

Kratz, Quintos & Hanson, LLP – IP Newsletter

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**A LESSON ON PRELIMINARY INJUNCTIONS AS PRESCRIBED
IN THE RECENT U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT
CASE OF: *APPLE, INC. v. SAMSUNG ELECTRONICS CO., LTD.***

By Mel R. Quintos

On May 14, 2012, the U.S. Court of Appeals for the Federal Circuit (CAFC) affirmed the district court's denial of Apple Inc.'s motion for a preliminary injunction with respect to each of the accused Samsung devices and three of the four asserted Apple patents. The preliminary injunction sought by Apple was to block the importation into and sale within the United States of certain accused Samsung devices.

The four patents asserted by Apple include: (1) U.S. Patent Design No. D618,677 (D'677), (2) U.S. Patent Design No. D593,087 (D'087), (3) U.S. Patent No. 7,469,381 (USP'381), and (4) U.S. Patent Design No. D504,889 (D'889).

Apple asserted that D'677 and D'087 are directed to designs that are generally embodied in Apple's popular iPhone, and are infringed by Samsung's Galaxy S 4G smartphone and Samsung's Infuse 4G smartphone. Apple further asserted that D'889 is directed to the design of a tablet computer, and alleged that it is infringed by Samsung's Galaxy Tab 10.1 tablet. Apple also asserted that its utility patent USP'381 claims a so-called "bounce-back" software feature found in Apple's smartphones and tablets, such as the iPhone and the iPad.

The CAFC set forth the basic premise that: "A plaintiff seeking a preliminary injunction must establish [1] that he is likely to succeed on the merits, [2] that he is likely to suffer irreparable harm in the absence of preliminary relief, [3] that the balance of equities tips in his favor, and [4] that an injunction is in the public interest," citing the U.S. Supreme Court case of *Winter v. Natural Res. Def. Council, Inc.* Further, the CAFC stated that: "[t]he decision to grant or deny a preliminary injunction lies within the sound discretion of the district court, and we will not reverse its judgment absent an abuse of that discretion."

First, with respect to D'677, the CAFC held that the district court was correct to require a showing of "some causal nexus between Samsung's infringement and the alleged harm to Apple as part of the showing of irreparable harm." This can be established by showing a nexus or connection between the likely infringement of the patented design and Apple's lost market share and brand dilution. In citing the U.S. Supreme Court case of *O'Shea v. Littleton*, the CAFC agreed with the district court's finding that:

Weighing the evidence, the district court concluded that it did not clearly show that Samsung's allegedly infringing design was responsible for Apple's lost sales; at most, it showed that the alleged infringement caused *an insignificant amount of lost sales*. [Emphasis added.]

A mere showing that Apple might lose some insubstantial market share as a result of Samsung's infringement is not enough.

As to Apple's contention that Samsung's alleged infringement causes "brand dilution" on Apple's design claimed in D'677, the CAFC agreed with the district court that, assuming brand dilution could arise from an infringement on a design patent, Apple was *not* able to demonstrate that brand dilution is likely to occur because there was *no* concrete evidence to support its arguments.

Second, the CAFC disagreed with the district court's finding that Apple's D'087 patent is invalid based on a Japanese '638 patent, and held that: "[w]hen the claimed portion of the side view [of the Japanese '638 patent] is taken into account, the differences between the arched, convex front of the '638 reference distinguish it from the perfectly flat front face of the D'087 patent." Nevertheless, the court took the position that the irreparable harm analysis for the issuance of a preliminary injunction is identical for both the D'677 and D'087 patents; and therefore, because the court "affirmed the district court's finding of no irreparable harm with respect to the D'677 patent, we cannot say that the [district] court abused its discretion when it refused to enjoin Samsung smartphones for infringing the D'087 patent."

Third, as to the utility patent (USP'381), Apple argued that "Samsung employees themselves believed that Samsung needed the bounce back [software] feature to compete with Apple, ... [and] that such internal Samsung evidence is sufficient to establish the requisite nexus [between the infringement on Apple's utility patent and its harm in the market]." However, the CAFC affirmed the district court's finding that the relevant evidence should be focused on "objective reasons as to why the patentee lost sales, not on the infringer's subjective beliefs as to why it gained them (or would be likely to gain them)." Therefore, because Apple failed to prove that consumer purchasing decisions are based on its alleged lost sales, Apple failed to provide the necessary nexus for showing that it would likely be irreparably harmed by Samsung's infringement.

Lastly, with respect to irreparable harm, the court differentiated the D'889 patent because "based on evidence submitted by the parties, ... design mattered more to customers in making tablet purchases, which helped Apple establish the requisite nexus," and vacated the order denying an injunction as to D'889.

Introduction of our new Associate Attorney: We are pleased to announce that Ms. Roshni A. Sitapara has joined our firm as associate attorney. Ms. Sitapara holds a B.S. degree in Biomedical Engineering from The George Washington University (School of Engineering and Applied Science), and a J.D. degree from The Catholic University of America (Columbus School of Law). She is admitted to practice before the State Bar of Maryland, and the U.S. Patent and Trademark Office. In her previous work, Ms. Sitapara received the Lockheed Martin Team Excellence Award from the Lockheed Martin Corporation.

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