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Patents/Injunctions

Apple Gets Injunction Against Samsung's Use of Its Patented Smartphone Features

■ **Holding:** *Apple can get an injunction forcing Samsung to remove or replace slide-to-unlock, auto-correct and quick-link smartphone features.*

■ **Takeaway:** *Three different views on injunctions for patented features of a multi-featured product suggest a possible full court review.*

Samsung must remove or replace Apple-patented features from its smartphones and tablets, according to a Sept. 17 decision by the U.S. Court of Appeals for the Federal Circuit (*Apple Inc. v. Samsung Elecs. Co.*, Fed. Cir., 2014-1802, 9/17/15).

Samsung claims it has already removed or modified—in a noninfringing way—all but one feature from all but one phone, but its market research had shown negative reactions by both network carriers and users to Samsung's alternatives.

With three separate opinions, the appeals court panel revealed a substantial rift in the court on the findings necessary to justify an injunction, particularly when directed to a single feature of a multi-featured product, such as a smartphone.

The majority—overturning the district court—held that Apple could and did show a “causal nexus”—the connection between the patented feature and downstream sales—simply by showing that the patented features “were important to customers when they were examining their phone choices.”

Chief Judge Sharon Prost wrote in a scathing dissent that the opinion she had written in a 2013 case—a second Apple-Samsung dispute—required substantially more than that to show a connection.

Opposite Prost's view, Judge Jimmie V. Reyna wrote a concurring opinion saying that Apple had also established irreparable harm, worthy of an injunction, to its “reputation as an innovator.”

Relying on yet another panel decision that also featured a dissent, Reyna said that a patentee's reputational harm will “certainly” occur “when customers find the patentee's innovations appearing in a competitor's products.”

“The real crux of the majority's opinion is its holding that to prove irreparable harm the patentee need not prove in a multi-featured product that the infringing feature was the sole feature driving consumer demand for the product,” according to Jordan Sigale of Dunlap Codding PC, Chicago.

“We agree with Chief Judge Prost's dissent that Apple's request for an injunction is unfounded,” Danielle Meister Cohen, a Samsung spokeswoman said in statement, as reported by Bloomberg News. “We will pursue our rights to have the full Court of Appeals review today's decision.”

Intertwined Apple-Samsung Cases. The dispute between the smartphone competitors includes two cases tried in the U.S. District Court for the Northern District of California on different sets of patents.

Of relevance here is a decision by the Federal Circuit in the other case, known as “*Apple III*.” *Apple Inc. v. Samsung Elecs. Co.*, 735 F.3d 1352, 108 U.S.P.Q.2d 1833 (Fed. Cir. 2013) (88 PTCJ 1175, 9/12/14).

Prost's opinion in that case said, “rather than show that a patented feature is the *exclusive reason* for consumer demand, Apple must show some connection between the patented feature and demand for Samsung's products.”

She then gave four examples of what would be sufficient to show “some connection”—i.e., the required “causal nexus” in the four-factor *eBay* test for an injunction—to support an argument for an injunction.

Judge Lucy H. Koh of the Northern District of California used Prost's rubric in *Apple III* extensively in denying Apple's request for an injunction in the current case. *Apple, Inc. v. Samsung Elecs. Co.*, 112 U.S.P.Q.2d 1872 (N.D. Cal. 2014) (88 PTCJ 1175, 9/12/14).

Prost was on both appellate panels, but her view in this case lost out to those of Reyna and Judge Kimberly A. Moore, who wrote the majority opinion.

Moore's opinion weakens—in Prost's dissenting view—what “some connection” meant.

Moore took Prost's four examples and said that one was clearly inadequate: You can't get an injunction on selling a car based on a patent on a \$10 cup holder. But she also said the other three examples were more than enough:

■ “evidence that a patented feature is one of several features that cause consumers to make their purchasing decisions,”

■ “evidence that the inclusion of a patented feature makes a product significantly more desirable,” and

■ “evidence that the absence of a patented feature would make a product significantly less desirable.”

So this panel majority now reset the standard that actual evidence needed to make “some connection” is a “flexible analysis,” allowing for a lot in between those end points.

In the dissenting opinion, Prost said: “The majority is wrong: these three examples show what would be nec-

essary under different factual scenarios and a weaker showing in each of those scenarios would fall short of the required nexus.”

