

No. 2013-1129

IN THE
United States Court of Appeals
FOR THE FEDERAL CIRCUIT

—◆◆◆—
APPLE INC.,

Plaintiff-Appellant,

v.

SAMSUNG ELECTRONICS CO., LTD., SAMSUNG ELECTRONICS AMERICA, INC.
and SAMSUNG TELECOMMUNICATIONS AMERICA, LLC,

Defendants-Appellees.

—
*On Appeal from the United States District Court
for the Northern District of California in
Case No. 11-CV-01846-LHK, Honorable Lucy H. Koh*

CORRECTED BRIEF FOR DEFENDANTS-APPELLEES

Charles K. Verhoeven
Kevin A. Smith
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
50 California Street, 22nd Floor
San Francisco, California 94111
415-875-6600

Kathleen M. Sullivan
William B. Adams
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
51 Madison Avenue, 22nd Floor
New York, New York 10010
212-849-7000

Kevin P.B. Johnson
Victoria F. Maroulis
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
555 Twin Dolphin Drive, 5th Floor
Redwood Shores, California 94065
650-801-5000

Susan R. Estrich
Michael T. Zeller
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
865 S. Figueroa Street, 10th Floor
Los Angeles, California 90017
213-443-3000

Attorneys for Defendants-Appellees

CERTIFICATE OF INTEREST

Counsel for Defendants-Appellees certifies the following:

1. The full name of every party or amicus represented by me is:

Samsung Electronics Co., Ltd., Samsung Electronics America, Inc. and Samsung Telecommunications America, LLC

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is: N/A

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by me are:

Samsung Electronics America, Inc. (“SEA”) is a wholly-owned subsidiary of Samsung Electronics Co., Ltd. (“SEC”), a publicly held corporation organized under the laws of the Republic of Korea. SEC is not owned by any parent corporation and no other publicly held corporation owns 10% or more of its stock. No other publicly held corporation owns 10% or more of SEA’s stock. Samsung Telecommunications America, LLC (“STA”) is a wholly-owned subsidiary of SEA. No other publicly held corporation owns 10% or more of STA’s stock.

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or are expected to appear in this court are:

Quinn Emanuel Urquhart & Sullivan, LLP: John B. Quinn; Charles K. Verhoeven; Kathleen M. Sullivan; Kevin P.B. Johnson; Victoria F. Maroulis; Michael T. Zeller; Todd M. Briggs; Margret M. Caruso; Rachel Herrick Kassabian; Kevin A. Smith; William B. Adams; Albert P. Bedecarre; Kara M. Borden; Jon C. Cederberg; Melissa N. Chan; Edward J. DeFranco; Susan R. Estrich; Ryan S. Goldstein; Diane Hutnyan; Brian E. Mack; Joseph Milowic; William C. Price; Christopher E. Stretch; Mark Tung; Curran M. Walker; Alan L. Whitehurst; Robert Wilson; B. Dylan Proctor; John M. Pierce; Scott L. Watson; Robert J. Becher; Anthony P. Alden; Carey R. Ramos

Stephoe & Johnson LLP: John M. Caracappa; Paul A. Gennari; Michael R. Heimbold; Huan-Yi Lin; Kfir B. Levy

Crone Hawxhurst LLP: Daryl M. Crone

Dated: April 29, 2013

Respectfully submitted,

/s/ Kathleen M. Sullivan
Kathleen M. Sullivan
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
51 Madison Avenue, 22nd Floor
New York, NY 10010
Telephone: (212) 849-7000
Facsimile: (212) 849-7100
kathleensullivan@quinnemanuel.com
Attorney for Defendants-Appellees

TABLE OF CONTENTS

	<u>Page</u>
CERTIFICATE OF INTEREST	i
TABLE OF AUTHORITIES	vi
STATEMENT OF RELATED CASES	xii
INTRODUCTION	1
COUNTER-STATEMENT OF THE ISSUES	3
COUNTER-STATEMENT OF THE FACTS	4
A. Apple’s Complaint And The Preliminary Injunction Orders.....	4
B. The Trial And Jury Verdict	6
C. Apple’s Motion For A Permanent Injunction	7
D. The District Court’s Denial Of A Permanent Injunction	8
1. Patent Infringement.....	8
(a) Irreparable Harm.....	8
(b) Adequacy Of Monetary Damages	9
(c) Balance Of Hardships	10
(d) Public Interest	11
(e) Denial Of Injunctive Relief	11
2. Trade-Dress Dilution	12
E. The District Court’s Orders On Other Post-Trial Motions	12
SUMMARY OF ARGUMENT	13
STANDARD OF REVIEW	15
ARGUMENT	16

