung mixed the apportionment and article of manufacture theories. Samsung argued  
15 that Apple should have “limit[ed] its calculations of Samsung’s profits to those attributable to use  
16 of the patented designs,” which “violate[d] the causation requirement” that exists in “all patent  
17 infringement litigation.” *Id.* at 18-19. Samsung then cited to the *Piano* cases, which Samsung  
18 argued applied the causation principle by “limiting [the] infringer’s profits to those attributable to  
19 [the] design of [the] piano case rather than [the] whole piano.” *Id.* at 19. Moreover, Samsung  
20 argued that “[t]he record contains no evidence that the entire sales value of Samsung’s products  
21 was attributable to their outer casings or GUI, as opposed to the numerous noninfringing  
22 technological components that enable the devices to function and drive consumer choice.” *Id.* at  
23 19. In Samsung’s reply brief in support of its motion for judgment as a matter of law, Samsung  
24 argued that Apple “fail[ed] to offer any evidence that [the profits awarded in the instant case] are  
25 the profits from the ‘article of manufacture’ at issue, which is the phones’ outer casings or GUI.”  
26 ECF No. 2131 at 4. The Court denied Samsung’s motion for judgment as a matter of law under  
27 *Nike* and the Federal Circuit’s precedent forbidding the apportionment of design patent damages.  
28 ECF No. 2271 at 12–13 (citing *Nike*, 138 F.3d at 1441 (“It is expedient that the infringer’s entire  
profit on the article should be recoverable,’ for ‘it is not apportionable’ . . . .”).

1           However, the Court granted judgment as a matter of law as to the 2012 jury verdict on the  
2 theory that Apple’s utility and design patent infringement damages numbers relied on improper  
3 notice dates. *See* 35 U.S.C. § 287(a) (predicating infringement damages in certain circumstances  
4 on proof that “the infringer was notified of the infringement and continued to infringe thereafter”).  
5 Because Apple had not presented sufficient evidence to recalculate the appropriate damages award  
6 for some of the infringing sales at issue in light of the proper notice dates, the Court struck  
7 approximately \$410 million from the 2012 jury award and ordered a limited new trial on utility  
8 and design patent damages relating only to the sales of those products (the “2013 trial”). *See* ECF  
9 No. 2271 at 26; 2316 at 2 (case management order reinstating portion of original jury award).

10           The Court specified at the 2013 trial that “[t]he Court’s prior rulings on the parties’  
11 *Daubert* motions, motions in limine, discovery disputes, and evidentiary objections [from the  
12 original trial would] remain in effect as law of the case. The parties [could] not relitigate these  
13 issues.” ECF No. 2316 at 2. Thus, the Court limited the evidence and witnesses at the 2013 trial  
14 to the evidence that was admissible at the 2012 trial. *See* ECF No. 2369.

15           At the 2013 trial, Samsung argued in a Rule 50(a) motion for judgment as a matter of law  
16 at the close of Apple’s case that “Apple presents no evidence of apportionment.” ECF No. 2842 at  
17 113. However, Samsung’s argument had two parts. First, Samsung explained that “Samsung  
18 previously cited a number of cases, including [the *Piano* cases] . . . , all of those cases stand for the  
19 proposition that you cannot get infringer’s profits on the entire device and you can only do it for  
20 the actually infringing feature.” *Id.* Second, Samsung argued that “Apple further did not present  
21 any evidence of causation, that these particular accused features of the design patents or the  
22 patented designs drive the sales and did not include that in their calculation analysis.” *Id.* at 113-  
23 14. The Court denied Samsung’s motion. *Id.* at 132. The Court gave Final Jury Instruction 31 on  
24 design patent damages, which was substantially the same as the 2012 trial’s Final Jury Instruction  
25 54, edited only to reflect the fact that liability had already been determined. *See* ECF No. 2783 at  
26 40.

27           On November 21, 2013, after six days of trial and two days of deliberation, a jury awarded



1 Apple approximately \$290 million in damages for design and utility patent infringement. *See* ECF  
 2 No. 2822. After the 2013 trial, Samsung repeated verbatim in its Rule 50(b) motion for judgment  
 3 as a matter of law the arguments Samsung made in its Rule 50(b) motion for judgment as a matter  
 4 of law after the 2012 trial. *See* ECF No. 2884-2 at 31–32. The Court denied Samsung’s motion  
 5 on the same grounds as the motion for judgment as a matter of law following the 2012 trial. ECF  
 6 No. 2947 at 16 n.8. On March 6, 2014, the Court entered final judgment in favor of Apple in the  
 7 amount of \$929,780,039 on its design patent, utility patent, and trade dress claims. ECF No. 3017.

8 **C. Appeal of the Final Judgment**

9 With respect to design patent damages, Samsung argued on appeal that “the district court  
 10 legally erred in allowing the jury to award Samsung’s entire profits on its infringing smartphones  
 11 as damages.” *Apple Inc. v. Samsung Elecs. Co.*, 786 F.3d 983, 1001-02 (Fed. Cir. 2015) (“*Federal*  
 12 *Circuit Appeal*”). Samsung raised two theories to support its argument that design patent damages  
 13 should have been less than Samsung’s “entire profits on its infringing smartphones.” *Id.* The  
 14 Federal Circuit held that both theories lacked merit. *Id.*

15 First, Samsung argued that “[t]he damages . . . should have been limited to the profit  
 16 attributable to the infringement” and that “consumers chose Samsung [products] based on a host  
 17 of other factors [besides the infringed designs].” *Id.* The Federal Circuit noted that this theory  
 18 essentially advocated “apportionment,” which would “require[] [the patentee] to show what  
 19 portion of the infringer’s profit, or of his own lost profit, was due to the design and what portion  
 20 was due to the article itself.” *Id.* However, the Federal Circuit held that, as recognized in *Nike*,  
 21 138 F.3d 1437, Congress rejected apportionment for design patent damages under § 289. *Federal*  
 22 *Circuit Appeal*, 786 F.3d at 1001-02.

23 Second, Samsung argued that “the profits awarded [for design patent infringement] should  
 24 have been limited to the infringing ‘article of manufacture,’ not the entire infringing product.” *Id.*  
 25 The Federal Circuit rejected this theory because “[t]he innards of Samsung’s smartphones were  
 26 not sold separately from their shells as distinct articles of manufacture to ordinary purchasers.” *Id.*  
 27 Thus, the Federal Circuit held that the design patent damages did not need to be limited to profits

1 attributable to an article of manufacture less than the entirety of each infringing Samsung phone.  
2 *Id.*

3 The Federal Circuit upheld the jury verdict as to Apple's design patent claims and utility  
4 patent claims but vacated the jury verdict as to Apple's trade dress claims. *Id.* at 994-96. The  
5 Federal Circuit held that Apple's claimed trade dress was not protectable under Ninth Circuit law  
6 and vacated the jury verdict as to Apple's trade dress claims. *Id.* The Federal Circuit "remand[ed]  
7 for immediate entry of final judgment on all damages awards not predicated on Apple's trade  
8 dress claims and for any further proceedings necessitated by our decision to vacate the jury's  
9 verdicts on the unregistered and registered trade dress claims." *Id.* at 1005.

10 On September 18, 2015, on remand, this Court entered partial final judgment in the amount  
11 of \$548,176,477 as to the damages for products that were found to infringe only Apple's design  
12 and utility patents (and not Apple's trade dress). ECF No. 3290. This Court also ordered a new  
13 trial on damages as to the infringing products for which Apple had been awarded damages for  
14 trade dress infringement and utility or design patent infringement to determine the damages for the  
15 utility or design patent infringement alone. ECF No. 3289. The trial would begin on March 28,  
16 2016.

17 **D. Proceedings Before the U.S. Supreme Court**

18 On March 21, 2016, the U.S. Supreme Court granted certiorari in this case. *Samsung*  
19 *Elecs. Co. v. Apple Inc.*, 136 S. Ct. 1453 (2016) (granting certiorari). The question for which  
20 certiorari was granted was: "Where a design patent is applied to only a component of a product,  
21 should an award of infringer's profits be limited to those profits attributable to the component?"  
22 *Id.* As a result, on March 22, 2016, this Court vacated the March 28, 2016 trial and stayed the  
23 case. ECF No. 3472.