In fact, she said, Apple’s evidence didn’t even meet the \$10 cup holder example minimum.

Samsung Hurts Itself. The three features at issue in this case are covered by Apple’s “quick links” patent (U.S. Patent No. 5,946,647), which describes detecting and performing actions—such as linking to a web page—on such structures as phone numbers, post-office addresses and dates; its patent (8,046,721) describing a “slide to unlock” feature; and a “word recommendations” feature covered by its “auto correct” patent (8,074,172).

The case went to trial and a jury awarded Apple \$120 million in patent infringement damages. During trial, Samsung hurt itself by saying how easy it would be to design around the features.

So, when it came time to perform the four-factor injunction analysis, and one of those factors is the “balance of hardships,” Koh and the appeals court agreed that the Samsung’s hardship was, self-admittedly, low.

Samsung didn’t help itself, either, when considering the causal nexus.

Apple was able to introduce at trial several examples of Samsung’s intent to copy Apple features and commentary about its proposals for noninfringing alternatives.

The majority took that evidence and pointed to examples of Samsung’s carriers saying that its alternative word-correction feature was “jarring” and users criticizing Samsung’s noninfringing keyboard.

In dissent, Prost said, “a negative view towards a non-infringing feature does not prove a positive preference towards the patented feature.”

She said that the majority’s decision—overturning a district court under an “abuse of discretion” standard—boiled down to overvaluing Samsung’s copying, which the district court had certainly considered and, again, which *Apple III* did not endorse.

Is Injunction Presumption Returning? Underlying the three opinions is a dispute in the Federal Circuit about injunctions generally.

The U.S. Supreme Court in *eBay Inc. v. MercExchange LLC*, 547 U.S. 388, 78 U.S.P.Q.2d 1577 (2006) (72 PTCJ 50, 5/19/06), chastised the appeals court for defaulting to an injunction for patent infringement, absent a “sound” reason for denying it.

But one of the four *eBay* factors is the “public interest,” and the majority’s argument of a “strong” public interest in granting a patentee exclusive rights puts a thumb on the scale of granting an injunction, even if it

does not go so far as to presume irreparable harm to the patentee.

“The majority repeatedly relies on the statutory right to exclude others from practicing a patent and the public policy embodied in the statute,” Prost said. “But I am confident that we all remain mindful that pre-*eBay*, [a]ccording to the Court of Appeals, this statutory right to exclude alone justify[ed] its general rule in favor of permanent injunctive relief.”

Sigale put the two views in perspective, as to how *eBay* addresses the circumstances of cases like this specifically.

“As much as the Supreme Court made clear in *eBay* that injunctive relief should not automatically follow every finding of patent infringement, the Federal Circuit made clear today in *Apple IV* that not every infringing feature in a multi-feature product should receive an automatic pass on irreparable harm either,” he said.

Yet another appeals court panel arguably started to try to regain ground on a presumed injunction in *Robert Bosch LLC v. Pylon Mfg. Corp.*, 659 F.3d 1142, 100 U.S.P.Q.2d 1656 (Fed. Cir. 2011) (82 PTCJ 854, 10/21/11).

That panel said, “even though a successful patent infringement plaintiff can no longer rely on presumptions or other short-cuts to support a request for a permanent injunction, it does not follow that courts should entirely ignore the fundamental nature of patents as property rights granting the owner the right to exclude.”

Reyna was on that panel, and he used that quotation to support his concurrence in this case, that the mere existence of a patented feature in a competitor’s product could establish reputational harm.

Reyna also quoted heavily from a split panel decision in *Douglas Dynamics, LLC v. Buyers Prods. Co.*, 717 F.3d 1336, 107 U.S.P.Q.2d 1024 (Fed. Cir. 2013) (86 PTCJ 225, 5/31/13), which held that reputational harm—clearly an easier path to supporting the factors of irreparable harm and the insufficiency of a damages award—could be caused by seeing patented features in “products considered less prestigious and innovative.”

Should the Federal Circuit take the case en banc, it may have more to resolve than what to do with injunctions on multi-featured products specifically.

The court’s decision vacates the denial of a permanent injunction and remands for further proceedings.

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