

APPLE v SAMSUNG, Appeal Nos. 2014-1335, 2015-1029 (Fed. Cir. May 18, 2015). Before Prost, O'Malley, and Chen. Appealed from N.D. Cal. (Judge Koh).

Background:

Apple sued Samsung in April 2011 for infringement of various utility and design patents, and dilution of two trade dresses. Regarding the two trade dresses, one was unregistered, and the other was a federally registered trademark No. 3,470,983. The district court upheld the jury's dilution findings over Samsung's post trial JMOL motion. Samsung appealed.

Issue/Holding:

Did the district court err in its holding of dilution of the two trade dresses? Yes, reversed.

Discussion:

In its analysis of whether Samsung diluted the trade dresses, the Federal Circuit applied Ninth Circuit law, because, under the Lanham Act, the law of the regional circuit where the district court sits is used. The Ninth Circuit uses four factors under *Disc Golf* to analyze functionality: (1) whether the design yields a utilitarian advantage, (2) whether alternative designs are available, (3) whether advertising touts the utilitarian advantages of the design, and (4) whether the particular design results from a comparatively simple or inexpensive method of manufacture.

As to the unregistered trade dress, Apple has the initial burden of proving that the claimed trade dress, taken as a whole, is not functional.

Concerning factor (1), Apple argued that the iPhone's physical design did not contribute unusually to usability and was not developed for superior performance. However, "contribute unusually" and "superior performance" are not standards for accessing utilitarian advantage. Evidence showed that the rounded corners improve pocketability and durability, that the flat clear surface facilitates touch operation, and that the bezel protects the glass from impact. Thus, the iPhone design did exhibit utility.

With regard to factor (2), Apple asserted that there were numerous alternative designs for the iPhone design. However, Apple failed to show that any of these alternatives offered exactly the same features as the asserted trade dress. Thus, no evidence of non-functionality was shown.

For factor (3), Apple argued that its advertising did not tout any utilitarian advantage. The Federal Circuit disagreed, stating that the advertisements for the iPhone gave viewers the ability to see a bit about how it might work, and therefore, showed utility.

Discussing factor (4), Apple asserted that the iPhone design did not result from a comparatively simple or inexpensive manufacturing method due to the numerous durability considerations that were addressed. However, the durability considerations mentioned by Apple were outside the scope of the trade dress, and as such, Apple could not provide evidence that the trade dress was not relatively simple to manufacture.

Because Apple's registered trademark provides prima facie evidence of non-functionality, the burden was on Samsung to provide evidence of functionality. However, the Federal Circuit held that there was overwhelming evidence that the icons on the iPhone display were functional, a point admitted by Apple's experts. Further, Apple provided no evidence under the *Disc Golf* factors to demonstrate otherwise. Accordingly, the Federal Circuit reversed the finding of trademark dilution.

Unregistered Trademark

a rectangular product with four evenly rounded corners;

a flat, clear surface covering the front of the product;

a display screen under the clear surface;

substantial black borders above and below the display screen and narrower black borders on either side of the screen; and

when the device is on, a row of small dots on the display screen, a matrix of colorful square icons with evenly rounded corners within the display screen, and an unchanging bottom dock of colorful square icons with evenly rounded corners set off from the display's other icons.

Trademark Registration No 3,470,983

The first icon depicts the letters "SMS" in green inside a white speech bubble on a green background;

...

the seventh icon depicts a map with yellow and orange roads, a pin with a red head, and a red-and-blue road sign with the numeral "280" in white;

...

the sixteenth icon depicts the distinctive configuration of applicant's media player device in white over an orange background.

(other icons omitted for brevity)