24 At oral argument on October 11, 2016, Samsung abandoned its apportionment argument,  
25 and thus interpretation of the term "article of manufacture" was the only issue before the U.S.  
26 Supreme Court. *See Supreme Court Decision*, 137 S. Ct. at 434 n.2; Tr. of Oral Arg. at 6. On  
27 December 6, 2016, the U.S. Supreme Court held that determining profits under § 289 involves two

1 steps: “First, identify the ‘article of manufacture’ to which the infringed design has been applied.  
2 Second, calculate the infringer’s total profit made on that article of manufacture.” *Supreme Court*  
3 *Decision*, 137 S. Ct. at 434. On the first step, the U.S. Supreme Court held that the “article of  
4 manufacture” for which total profits are awarded under § 289 was not necessarily limited to the  
5 product that is sold to consumers, but may be either “a product sold to a consumer [or] a  
6 component of that product.” *Id.* However, the U.S. Supreme Court “decline[d] to lay out a test for  
7 the first step of the § 289 damages inquiry in the absence of adequate briefing by the parties.” *Id.*  
8 at 436.

9 After remand, the Federal Circuit remanded the case to this Court and held that “the trial  
10 court should consider the parties’ arguments in light of the trial record and determine what  
11 additional proceedings, if any, are needed. If the court determines that a new damages trial is  
12 necessary, it will have the opportunity to set forth a test for identifying the relevant article of  
13 manufacture for purpose of § 289, and to apply that test to this case.” *Federal Circuit Remand*  
14 *Decision*, 678 F. App’x at 1014.

15 **E. Proceedings on Remand in this Court**

16 On remand, Samsung sought a new trial on design patent damages on the ground that, in  
17 light of the U.S. Supreme Court’s interpretation of “article of manufacture” in this case, this Court  
18 provided legally erroneous instructions to the jury that prejudiced Samsung. Apple argued that  
19 Samsung had waived its right to seek a new trial on the article of manufacture issue, that the jury  
20 instructions given were not legally erroneous, and that no evidence in the record supported  
21 Samsung’s proposed jury instruction. On July 28, 2017, following briefing by the parties, this  
22 Court ruled that Samsung had not waived the article of manufacture issue because Samsung had  
23 objected to the exclusion of Proposed Jury Instruction 42.1. ECF No. 3509.

24 However, the Court was unable to determine whether the jury instructions as given  
25 constituted prejudicial error until it resolved other issues, including the test for determining the  
26 relevant article of manufacture for the purpose of § 289 and which party bore the burden of  
27 proving the relevant article of manufacture and the amount of total profits. Accordingly, the Court

1 deferred ruling on whether a new trial was warranted and ordered further briefing on what the test  
2 should be for determining the relevant article of manufacture for purpose of § 289, whether the  
3 determination of the article of manufacture was a question of fact or law, which party bore the  
4 burden of identifying the relevant article of manufacture, and which party bore the burden of  
5 establishing the total profits for the purpose of § 289. ECF No. 3509 at 32-33. The Court also  
6 ordered the parties to identify the relevant article of manufacture for each of the patents at issue in  
7 the instant case, as well as evidence in the record supporting their assertions of the relevant article  
8 of manufacture and their assertions of the total profit for each article of manufacture. *Id.* at 33.

9 On September 8, 2017, the parties submitted cross-opening briefs on those issues. ECF  
10 No. 3521 (“Samsung Opening Br.”); ECF No. 3522 (“Apple Opening Br.”). On September 28,  
11 2017, the parties submitted cross-responses. ECF No. 3523 (“Apple Response”); ECF No. 3524  
12 (“Samsung Response”). The Court held a hearing on October 12, 2017.

## 13 **II. DISCUSSION**

14 In order to determine whether a new trial on design patent damages is warranted, the Court  
15 must first decide the test to identify the relevant article of manufacture for the purpose of § 289  
16 and which party bears the burden of proving the relevant article of manufacture. Then, the Court  
17 must determine, in light of the test and the 2013 trial proceedings, whether the jury instructions  
18 given constituted prejudicial error. The Court addresses these issues in turn.

### 19 **A. Identifying the Relevant Article of Manufacture for the Purpose of § 289**

20 As explained above, the U.S. Supreme Court and the Federal Circuit declined to specify  
21 how courts or juries<sup>2</sup> are to identify the relevant article of manufacture for the purpose of § 289.  
22 *See Supreme Court Decision*, 137 S. Ct. at 436; *Federal Circuit Remand Decision*, 678 F. App’x  
23 at 1014. The Court first describes the approach advocated by the United States before the U.S.  
24 Supreme Court and then describes the approaches advocated by the parties. The Court then  
25

26 \_\_\_\_\_  
27 <sup>2</sup> The parties agree that determining the relevant article of manufacture for the purpose of § 289 is  
28 a question of fact that a jury decides when there is a material factual dispute. *See Apple Opening*  
*Br.* at 7-9; *Samsung Opening Br.* at 7-8.

1 analyzes the various approaches.

2 **1. The Method for Determining the Relevant Article of Manufacture**

3 **a. The United States' Proposal**

4 Writing as amicus curiae in support of neither party before the U.S. Supreme Court, the  
 5 United States described the article of manufacture inquiry as “a case-specific analysis of the  
 6 relationship among the design, the product, and any components.” Brief for United States as  
 7 Amicus Curiae Supporting Neither Party (“U.S. Br.”) at 9, *Samsung Elecs. Co., Ltd. v. Apple Inc.*,  
 8 137 S. Ct. 429 (2016) (No. 15-777), 2016 WL 3194218, at \*9. “The factfinder should identify the  
 9 article in which the design prominently features, and that most fairly may be said to embody the  
 10 defendant’s appropriation of the plaintiff’s innovation.” *Id.* With respect to multicomponent  
 11 products, the United States argued that in some instances, “the finished product as sold in  
 12 commerce is most naturally viewed as the article to which the patented design is ‘applied.’” *Id.* at  
 13 \*18. However, in other instances, “it is more natural to say that the design has been applied to a  
 14 single component, or to a set of components that together are only a portion of the product as  
 15 sold.” *Id.* at \*18-19.

16 The United States proposed that the U.S. Supreme Court adopt a four-factor test to  
 17 determine the relevant article of manufacture. The factors that the United States identified were:

- 18 • “[T]he scope of the design claimed in the [plaintiff]’s patent, including the drawing and written description”;
- 19 • “[T]he relative prominence of the design within the product as a whole”;
- 20 • “[W]hether the design is conceptually distinct from the product as a whole”; and
- 21 • “[T]he physical relationship between the patented design and the rest of the product,” including whether “the design pertains to a component that a user or seller can physically separate from the product as a whole,” and whether “the design is embodied in a component that is manufactured separately from the rest of the product, or if the component can be sold separately.”

22 *Id.* at \*27-29; *see also* Elizabeth M. Gil, Note, *Samsung v. Apple: Taking a Bite Out of the Design Patent “Article of Manufacture” Controversy*, 25 U. MIAMI BUS. L. REV. 67, 84-88 (2017)  
 23 (endorsing the United States’ test). During oral argument before the U.S. Supreme Court, both  
 24 parties approved of the United States’ proposed test, with some caveats. *See* Tr. of Oral Arg. at  
 25 20:7-9 (Samsung’s counsel: “We – we like the Solicitor General’s test. We propose a briefer test  
 26  
 27  
 28

1 that we think is more administrable.”), 39:3-5 (Apple’s counsel: “We believe that the – the four  
 2 factors that the Solicitor General articulated would be appropriate factors to consider.”), 39:22-  
 3 40:1 (Apple’s counsel: “In [determining the article of manufacture], you may consider, and this  
 4 would depend on the evidence in the case, among other factors I would include the Solicitor  
 5 General’s, and there may be other things.”), 43:1-7 (Justice Sotomayor: “[The Solicitor General  
 6 has] a four-part test. Do you agree that that four-part test with respect to identifying just the article  
 7 of manufacture?” Apple’s counsel: “Yes, with the following caveat only. What – the factors that  
 8 the jury will be told will depend on the evidence that the parties educe.”)

9 **b. The Parties’ Proposals**

10 Notwithstanding the parties’ apparent general agreement with the United States’ proposed  
 11 test during oral argument before the U.S. Supreme Court, both parties now advocate different  
 12 tests, which only partially overlap with the United States’ proposed test. Apple now advocates a  
 13 test comprising four factors. Apple’s proposed factors are:

- 14 • “How the defendant sells its infringing product and accounts for its profits on those  
 15 sales, including whether the defendant typically sells its asserted article of  
 16 manufacture as part of a unified product or separately”;
- 17 • “The visual contribution of the patented design to the product as a whole, including  
 18 whether the claimed design gives distinctive appearance to the product as a whole  
 19 or only to the asserted article of manufacture”;
- 20 • “The degree to which the asserted article of manufacture is physically and  
 21 conceptually distinct from the product as sold”; and
- 22 • “The defendant’s reasons for appropriating the patented design, including whether  
 23 the defendant did so in an effort to replicate a product as a whole.”