I.	THE DISTRICT COURT PROPERLY DENIED PERMANENT INJUNCTIVE RELIEF ON APPLE’S PATENT CLAIMS	16
A.	Apple Cannot Show Irreparable Harm From Patent Infringement	16
1.	Irreparable Harm Must Have A Causal Nexus To Infringement.....	17
2.	Causal Nexus Is Required For Permanent Injunctions And Preliminary Injunctions Alike.....	23
3.	The Causal Nexus Requirement Will Not Foreclose Injunctive Relief In Complex-Product Cases	26
4.	The District Court Properly Found That Apple’s Patented Designs Do Not Drive Demand For Samsung’s Products.....	29
5.	The District Court Properly Found That Apple’s Utility Patents Do Not Drive Demand For Samsung’s Products	34
6.	Lack Of Irreparable Harm Is Further Supported By Evidence That Apple No Longer Sells Products Embodying Its Patents And Samsung No Longer Sells Products With Infringing Features.....	37
B.	Monetary Remedies Are Adequate To Compensate Apple For Any Use Of Its Patents	39
1.	The District Court Did Not Apply An “Impossibly Stringent” Standard.....	39
2.	Apple Extensively Licensed Its Intellectual Property	41
3.	Apple’s Prior Licenses Are Not Distinguishable	43
C.	The Balance of Hardships Favors Samsung	45
D.	The Public Interest Does Not Favor A Patent Injunction	48
II.	THE DISTRICT COURT PROPERLY DENIED PERMANENT INJUNCTIVE RELIEF ON APPLE’S TRADE-DRESS DILUTION CLAIMS	50

A.	A Permanent Injunction Is Not Necessary To Prevent Irreparable Harm To Apple’s Trade Dress	50
1.	A Showing Of Irreparable Harm Is Required For A Trade-Dress Dilution Injunction.....	51
2.	Apple Failed To Show Irreparable Harm From Trade-Dress Dilution.....	52
B.	Monetary Remedies Are Adequate To Compensate Any Harm To Apple’s Trade Dress	53
C.	The Public Interest Does Not Favor A Trade-Dress Dilution Injunction	56
	CONCLUSION.....	58
	CERTIFICATE OF COMPLIANCE.....	60
	PROOF OF SERVICE.....	61

TABLE OF AUTHORITIES

	<u>Page(s)</u>
<u>Cases</u>	
<i>Abbott Labs v. Andrx Pharm., Inc.</i> , 452 F.3d 1331 (Fed. Cir. 2006)	20
<i>Abbott Labs. v. Sandoz, Inc.</i> , 544 F.3d 1341 (Fed. Cir. 2008)	23, 48
<i>ActiveVideo Networks, Inc. v. Verizon Communications, Inc.</i> , 694 F.3d 1312 (Fed. Cir. 2012)	40, 42, 43, 48
<i>Acumed LLC v. Stryker Corp.</i> , 551 F.3d 1323 (Fed. Cir. 2008)	21, 25, 40, 41, 44
<i>Advanced Med. Optics, Inc. v. Alcon Labs., Inc.</i> , 2005 WL 3454283 (D. Del. Dec. 16, 2005)	19
<i>Allee v. Medrano</i> , 416 U.S. 802 (1974).....	57
<i>Amoco Production Co. v. Village of Gambell, Alaska</i> , 480 U.S. 531 (1987).....	23, 24, 51
<i>Amstar Corp. v. Envirotech Corp.</i> , 823 F.2d 1538 (Fed. Cir. 1987)	47
<i>Apple, Inc. v. Motorola, Inc.</i> , 869 F. Supp. 2d 901 (N.D. Ill. 2012).....	46, 47
<i>Apple, Inc. v. Samsung Elecs. Co., Ltd.</i> , 678 F.3d 1314 (Fed. Cir. 2012)	<i>passim</i>
<i>Apple Inc. v. Samsung Elecs. Co., Ltd.</i> , 695 F.3d 1370 (Fed. Cir. 2012)	<i>passim</i>
<i>Automated Merch. Sys., Inc. v. Crane Co.</i> , 357 Fed. App'x 297 (Fed. Cir. 2009)	20
<i>Belden Techs. Inc. v. Superior Essex Commc'ns LP</i> , 802 F. Supp. 2d 555 (D. Del. 2011)	46

Broadcom Corp. v. Qualcomm Inc.,
543 F.3d 683 (Fed. Cir. 2008)21, 22, 24, 40, 41, 43

