

APPLE INC. v. SAMSUNG ELECTRONICS CO., LTD., Appeal No. 2014-1802. (Fed. Cir. December 16, 2015). Before Prost, Reyna and Moore. Appealed from N.D. Cal. (Judge Koh).

Background:

Apple sued Samsung, alleging infringement of five patents directed to smartphone and tablet interfaces. The district court held on summary judgment that Samsung infringed one of the patents, and a jury found that nine Samsung products infringed two of the patents. The jury awarded Apple \$119,625,000 in damages. Apple then filed a motion for a permanent injunction that would bar Samsung from making, using, selling, developing, advertising or importing into the U.S. software or code capable of implementing the infringing features in its products. The proposed injunction included a 30-day sunset period which would stay enforcement until 30 days after entry of the injunction, during which Samsung could design around the infringing features.

The district court denied Apple's proposed injunction, finding that Apple had not shown that it would suffer irreparable harm without an injunction, and could not establish that monetary damages were inadequate. Apple appealed.

Issue/Holding:

Did the district court err in its denial of the permanent injunction? Yes, vacated and remanded.

Discussion:

The Federal Circuit found that the district court erred when it required, in order to establish irreparable harm, that Apple prove that the infringing features were the exclusive or predominant reason why consumer's bought Samsung's products. Instead, the district court should have considered whether there is "some connection" between the patented features and the demand for Samsung's products. The Federal Circuit also found that the record establishes that the features do influence consumers' perceptions of and desire for the products.

The Federal Circuit agreed with the district court that Apple's sales-based losses were hard to quantify. However, the Federal Circuit found error in the holding that Apple could not establish that monetary damages were inadequate based on the district court's incorrect determination of no irreparable harm. Instead, the fact that Apple's downstream and network effect losses are difficult to quantify weighs in favor of injunctive relief.

In concurrence, Judge Reyna indicated that Apple satisfied the irreparable harm injury factor based on Samsung's infringement on Apple's right to exclude, and based on the injury that the infringement causes Apple's reputation as an innovator.