24 Apple Opening Br. at 3-6. Apple explains that the relevance of each factor may vary from case to  
 25 case. *Id.* at 3 n.2.

26 Samsung contends that the relevant article of manufacture is “the specific part, portion, or  
 27 component of a product to which the patented design is applied. The article is identified by  
 28 comparing the claimed attributes of the design patent to the accused product to identify the  
 specific part, portion, or component of the product that corresponds to the patent’s claim.”

Samsung Opening Br. at 3. Samsung further contends that the relevant article of manufacture  
 “does not include any part, portion, or component of a product that is disclaimed by the patent or

1 that does not correspond to the claimed attributes of the patented design, including any part,  
2 portion, or component of a product that is not considered when determining infringement.” *Id.*

3 **c. Analysis**

4 Apple contends that Samsung’s proposed test is too restrictive because overreliance on the  
5 scope of the design patent would foreclose the possibility that the relevant article of manufacture  
6 in a multicomponent product could ever be the entire product as sold to the consumer. Apple  
7 Response at 1, 4-5. The U.S. Supreme Court’s decision, Apple argues, did not go so far. *Id.* at 4-  
8 5. For its part, Samsung accuses Apple of flouting the U.S. Supreme Court’s holding and  
9 proposing factors that have nothing to do with the relevant inquiry. Samsung Response at 7-13.  
10 The Court addresses these arguments in turn, and then the Court assesses the United States’  
11 proposal.

12 **1. The U.S. Supreme Court Did Not Foreclose the Possibility that a**  
13 **Multicomponent Product Could be the Relevant Article of**  
14 **Manufacture in Some Cases**

15 The Court turns first to Apple’s argument that Samsung’s proposed test is overly  
16 restrictive. As explained above, Samsung advocates that the factfinder should “compar[e] the  
17 claimed attributes of the design patent to the accused product to identify the specific part, portion,  
18 or component of the product that corresponds to the patent’s claim.” Samsung Opening Br. at 3.  
19 Samsung contends that, as a matter of law, the “relevant article of manufacture does not include  
20 any part, portion, or component of a product that is disclaimed by the patent.” *Id.* According to  
21 Apple, this test would mean that a complex multicomponent product could never be the relevant  
22 article of manufacture, because a design patent may only cover the “ornamental appearance of an  
23 article of manufacture,” not “internal or functional features.” Apple Response at 3 (internal  
24 quotation marks omitted); *see* Samsung Opening Br. at 3.

25 The U.S. Supreme Court’s decision did not rule out the possibility that the relevant article  
26 of manufacture could be a multicomponent product. The U.S. Supreme Court framed the issue  
27 before it as follows:

28 The only question we resolve today is whether, in the case of a multicomponent  
product, the relevant “article of manufacture” must always be the end product

1 sold to the consumer or whether it can also be a component of that product.  
 2 Under the former interpretation, a patent holder will always be entitled to the  
 3 infringer's total profit from the end product. Under the latter interpretation, a  
 4 patent holder will *sometimes* be entitled to the infringer's total profit from a  
 5 component of the end product.

6 *Supreme Court Decision*, 137 S. Ct. at 434 (emphasis added). Logically, if the patent holder is  
 7 only sometimes entitled to the infringer's total profit from a component of the end product, then  
 8 the patent holder is also sometimes entitled to the infringer's total profit on the entire end product.  
 9 Indeed, the U.S. Supreme Court did not adopt a per se rule that the relevant article of manufacture  
 10 in a multicomponent product is *always* only a component.<sup>3</sup> Rather, the U.S. Supreme Court held  
 11 that "the term 'article of manufacture' is broad enough to embrace both a product sold to a  
 12 consumer and a component of that product, whether sold separately or not." *Id.* at 436.

13 Samsung's test is not consistent with the U.S. Supreme Court's decision, which left open  
 14 the possibility that a multicomponent product could be the relevant article of manufacture. Indeed,  
 15 Samsung's test does not produce a logical result when applied to the very product that the U.S.  
 16 Supreme Court identified as an easy case: a dinner plate. *See Supreme Court Decision*, 137 S. Ct.  
 17 at 432. Consider a design patent for the decorative rim of a dinner plate. *See, e.g.*, U.S. Patent  
 18 No. D730,115 (design patent that claims design for rim of a dinner plate). Samsung's test purports  
 19 to exclude as a matter of law any part of a product not claimed in the design patent. But in the  
 20 case of a unitary object such as a dinner plate, the object must be the relevant article of  
 21 manufacture, even where the design patent disclaims part of the object. *See Supreme Court*  
 22 *Decision*, 137 S. Ct. at 432. Although Samsung conceded during the October 12, 2017 hearing  
 23 that in the case of a single-article product that article must be the relevant article of manufacture,  
 24 ECF No. 3528 at 22:9-22:18, 23:2-23:7, 23:19-23:23, 24:8-24:10 ("Hearing Tr."), the dinner plate  
 25 example shows that Samsung's test as written does not produce a logical result, even when applied  
 26 to a simple unitary product. Thus, it would likely also be over-restrictive when applied to  
 27 multicomponent products. Because Samsung's test would result in a stricter application of § 289

28 <sup>3</sup> Although Samsung cites questions posed by U.S. Supreme Court Justices during oral argument  
 to support its test, *see* Samsung Response at 6, it is the text of the written opinion that controls.



1 than the U.S. Supreme Court appeared to contemplate, the Court declines to adopt Samsung's  
2 proposed test.

3 **2. Apple's Test Omits the Scope of the Design Patent and Its Fourth**  
4 **Factor Strays From the Text of the Statute**

5 Apple's proposed test also has some flaws. Samsung argues that Apple's proposed test is  
6 defective because it omits fundamental considerations, such as the scope of the design patent, and  
7 introduces considerations that have no relationship to the text of § 289, such as the infringer's  
8 intent. Samsung Response at 3, 8. Samsung also contends that some of Apple's proposed factors  
9 contradict the U.S. Supreme Court's decision in the instant case.

10 With regard to the scope of the design patent, the Court agrees with Apple that the relevant  
11 article of manufacture may extend beyond the scope of the claimed design. This principle is  
12 evident from the text of § 289 and the dinner plate example discussed above. *See* 35 U.S.C. § 289  
13 ("Whoever during the term of a patent for design . . . applies the patented design . . . to *any* article  
14 of manufacture . . .") (emphasis added). At the same time, the Court agrees with Samsung that  
15 "[t]he statute cannot be administered without first ascertaining the scope of the design claimed by  
16 the patent." Samsung Response at 3. As a result, the scope of the design patent must be a central  
17 consideration for the factfinder when determining the relevant article of manufacture for the  
18 purpose of § 289.

19 Conversely, Apple's fourth proposed factor, the infringer's intent in copying the patented  
20 design, finds no support in the text of the statute. Apple cites no authority in its briefs to support  
21 the inclusion of this factor. In fact, the predecessor to § 289 contained a knowledge requirement,  
22 but Congress removed the knowledge requirement when it passed the 1952 Patent Act. *See*  
23 *Catalina Lighting, Inc. v. Lamps Plus, Inc.*, 295 F.3d 1277, 1290 (Fed. Cir. 2002); Mark A.  
24 Lemley, *A Rational System of Design Patent Remedies*, 17 STAN. TECH. L. REV. 219, 223 & n.19  
25 (2013) (explaining history of knowledge requirement). Moreover, the article of manufacture  
26 inquiry is a factual one: to which article of manufacture was the patented design applied? The  
27 Court finds unconvincing Apple's explanation as to why an infringer's reasons for copying the  
28 design is relevant to this factual inquiry. As a result, the Court declines to include the infringer's

1 intent as a factor in the article of manufacture test.