Cant Strip Corp. of Am. v. Schuller Int’l, Inc.,
1994 WL 475862 (9th Cir. Sept. 1, 1994) 18

Conoco, Inc. v. Energy & Env’tl. Int’l, L.C.,
460 F.3d 1349 (Fed. Cir. 2006)23, 47

eBay, Inc. v. MercExchange, L.L.C.,
547 U.S. 388 (2006).....*passim*

Edwards Lifesciences AG v. CoreValve, Inc.,
699 F.3d 1305 (Fed. Cir. 2012) 24

Ferrari S.p.A. Esercizio Fabbriche Automobili e Corse v. McBurnie,
No. 86-1812, 11 U.S.P.Q. 2d 1843 (S.D. Cal. May 26, 1989).....53

Grupo Mexicano de Desarrollo S.A. v. Alliance Bond Fund, Inc.,
527 U.S. 308 (1999).....25

Gucci America, Inc. v. Guess?, Inc.,
868 F. Supp. 2d 207 (S.D.N.Y. 2012)57

Hecht Co. v. Bowles,
321 U.S. 321 (1944).....51

High Tech. Med. Instrumentation, Inc. v. New Image Indus., Inc.,
49 F.3d 1551 (Fed Cir. 1995)38

Humanscale Corp. v. CompX Int’l, Inc.,
2010 WL 1779963 (E.D. Va. Apr. 29, 2010)49

i4i Ltd. P’ship v. Microsoft Corp.,
670 F. Supp. 2d 568 (E.D. Tex. 2009)22

i4i Ltd. P’ship v. Microsoft Corp.,
598 F.3d 831 (Fed. Cir. 2010)22, 49

Innogenetics, N.V. v. Abbott Labs.,
512 F.3d 1363 (Fed. Cir. 2008) 16

International Rectifier Corp. v. IXYS Corp.,
383 F.3d 1312 (Fed. Cir. 2004)49

Jeneric/Pentron, Inc. v. Dillon Co.,
205 F.3d 1377 (Fed. Cir. 2000)25

Johns Hopkins Univ. v. CellPro, Inc.,
152 F.3d 1342 (Fed. Cir. 1998)47

LG Elecs. U.S.A., Inc. v. Whirlpool Corp.,
798 F. Supp. 2d 541 (D. Del. 2011)18

Lucent Techs, Inc. v. Gateway, Inc.,
580 F.3d 1301 (Fed. Cir. 2009)28

MercExchange, L.L.C. v. eBay, Inc.,
500 F. Supp. 2d 556 (E.D. Va. 2007)46

Merial Ltd. v. Cipla Ltd.,
681 F.3d 1283 (Fed. Cir. 2012)25

M-F-G Corp. v. EMRA Corp.,
817 F.2d 410 (7th Cir. 1987)56

Mostaghim v. Fashion Inst. of Tech.,
2001 WL 1537545 (S.D.N.Y. Dec. 3, 2001)18

Nichia Corp. v. Seoul Semi. Ltd.,
2008 WL 346416 (N.D. Cal. Feb. 7, 2008)39

Nissan Motor Co. v. Nisan Computer Corp.,
378 F.3d 1002 (9th Cir. 2004)53

O2 Micro Int’l, Ltd. v. Beyond Innovation Tech. Co., Ltd.,
449 Fed. App’x 923 (Fed. Cir. 2011)43

OBH, Inc. v. Spotlight Magazine, Inc.,
86 F. Supp. 2d 176 (W.D.N.Y. 2000)57

Paice L.L.C. v. Toyota Motor Corp.,
2006 WL 2385139 (E.D. Tex. Aug. 16, 2006)46

Perfetti Van Melle USA v. Cadbury Adams USA L.L.C.,
732 F. Supp. 2d 712 (E.D. Ky. 2010)..... 18

Polo Fashions, Inc. v. Dick Bruhn, Inc.,
793 F.2d 1132 (9th Cir. 1986) 58

Presidio Components, Inc. v. Am. Technical Ceramics Corp.,
702 F.3d 1351 (Fed. Cir. 2012) 25

Procter & Gamble Co. v. Ultreo, Inc.,
574 F. Supp. 2d 339 (S.D.N.Y. 2008) 18

Quad/Tech, Inc. v. Q.I. Press Controls B.V.,
701 F. Supp. 2d 644 (E.D. Pa. 2010)..... 19

Reader’s Digest Ass’n, Inc. v. Conservative Digest, Inc.,
821 F.2d 800 (D.C. Cir. 1987)..... 56