2 Finally, Samsung contends that Apple's first proposed factor, how the defendant sells and  
3 accounts for its profits on the infringing profit, conflicts with the U.S. Supreme Court's reasoning  
4 in the instant case. Apple argues that "[i]f the defendant typically sells its asserted article of  
5 manufacture as part of a unitary product, the factfinder may reasonably infer that the defendant has  
6 applied the patented design to the product as a whole." Apple Opening Br. at 4. Apple goes on,  
7 "For example, where a design patent covers only the 'upper' portion of a shoe, the entire shoe may  
8 fairly be considered the article of manufacture if the defendant only sells the infringing shoes as a  
9 whole." *Id.* Samsung contends that this is precisely the reasoning that the Federal Circuit adopted  
10 in the instant case, and it is also the reasoning that the U.S. Supreme Court rejected. Samsung  
11 Response at 4. Accordingly, Samsung urges the Court to "keep how the product is sold totally out  
12 of" the test for determining the relevant article of manufacture. Hearing Tr. 17:8-17:9.

13 The Court does not read the U.S. Supreme Court's decision as narrowly as Samsung  
14 suggests. The U.S. Supreme Court interpreted the Federal Circuit's decision in the instant case as  
15 adopting a per se rule that "the relevant 'article of manufacture' must always be the end product  
16 sold to the consumer." *Supreme Court Decision*, 137 S. Ct. at 434. The U.S. Supreme Court  
17 framed the question before it as follows: "[T]he Federal Circuit identified the entire smartphone as  
18 the only permissible 'article of manufacture' for the purpose of calculating § 289 damages because  
19 consumers could not separately purchase components of the smartphones. The question before us  
20 is whether that reading is consistent with § 289. We hold that it is not." *Supreme Court Decision*,  
21 137 S. Ct. at 432. The U.S. Supreme Court also said, "[R]eading 'article of manufacture' in § 289  
22 to cover *only* an end product sold to a consumer gives too narrow a meaning to the phrase." *Id.* at  
23 436 (emphasis added). Thus, the U.S. Supreme Court rejected a per se rule that the relevant article  
24 of manufacture is always the product sold to the consumer. Instead, the U.S. Supreme Court held  
25 that "the term 'article of manufacture' is broad enough to encompass both a product sold to a  
26 consumer as well as a component of that product." *Id.* at 435. Moreover, the U.S. Supreme Court  
27 did not hold that how a product is sold is irrelevant to the article of manufacture inquiry.

1 The parties and the United States agree that evidence of how a product is sold is relevant to  
 2 the overall damages inquiry. In the October 12, 2017 hearing, Samsung conceded that evidence of  
 3 how a product is sold would be relevant to determining the amount of total profit on the relevant  
 4 article of manufacture. Hearing Tr. 17:12-17:20 (“[W]hat the sale might be relevant to is – might  
 5 be relevant to – is step 2, what’s the quantum of profit? Maybe you look to how the product is  
 6 sold and whether components are sold separately in a parts market or an aftermarket.”). In  
 7 addition, the United States’ fourth proposed factor includes whether “the design is embodied in a  
 8 component that is manufactured separately from the rest of the product, or if the component can be  
 9 sold separately.” In light of the U.S. Supreme Court’s decision in this case and the parties’  
 10 agreement that evidence of how the product is sold is relevant, the Court finds that how the  
 11 product is sold can be considered by the factfinder in determining the relevant article of  
 12 manufacture. However, because the Court finds the United States’ articulation of this factor  
 13 preferable, the Court declines to adopt Apple’s first factor as written and instead adopts the United  
 14 States’ fourth factor, as explained in more detail below.

15 The Court finds that Apple’s second and third proposed factors—the visual contribution of  
 16 the design to the product as a whole and the degree to which the asserted article of manufacture is  
 17 physically and conceptually distinct from the product as sold—to be substantially similar to  
 18 factors included in the United States’ proposed test. Accordingly, the Court addresses those  
 19 factors in the next section.

### 20 **3. The United States’ Proposed Test Most Accurately Embodies the** 21 **Relevant Inquiry**

22 The Court now turns to the four-factor test proposed by the United States. Once again,  
 23 those factors are:

- 24 • “[T]he scope of the design claimed in the plaintiff’s patent, including the drawing  
and written description”;
- 25 • “[T]he relative prominence of the design within the product as a whole”;
- 26 • “[W]hether the design is conceptually distinct from the product as a whole”; and
- 27 • “[T]he physical relationship between the patented design and the rest of the  
product,” including whether “the design pertains to a component that a user or  
28 seller can physically separate from the product as a whole,” and whether “the

1 design is embodied in a component that is manufactured separately from the rest of  
2 the product, or if the component can be sold separately.”

3 Among the various proposals before the U.S. Supreme Court and this Court, this Court  
4 finds that the United States’ proposal is the most likely to help the factfinder perform its task of  
5 identifying the article of manufacture to which the patented design was applied, “without  
6 unnecessarily sweeping in aspects of the product that are unrelated to that design.” U.S. Br., 2016  
7 WL 3194218 at \*26. Moreover, at the October 12, 2017 hearing, both parties stated that they  
8 found the United States’ test acceptable. *See* Hearing Tr. 4:17-4:18 (Apple’s counsel: “I think  
9 adopting that test would be fine with Apple.”), 5:1-5:2 (Apple’s counsel: “And [Apple’s test is]  
10 very close to the Solicitor General’s four factors, so we think we could live with that.”), 14:1-14:2  
11 (Samsung’s counsel: “We like the Solicitor General’s test . . .”), 14:14-14:18 (Samsung’s  
12 counsel: “But the second best proposal is certainly the Solicitor General’s test. And if Your Honor  
13 is inclined to adopt that test, Samsung believes that that test has a lot of merit.”).

14 With regard to the first factor, the Court concludes that the factfinder must consider the  
15 scope of the claimed design to determine to which article of manufacture the design was applied,  
16 but the scope of the claimed design is not alone dispositive. As the United States explained, “the  
17 scope of the design claimed in the plaintiff’s patent . . . provides insight into which portions of the  
18 underlying product the design is intended to cover, and how the design relates to the product as a  
19 whole.” U.S. Br., 2016 WL 3194218 at \*27. The Court acknowledges Apple’s concern that the  
20 defendant may apply the patented design in a way that differs from the way that the plaintiff  
21 claimed the design in its patent, which would leave the scope of the claimed design with little  
22 significance. *See* Apple Opening Br. at 7. But this is an issue that can be argued to the factfinder  
23 in the context of the facts of a given case; it is not a reason to altogether exclude from  
24 consideration the scope of the claimed design.

25 The second, third, and fourth factors appear tailored to help a factfinder assess competing  
26 contentions where, like here, one party argues that the relevant article of manufacture is the entire  
27 product as sold and the other party argues that the relevant article of manufacture is some lesser  
28 part of the product. Each factor helps the factfinder think through whether the patented design has

1 been applied to the product as a whole or merely a part of the product. For the purposes of the  
 2 instant case, the Court finds that the four factors proposed by the United States best embody the  
 3 relevant inquiry, and so the Court adopts these four factors as the test for determining the relevant  
 4 article of manufacture for the purpose of § 289.<sup>4</sup>

5 Adopting the United States' test is also consistent with actions of the only other court to  
 6 have instructed a jury on § 289 after the U.S. Supreme Court's decision in the instant case. On  
 7 September 29, 2017, a court in the Southern District of California largely adopted the United  
 8 States' proposed test and instructed the jury accordingly. *See* Jury Instructions at 15-16, *Columbia*  
 9 *Sportswear N. Am., Inc. v. Seirus Innovative Accessories, Inc.*, No. 3:17-cv-01781-HZ (S.D. Cal.  
 10 Sept. 9, 2017), ECF No. 378.

11 Particularly where, as here, both parties agree that the United States' test is acceptable,  
 12 there is little reason to adopt a different test in this case.

13 **B. The Burden of Proving the Relevant Article of Manufacture and the Total Profit on**  
 14 **the Sale of that Article**

15 The Court now turns to which party bears the burden to establish the relevant article of  
 16 manufacture and to prove the total profit on the sale of that article of manufacture. The U.S.  
 17 Supreme Court has observed that “[t]he term ‘burden of proof’ is one of the ‘slipperiest member[s]”  
 18 of the family of legal terms.” *Schaffer v. Weast*, 546 U.S. 49, 56 (2005) (quoting J. STRONG, 2  
 19 MCCORMICK ON EVIDENCE § 342, p.433 (5th ed. 1999)). This is in part because “historically, the  
 20 concept encompassed two distinct burdens: the ‘burden of persuasion,’ *i.e.*, which party loses if  
 21 the evidence is closely balanced, and the ‘burden of production,’ *i.e.*, which party bears the

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22 <sup>4</sup> Samsung and some commentators have expressed concern about the administrability of a  
 23 multifactor test, which they contend is vague and will yield unpredictable results. *See* Samsung  
 24 Response at 2; Sarah Burstein, *The “Article of Manufacture” Today*, 31 HARV. J. L. & TECH.  
 25 (forthcoming Spring 2018) (manuscript as of Sept. 16, 2017 at 23-24)  
 26 (<http://ssrn.com/abstract=3033231>). However, intellectual property law is already replete with  
 27 multifactor tests. *See, e.g., KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406-07 (2007) (discussing  
 28 factors for determining obviousness of an invention); *Georgia-Pacific Corp. v. U.S. Plywood*  
*Corp.*, 318 F. Supp. 1116, 11120 (S.D.N.Y. 1970) (listing fifteen factors informing reasonable  
 royalty calculations in utility patent cases). The United States' proposed four-factor test is no less  
 administrable than these other tests.

1 obligation to come forward with the evidence at different points in the proceeding.” *Id.* To avoid  
2 ambiguity, the Court will refer to the “burden of persuasion” and the “burden of production,”  
3 rather than the “burden of proof.” For the reasons stated below, the Court finds that the plaintiff  
4 bears the burden of persuasion on identifying the relevant article of manufacture and proving the  
5 total profit on that article. The Court next finds that the plaintiff initially bears the burden of  
6 production on identifying the relevant article of manufacture and proving the total profit on that  
7 article. If the plaintiff satisfies this burden of production, the burden of production then shifts to  
8 the defendant to come forward with evidence of an alternative article of manufacture and evidence  
9 of a different profit calculation, including any deductible costs.

10 Apple urges the Court to adopt a burden-shifting framework for both identifying the  
11 relevant article of manufacture and proving total profit on the sale of that article, whereby the  
12 “plaintiff bears the initial burden of proving that the defendant applies the patented design to a  
13 product that was sold and further proving revenues from the sale.” Apple Opening Br. at 9. “At  
14 that point, the plaintiff has made out a *prima facie* case under § 289,” and the “burden then shifts  
15 to the defendant, if it so chooses, to prove that the damages should be reduced” by proving a lesser  
16 article of manufacture or identifying deductible costs. *Id.* Apple does not specify in its briefs  
17 whether it means the burden of production or persuasion, but at the October 12, 2017 hearing,  
18 Apple clarified that its position is that both burdens should shift to the defendant. Hearing Tr.  
19 43:23-44:3. At the same time, Apple concedes that it bears “the ultimate burden of persuasion on  
20 the issue of damages.” Hearing Tr. 41:22-23; Apple Response at 9. Apple does not explain how  
21 this “ultimate burden” fits with the burden-shifting framework that it proposes.

22 The United States advocates a different burden-shifting regime. According to the United  
23 States, the plaintiff bears the burden of persuasion on identifying the relevant article of  
24 manufacture and the amount of total profit. U.S. Br., 2016 WL 3194218, at \*30-31. The United  
25 States does not advocate shifting the burden of persuasion to the defendant. *Id.* The plaintiff also  
26 bears a burden of production on both issues. Once the plaintiff has satisfied its burden of  
27 production on identifying the relevant article of manufacture, the burden of production shifts to the

1 defendant. *Id.*

2 Apple and the United States argue that a burden-shifting framework would be consistent  
3 with the principle that the party with superior knowledge of or access to the relevant facts should  
4 bear the burden of proving those facts. *See id.*; Apple Opening Br. at 10-11 (citing, e.g., *Concrete*  
5 *Pipe & Prod. Of Cal., Inc. v. Constr. Laborers Pension Tr. for S. Cal.*, 508 U.S. 602, 626 (1993);  
6 *Campbell v. United States*, 365 U.S. 85, 96 (1961)).

7 Samsung objects to this proposed burden-shifting framework. According to Samsung,  
8 “[t]he ‘ordinary default rule’ is that ‘plaintiffs bear the burden of persuasion regarding the  
9 essential aspects of their claims,’” and there is no reason to stray from that rule in the instant case.  
10 Samsung Opening Br. at 8 (quoting *Schaffer*, 546 U.S. at 57).

11 The Court first assesses which party bears the burden of persuasion on identifying the  
12 relevant article of manufacture and proving the total profit on that article. The Court then  
13 examines the burden of production on these same issues.

14 **1. The Burden of Persuasion**

15 Where a statute is silent on the allocation of the burden of persuasion, the Court “begin[s]  
16 with the ordinary default rule that plaintiffs bear the risk of failing to prove their claims.” *Id.*  
17 “Absent some reason to believe that Congress intended otherwise . . . the burden of persuasion lies  
18 where it usually falls, upon the party seeking relief.” *Id.* at 57-58. This default rule applies to  
19 proving infringement and damages in patent cases. *See Medtronic, Inc. v. Mirowski Family*  
20 *Ventures, LLC*, 134 S. Ct. 843, 849 (2014) (“It is well established that the burden of proving  
21 infringement generally rests upon the patentee.”); *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d  
22 1301, 1324 (Fed. Cir. 2009) (“The burden of proving damages falls on the patentee.”); *Egyptian*  
23 *Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 678 (Fed. Cir. 2008) (stating in a design patent case  
24 that, “as is always the case, the burden of proof as to infringement remains on the patentee”), *cert.*  
25 *denied*, 129 S. Ct. 1917 (2009); *Avid Identification Sys., Inc. v. Global ID Sys.*, 29 F. App’x 598,  
26 602 (Fed. Cir. 2002) (unpublished) (“The district court also erred in shifting the burden of proving  
27 damages to [defendant] . . . .”); ROBERT A. MATTHEWS, JR., 4 ANNOTATED PATENT DIGEST § 30:9.

28

1           The Court concludes that the plaintiff bears the burden of persuasion on identifying the  
2 relevant article of manufacture and proving the defendant’s total profit on that article. First, there  
3 is no indication that Congress intended the defendant to bear the burden of persuasion on  
4 identifying the relevant article of manufacture or proving the amount of total profit, *see* Burstein,  
5 *supra* n.4, at 59-61, and so the default rule is presumed to apply, *Schaffer*, 546 U.S. at 56. In fact,  
6 the legislative history of the predecessor to § 289 shows that Congress intended that the plaintiff  
7 bear the burden of persuasion. *See* Burstein, *supra* n.4, at 59-61; Sarah Burstein, *The “Article of*  
8 *Manufacture” in 1887*, 32 BERKELEY TECH. L. J. (forthcoming) (manuscript as of Sept. 4, 2017 at  
9 68 & nn.419-20) (<https://ssrn.com/abstract=2850604>); H.R. REPORT NO. 1966, at 3 (1886); S. REP.  
10 No. 206, at 2 (1886). Moreover, as Samsung points out, “[p]lacing the burden of identifying the  
11 correct article of manufacture on the patent plaintiff also corresponds with the analogous law of  
12 utility-patent damages for multicomponent products, where the patent plaintiff similarly must  
13 prove the correct component to be used as a royalty base . . . .” Samsung Opening Br. at 10; *see*  
14 *Virnetx, Inc. v. Cisco Systems, Inc.*, 767 F.3d 1308, 1327 (Fed. Cir. 2014) (“Where the smallest  
15 salable unit is, in fact, a multi-component product containing several non-infringing features with  
16 no relation to the patented feature . . . , the patentee must do more to estimate what portion of the  
17 value of that product is attributable to the patented technology.”). Finally, Apple concedes that it  
18 bears the ultimate burden of persuasion on the issue of damages. Hearing Tr. 41:22-23; Apple  
19 Response at 9. Accordingly, the plaintiff must bear the burden of persuasion in identifying the  
20 relevant article of manufacture for the purpose of § 289 and proving the defendant’s total profit on  
21 that article.

22           Apple’s argument in favor of shifting the burden of persuasion is unconvincing. Apple  
23 argues that it would be appropriate to shift the burden of persuasion to identify the relevant article  
24 of manufacture on the defendant because the defendant has superior knowledge of the infringing  
25 product’s components. *See* Apple Opening Br. at 10-11. However, the U.S. Supreme Court has  
26 confirmed that the “superior knowledge” burden-shifting principle is “far from being universal,  
27 and has many qualifications upon its application.” *Schaffer*, 546 U.S. at 60 (quoting *Greenleaf’s*



1 *Lessee v. Birth*, 6 Pet. 302, 312 (1832)). None of the cases that Apple cites in support of this  
2 argument apply the “superior knowledge” burden-shifting principle to an analogous situation in  
3 the intellectual property context, let alone a patent case. Indeed, in the closest analogous  
4 context—identification of the smallest salable patent-practicing unit for utility patent damages—  
5 the burden of persuasion rests on the plaintiff, as explained above. Moreover, Apple offers no  
6 reason why ordinary discovery would not be sufficient to allow a design patent plaintiff to carry  
7 its burden of persuasion on identifying the relevant article of manufacture. As a result, the Court  
8 concludes that the plaintiff bears the burden of persuasion.

## 9 **2. Burden of Production**

10 As the party that bears the burden of persuasion, the plaintiff also bears an initial burden to  
11 produce evidence identifying the article of manufacture to which the patented design was applied  
12 and proving the amount of total profit on that article. *See generally* GEORGE E. DIX ET AL., 2  
13 MCCORMICK ON EVIDENCE § 337 (7th ed.). Apple concedes that it bears this burden of  
14 production. *See* Apple Opening Br. at 9.

15 Apple contends that if the plaintiff has made an initial showing as to the relevant article of  
16 manufacture, and if the defendant disputes the relevant article of manufacture, the burden of  
17 production then shifts to the defendant to come forward with evidence to support its alternative  
18 article of manufacture. Apple Opening Br. at 9. Apple asserts that the same burden-shifting  
19 scheme applies to the calculation of total profit. Apple argues that such a shift in burden is  
20 consistent with § 289’s disgorgement-like remedy, because in other disgorgement contexts the  
21 defendant bears the burden to prove any deductions. *Id.* at 11-12 (analogizing to the SEC  
22 enforcement and contract contexts). Samsung disagrees. In Samsung’s view, the text of the  
23 statute is determinative. Nothing in the text of § 289 suggests that Congress contemplated the  
24 defendant bearing any burden. By contrast, the text of both the Copyright Act and the Lanham  
25 Act explicitly impose a burden on the defendant to prove deductible costs. Samsung Opening Br.  
26 at 9 (quoting 17 U.S.C. § 504 and 15 U.S.C. § 1117(a)). The logical inference, according to  
27 Samsung, is that Congress did not intend the defendant to bear any burden on either identifying

1 the article of manufacture or the amount of damages.

2 The Court holds that if the plaintiff has met its initial burden of production on identifying  
3 the relevant article of manufacture for the purpose of § 289 and the defendant disputes the  
4 plaintiff's identification of the relevant article of manufacture, then the burden of production shifts  
5 to the defendant to come forward with evidence supporting its asserted article of manufacture.  
6 First, a defendant will seek to prove an alternative article of manufacture to lower the amount of  
7 total profit. Assigning the defendant a burden of producing evidence to support its position is thus  
8 consistent with other disgorgement remedies, where the defendant bears the burden of proving any  
9 allowable deductions that decrease the amount of total profit. *See, e.g., S.E.C. v. First City Fin.*  
10 *Corp.*, 890 F.2d 1215, 1232 (D.C. Cir. 1989) (describing how “the burden of going forward”  
11 shifted to defendants to demonstrate that the disgorgement figure was not a reasonable  
12 approximation of its unjust enrichment even though the SEC bore the ultimate burden of  
13 persuasion).

14 Such a shift in the burden of production is also consistent with the lost profits remedy  
15 under 35 U.S.C. § 284. In the § 284 lost profits context, the patentee “must show that ‘but for’  
16 infringement it reasonably would have made the additional profits enjoyed by the infringer.”  
17 *Micro Chem., Inc. v. Lextron, Inc.*, 318 F.3d 1119, 1122 (Fed. Cir. 2003). “Once the [patent  
18 holder] establishes the reasonableness of this inference, the burden shifts to the infringer to show  
19 that the inference is unreasonable for some or all of the lost profits.” *Id.* Finally, shifting the  
20 burden of production is consistent with the Federal Court's en banc decision in the design patent  
21 case *Egyptian Goddess*. In *Egyptian Goddess*, the Federal Circuit clarified that the test for design  
22 patent infringement is whether an ordinary observer familiar with the prior art would be deceived  
23 by the similarity between the claimed and accused designs. 543 F.3d at 678, 681, 683. Although  
24 the burden of proof as to infringement remained on the patentee, an accused infringer who elects  
25 to rely on comparison to prior art as a defense to infringement bears the burden of production of  
26 that prior art. *Id.* at 678-79. The Federal Circuit reasoned that “[t]he accused infringer is the party  
27 with the motivation to point out close prior art, and in particular to call to the court's attention the

1 prior art that an ordinary observer is most likely to regard as highlighting the differences between  
 2 the claimed and accused design.” *Id.* at 679. Likewise, in the context of § 289, it is the defendant  
 3 who has “the motivation to point out” evidence of an alternative article of manufacture.

4 Similarly, the defendant bears the burden of production on proving any deductible  
 5 expenses from the amount of total profit proved by the plaintiff. This result is, first of all, the law  
 6 of the case, and Samsung did not appeal it. *See* ECF No. 1903 at 72 (jury instruction from 2012  
 7 trial assigning Samsung the burden of proving deductible expenses); ECF No. 2784 at 39 (same  
 8 for 2013 trial); Opening Brief for Defendants-Appellants, *Apple Inc. v. Samsung Elecs. Co.*, Nos.  
 9 2014-1335, 2014-1368, 2014 WL 2586819 (Fed. Cir. May 23, 2014). Second, other courts in  
 10 design patent cases have assigned the burden on deductible expenses to the defendant. *See Henry*  
 11 *Hanger & Display Fixture Corp. of Am. v. Sel-O-Rak Corp.*, 270 F.2d 635, 643 (5th Cir. 1959)  
 12 (stating that the “burden of establishing” deductible overhead costs “rested upon the defendants”);  
 13 *Rocket Jewelry Box, Inc. v. Quality Int’l Packaging, Ltd.*, 250 F. Supp. 2d 333, 341 (S.D.N.Y.  
 14 2003) (“[The defendant] has not provided any evidence that the objected-to [operating] expenses  
 15 were sufficiently related to the production of the [infringing products]. Therefore, the Court  
 16 hereby adopts [the plaintiff’s] calculations . . .”), *vacated in part on other grounds*, 90 F. App’x  
 17 543 (Fed. Cir. 2004) (unpublished); *Bergstrom v. Sears, Roebuck & Co.*, 496 F. Supp. 476, 497  
 18 (D. Minn. 1980) (“The burden of establishing the nature and amount of these [overhead] costs, as  
 19 well as their relationship to the infringing product, is on the defendants.”).

20 Samsung’s argument that the face of the statute lacks an explicit burden-shifting scheme  
 21 does not mandate a different result. The Federal Circuit has endorsed shifting the burden of  
 22 production in contexts where the statute does not explicitly require it. For example, § 284 does  
 23 not mention burden shifting, but the Federal Circuit endorses burden-shifting in the lost profits  
 24 context under § 284, as discussed above. *See Micro Chem.*, 318 F.3d at 1122. In the design patent  
 25 context, the Federal Circuit approved shifting the burden of production to the defendant in  
 26 asserting a noninfringement defense even though § 282, which identifies that defense, does not  
 27 assign the defendant a burden. *See* 35 U.S.C. § 282(b); *Egyptian Goddess*, 543 F.3d at 678-79.

1 Accordingly, the defendant must bear the burden of production on any deductible costs that it  
2 argues should be subtracted from the profits proved by plaintiff.

3 Overall, the Court's allocation of the burdens of persuasion and production is consistent  
4 with how the court in *Columbia Sportswear* instructed the jury in that case. The court in  
5 *Columbia Sportswear* assigned the plaintiff "the initial burden of producing evidence identifying  
6 the article of manufacture for which it seeks profits." Jury Instructions at 15, No. 3:17-cv-01781-  
7 HZ. The plaintiff was also required to prove the defendant's total profit from the sale of the  
8 infringing article. The defendant then bore "the burden of proving that the article of manufacture  
9 [wa]s something less than the entire product." *Id.* The defendant also bore the burden of proving  
10 deductible expenses. *Id.* at 17.

11 To summarize, the Court adopts the four-factor test for determining the relevant article of  
12 manufacture for the purpose of § 289 proposed by the United States in its amicus brief before the  
13 U.S. Supreme Court. The plaintiff bears the burden of persuasion in proving the relevant article of  
14 manufacture and in proving the amount of defendant's total profit under § 289. The plaintiff also  
15 bears an initial burden of production on both of these issues. However, once the plaintiff satisfies  
16 its initial burden of production, the burden of production shifts to the defendant to come forward  
17 with evidence to support any alternative article of manufacture and to prove any deductible  
18 expenses. Having established these threshold issues, the Court now turns to whether the jury  
19 instructions given at trial constituted prejudicial error.

### 20 **C. The Jury Instructions Were Prejudicial Error**

21 As explained above, Samsung contends that a new trial is warranted because the jury  
22 instructions given inaccurately stated the law on the article of manufacture issue. Specifically,  
23 Samsung contends that excluding Proposed Jury Instruction 42.1 and giving Final Jury Instruction  
24 54 led the jury to believe that the entire phone was the only possible article of manufacture under  
25 § 289. Once again, Proposed Jury Instruction 42.1 read:

26 If you find that [Samsung] infringed any of Apple's design patents, and if you  
27 decide to award Apple profits from [Samsung's] sales, you should award only  
28 those profits which were derived from the article of manufacture to which Apple's

1 patented design was applied. The article to which Apple's design was applied  
2 may be the same as or different from Samsung's devices as sold because devices  
3 offered for sale may incorporate a single article of manufacture or several articles  
4 of manufacture. The article of manufacture to which a design has been applied is  
5 the part or portion of the product as sold that incorporates or embodies the subject  
6 matter of the patent. Where the article of manufacture is a case or external  
7 housing of the device, then only the profits from the sale of the case or external  
8 housing of the device should be awarded. Under these instructions, an award of  
9 profits for design patent infringement should not include profits earned from the  
10 technology by which the devices operate or from any other functions of the  
11 devices.

12 ECF No. 1694 at 151. Final Jury Instruction 54 read in relevant part:

13 If you find infringement by any Samsung defendant and do not find Apple's  
14 design patents are invalid, you may award Apple that Samsung defendant's total  
15 profit attributable to the infringing products.

16 The "total profit" of [Samsung] means the entire profit on the sale of the article to  
17 which the patented design is applied, and not just the portion of profit attributable  
18 to the design or ornamental aspects covered by the patent. "Total profit" does not  
19 include profit attributable to other products that may be sold in association with  
20 an infringing article embodying the patented design.

21 If you find infringement by any Samsung defendant, Apple is entitled to all profit  
22 earned by that defendant on sales of articles that infringe Apple's design patents.

23 ECF No. 1901 at 72.

24 "A jury verdict will be set aside, based on erroneous jury instructions, if . . . 'those  
25 instructions were legally erroneous,' and that 'the errors had prejudicial effect.'" *NTP, Inc. v.*  
26 *Research In Motion, Ltd.*, 418 F.3d 1282, 1311-12 (Fed. Cir. 2005) (quoting *Advanced Display*  
27 *Sys., Inc. v. Kent State Univ.*, 212 F.3d 1272, 1281 (Fed. Cir. 2000)), *abrogated on other grounds*  
28 *as recognized in Avid Tech., Inc. v. Harmonic, Inc.*, 812 F.3d 1040, 1047 (Fed. Cir. 2016). More  
specifically, a judgment may be altered based on an erroneous jury instruction by a party if "(1)  
[the party] made a proper and timely objection to the jury instructions, (2) those instructions were  
legally erroneous, (3) the errors had prejudicial effect, and (4) [the party] requested alternative  
instructions that would have remedied the error." *Advanced Display*, 212 F.3d at 1281 (internal  
citations omitted). The Court addresses these factors in turn.

### 1. The Objection Was Proper and Timely

The Court has already determined that "Samsung objected to the exclusion of Proposed

1 Jury Instruction 42.1 in a proper and timely manner that was in compliance with Rule 51.” ECF  
2 No. 3509 at 15-16.

### 3 **2. The Instructions Were Legally Erroneous**

4 The jury instructions given were legally erroneous because they did not state the law as  
5 provided by the U.S. Supreme Court in this case. Nevertheless, Apple contends that it was not  
6 error for the Court to have declined to give Proposed Jury Instruction 42.1 because that instruction  
7 did not have an adequate foundation in the evidence. Apple also contends that legal errors in the  
8 proposed instruction mean that it was not error for the Court to have excluded it. For the reasons  
9 below, the Court disagrees.

#### 10 **a. The Instructions Did Not Properly State the Law**

11 In its order on July 28, 2017, the Court held that “the jury was not provided an instruction  
12 that stated the law as provided by the United States Supreme Court decision in this case that an  
13 article of manufacture can be ‘a product sold to a consumer [or] a component of that product.’  
14 Without such an instruction, Final Jury Instructions 53 and 54 would direct a jury to find that the  
15 article of manufacture and product are the same.” *Id.* at 22 (citation omitted).

#### 16 **b. There Was an Adequate Foundation in Evidence**

17 Apple argues that the Court did not err by declining to give Proposed Jury Instruction 42.1  
18 because there was not an adequate foundation in the evidence for it. ECF No. 3490-2 at 17.  
19 “While it is unnecessary to give instructions unsupported by the evidence, a litigant is entitled to  
20 have the jury charged concerning his theory of the case if there is any direct or circumstantial  
21 evidence to support it.” *Don Burton, Inc. v. Aetna Life & Cas. Co.*, 575 F.2d 702, 706 (9th Cir.  
22 1978); *see Galdamez v. Potter*, 415 F.3d 1015, 1023 (9th Cir. 2005) (determining whether there  
23 was prejudicial error by determining whether “a reasonable jury could have found” for the party  
24 proposing the instruction); *see also Kinetic Concepts, Inc. v. Blue Sky Med. Grp., Inc.*, 554 F.3d  
25 1010, 1021 (Fed. Cir. 2009) (“Challenges to jury instructions are reviewed under the law of the  
26 regional circuit where the district court sits.” (internal quotation marks omitted)).

27 Samsung argues that there was a sufficient foundation in evidence to instruct the jury on

1 the possibility of a lesser article of manufacture based on evidence that was presented to the jury  
2 as part of the parties' infringement and invalidity cases. ECF No. 3491 at 8. Samsung cites three  
3 categories of evidence to show that the jury could have found an article of manufacture that was  
4 less than the entirety of each infringing Samsung phone. First, Samsung cites to the design patents  
5 themselves, which cover only certain aspects of Samsung's phones. The D'677 patent claims a  
6 design for a "black, rectangular front glass face with rounded corners" and does not claim the  
7 surrounding rim (bezel), the circular home button on the front, or the sides, top, bottom, or back of  
8 the device. ECF No. 1611 at 1014-15 (Apple's expert Peter Bressler stating that "all [the D'677  
9 patent is] claiming is that front face"). The D'087 patent claims a rectangular front face with  
10 rounded corners, with a bezel, but without black shading, and does not claim the sides, back, top,  
11 and bottom of the device or the home button. *Id.* at 1018-19 (Bressler stating that the D'087  
12 patent is "not claiming the body. It's claiming the bezel and the front face."). The D'305 patent  
13 claims a design for a grid of sixteen colorful icons on a screen on a mobile device as part of a  
14 graphical user interface, and does not claim any other aspect of the device. ECF No. 1612 at 1367  
15 (Apple expert Susan Kare stating that the D'305 patent is limited to "the rectangular area"  
16 represented by the phone's screen).

17 Second, Samsung cites to testimony and exhibits that purport to show that Samsung's  
18 phones can be separated into various component parts. For example, Samsung cites to slides that  
19 show a breakdown of one of Samsung's infringing phones, the Vibrant, and its various  
20 components. *See* DX2519 at 5-11. Similarly, multiple witnesses testified about how smartphones  
21 are assembled and how the screen was separate from internal components. *See, e.g.*, ECF No.  
22 1610 at 313-17 ("[T]here's a piece of glass [for the screen] and then underneath that is a display  
23 and have to glue that on top."). At one point in the trial, an Apple witness showed and passed  
24 around to the jury the "major logic board" of a disassembled iPhone 4. ECF No. 1842 at 3165-68.

25 Third, Samsung points to consumer survey evidence discussing the outer shape of  
26 Samsung's phones. *See* PX6.1 (commentary about Samsung's Galaxy S phone and its "all black,  
27 shiny plastic body" and the "minimal buttons on the phone's face").

1 As to whether there was sufficient evidence for the jury to calculate Samsung's total profit  
2 on an article of manufacture other than the entire phone, Samsung argues that Apple's own  
3 damages experts provided this information at trial. Samsung Opening Br. at 23. Specifically,  
4 Samsung contends that "Apple's experts offered reasonable-royalty calculations for the D'677,  
5 D'087, and D'305 patents, with one methodology (the 'income method') suggesting a value of \$9  
6 per phone for those three patents combined." *Id.* (citing ECF No. 1839 at 2088-92 (testimony of  
7 Apple's damages expert at 2012 trial); ECF No. 2840 at 704-08 (testimony of Apple's damages  
8 expert at 2013 trial); PX25A1.16 (Apple's 2012 trial exhibit summarizing its damages  
9 contentions); PX25F.16 (same for 2013 trial)). According to Samsung, "[t]hese 'income method'  
10 opinions used Samsung's 'actual profits' as the measure of what Samsung would earn from the  
11 components 'embodying the patented [designs].'" *Id.* (quoting PX25A1.16; PX25F.16) (emphasis  
12 removed).

13 In response, Apple accuses Samsung of misstating the evidence. Apple Response at 19.  
14 For example, the quoted sentence from PX25A1.16 and PX25F.16, Apple points out, actually  
15 reads: "The income approach to the value of the patent at issue is based on the future profitability  
16 of the products embodying the patented technology." Apple also contends that the jury would not  
17 have been able to calculate Samsung's total profit on a lesser article of manufacture because  
18 Samsung never identified any lesser article of manufacture for the jury and never identified any  
19 amount of profits that the jury could have attributed to these lesser articles. *Id.* at 18. However,  
20 had the Court not excluded Proposed Jury Instruction 42.1, Samsung could have made such  
21 arguments in its closing.

22 Even taking Apple's objections into account, the Court finds that there was a sufficient  
23 foundation in the evidence to have given Proposed Jury Instruction 42.1. The level of evidence  
24 required to support a jury instruction is not high: "a litigant is entitled to have the jury charged  
25 concerning his theory of the case if there *is any direct or circumstantial evidence to support it.*"  
26 *Don Burton*, 575 F.2d at 706 (emphasis added). The testimony about the various components of  
27 the phones at issue, together with the design patents themselves, is enough to support Proposed  
28



1 Jury Instruction 42.1.

2 **c. Legal Error in the Proposed Instruction Would Not Have Excused the**  
 3 **Court From Properly Instructing the Jury**

4 Finally, Apple argues that the Court did not err by declining to give Proposed Jury  
 5 Instruction 42.1 because that proposed instruction “contained multiple misstatements of law.”  
 6 ECF No. 3490-2 at 18. Specifically, Proposed Jury Instruction 42.1 included Samsung’s now-  
 7 abandoned apportionment theory and also defined the article of manufacture as invariably less  
 8 than the entire product as sold. *Id.* As the Court stated in its July 28, 2017 order, however, once  
 9 an issue is raised to the district court, “[t]he fact that the proposed instruction was misleading does  
 10 not alone permit the district judge to summarily refuse to give any instruction on the topic.”  
 11 *Merrick v. Paul Revere Life Ins. Co.*, 500 F.3d 1007, 1017 (9th Cir. 2007). Instead, “[i]f a party’s  
 12 proposed instruction has brought an ‘issue . . . to the district court’s attention,’ the court commits  
 13 error if it ‘omit[s] the instruction altogether, rather than modifying it to correct the perceived  
 14 deficiency.’” *Hunter v. Cty. of Sacramento*, 652 F.3d 1225, 1235 n.11 (9th Cir. 2011) (citation  
 15 omitted); *see also Norwood v. Vance*, 591 F.3d 1062, 1067 (9th Cir. 2010) (“Perfect or not, the  
 16 defendants’ proposed instruction brought the issue of deference to the district court’s attention.”).

17 In this case, Proposed Jury Instruction 42.1 raised the issue of whether the proper article of  
 18 manufacture for Samsung’s phones was the “product sold to a consumer [or] a component of that  
 19 product.” *Supreme Court Decision* at 434. Because, as explained above, the Court finds that  
 20 Proposed Jury Instruction 42.1 had an adequate foundation in the evidence, the Court’s duty under  
 21 *Hunter* would have been to ensure that the jury instructions reflected the U.S. Supreme Court’s  
 22 decision, had it been in effect at the time. *Hunter*, 652 F.3d at 1235 n.11. Accordingly, the fact  
 23 that the proposed instruction contained legal errors would not have excused the Court from  
 24 accurately instructing the jury how to determine the relevant article of manufacture for the purpose  
 25 of § 289. The cases cited by Apple do not require a different result, as the Court explained in its  
 26 July 28, 2017 order. *See* ECF No. 3509 at 27 n.5.

27 **3. The Error Was Prejudicial**

28 “An error in instructing the jury in a civil case requires reversal unless the error is more

1 probably than not harmless.” *Clem v. Lomeli*, 566 F.3d 1177, 1182 (9th Cir. 2009) (quoting *Dang*  
2 *v. Cross*, 422 F.3d 800, 811 (9th Cir. 2005)). The Court must “presume prejudice where civil trial  
3 error is concerned.” *Dang*, 422 F.3d at 811 (quoting *Galdamez*, 415 F.3d at 1025). The burden  
4 then shifts to the party opposing the new trial “to demonstrate ‘that it is more probable than not  
5 that the jury would have reached the same verdict’ had it been properly instructed.” *Galdamez*,  
6 415 F.3d at 1025 (quoting *Obrey v. Johnson*, 400 F.3d 691, 701 (9th Cir. 2005)). Thus, Apple  
7 bears the burden of proving that it is more probable than not that the jury would have awarded  
8 profits on the entire phones had it been properly instructed.

9 Apple has not carried its burden. Based on the evidence discussed in the foundation-in-  
10 the-evidence section above, the Court finds that a properly instructed jury may have found that the  
11 relevant article of manufacture for each of the design patents was something less than the entire  
12 phone. Apple’s argument that Samsung’s failure to actually identify a smaller article of  
13 manufacture at trial would have precluded the jury from finding any article of manufacture other  
14 than the entire phone is not persuasive. *See* Apple Opening Br. at 15, 20-21. Had the Court  
15 agreed to give some version of Proposed Jury Instruction 42.1, Samsung could have identified a  
16 smaller article of manufacture in its closing argument. The Court’s erroneous jury instructions  
17 were thus prejudicial error.

#### 18 **4. Samsung Requested an Instruction That Would Have Remedied the Error**

19 As discussed in the beginning of this section, the last element to be considered when a  
20 party asserts instructional error is whether “[the party] requested alternative instructions that  
21 would have remedied the error.” *Advanced Display*, 212 F.3d at 1281. The Court finds that  
22 Proposed Jury Instruction 42.1 would have remedied the error because it would have clarified for  
23 the jury that the relevant article of manufacture could be something other than the entire product as  
24 sold.

25 In sum, the Court finds that the jury instructions given at trial did not accurately reflect the  
26 law and that the instructions prejudiced Samsung by precluding the jury from considering whether  
27 the relevant article of manufacture for the purpose of § 289 was something other than the entire  
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United States District Court  
Northern District of California

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phone.

**III. CONCLUSION**

For the foregoing reasons, the Court orders a new trial on damages for the D’677, D’087, and D’305 patents. The test for determining the article of manufacture for the purpose of § 289 shall be the following four factors:

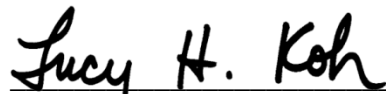
- The scope of the design claimed in the plaintiff’s patent, including the drawing and written description;
- The relative prominence of the design within the product as a whole;
- Whether the design is conceptually distinct from the product as a whole; and
- The physical relationship between the patented design and the rest of the product, including whether the design pertains to a component that a user or seller can physically separate from the product as a whole, and whether the design is embodied in a component that is manufactured separately from the rest of the product, or if the component can be sold separately.

The plaintiff shall bear the burden of persuasion on identifying the relevant article of manufacture and proving the amount of total profit on the sale of that article.

The plaintiff also shall bear an initial burden of production on identifying the relevant article of manufacture and proving the amount of total profit on the sale of that article. If the plaintiff satisfies its burden of production on these issues, the burden of production shifts to the defendant to come forward with evidence of an alternative article of manufacture and any deductible expenses.

**IT IS SO ORDERED.**

Dated: October 22, 2017



LUCY H. KOH  
United States District Judge