Reebok Int’l Ltd. v. J. Baker, Inc.,
32 F.3d 1552 (Fed. Cir. 1994) 38

Richardson v. Stanley Works, Inc.,
597 F.3d 1288 (Fed. Cir. 2010) 32

Robert Bosch L.L.C. v. Pylon Manufacturing Corp.,
659 F.3d 1142 (Fed. Cir. 2011) 19, 20, 21, 25

Roper Corp. v. Litton Sys., Inc.,
757 F.2d 1266 (Fed. Cir. 1985) 39

S.O.I.TEC Silicon On Insulator Tech., S.A. v. MEMC Elec. Materials, Inc.,
2011 WL 2748725 (D. Del. July 13, 2011)..... 39

Sanofi-Synthelabo v. Apotex, Inc.,
470 F.3d 1368 (Fed. Cir. 2006) 48

Spine Solutions, Inc. v. Medtronic Sofamor Danek USA, Inc.,
620 F.3d 1305 (Fed. Cir. 2010) 39

Stanley v. Univ. of S. Cal.,
13 F.3d 1313 (9th Cir. 1994)..... 18

Sundance, Inc. v. DeMonte Fabricating Ltd.,
2007 WL 37742 (E.D. Mich. Jan. 4, 2007) 19

Uniloc USA, Inc. v. Microsoft Corp.,
632 F.3d 1292 (Fed. Cir. 2011) 28

United States Polo Ass’n v. PRL USA Holdings, Inc.,
800 F. Supp. 2d 515 (S.D.N.Y. 2011) 52

Verizon Servs. v. Vonage Holdings Corp.,
503 F.3d 1295 (Fed. Cir. 2007) 25

Voda v. Cordis Corp.,
536 F.3d 1311, 1329 (Fed. Cir. 2008) 24

Volkswagenwerk Aktiengesellschaft v. Church,
411 F.2d 350 (9th Cir. 1969) 56, 58

Warner Chilcott Labs. Ireland Ltd. v. Mylan Pharms. Inc.,
451 Fed. App’x 935 (Fed. Cir. 2011) 25

Whitserve, L.L.C. v. Computer Packages, Inc.,
694 F.3d 10 (Fed. Cir. 2012) 25

Winter v. NRDC,
555 U.S. 7 (2008)..... 25

Statutes & Rules

15 U.S.C. § 1125(c)(1)..... 51, 52

Fed. R. Civ. P. 50(b) 13

Fed. R. Civ. P. 54(b) 13

Fed. R. Civ. P. 59(e) 13

Miscellaneous Authorities

Bonnie Cao, *Apple co-founder Wozniak says he hates Samsung patent verdict*,
FINANCIAL POST, Sept. 14, 2012 1

Brian Love, *Apple-Samsung patent fight: Fuzzy math*, L.A. TIMES,
Aug. 30, 2012 1

Chares Duhigg & Steve Lorr, *The Patent Used as a Sword*, N.Y. TIMES, Oct. 7, 2012..... 1

Editorial, *Apple’s Courtroom Win Reveals Deeper Woes in U.S. Patents*, BOSTON GLOBE, Sept. 4, 2012 1

Fed. Trade Comm’n, *The Evolving IP Marketplace: Aligning Patent Notice and Remedies with Competition 5* (March 2011)49

Kal Raustiala & Christopher Sprigman, *Apple vs. Samsung: Is Copying Theft or Innovation?*, L.A. TIMES, Sept. 4, 2012 1

STATEMENT OF RELATED CASES

Defendants-Appellees identify the following appeals as related:

Apple, Inc. v. Samsung Elecs. Co., No. 2012-1105, 678 F.3d 1314 (Fed. Cir. 2012)

(Bryson, J., joined by Prost, J.; opinion concurring in part and dissenting in part by O'Malley, J.)

Apple Inc. v. Samsung Elecs. Co., No. 2012-1506 (voluntarily dismissed)

Apple Inc. v. Samsung Elecs. Co., Nos. 2012-1600, 2012-1606, 2013-1146 (argued

March 26, 2013, before Prost, O'Malley, & Bryson, JJ.)

INTRODUCTION

In a detailed opinion that carefully applied well-established precedents of this Court to the facts of this case, the district court denied Apple’s request for a broad permanent injunction against 26 accused Samsung smartphones and tablet computers as well as other devices never accused or adjudicated below. In this interlocutory appeal, Apple seeks to overturn that decision even before this Court has the chance to review the liability determinations upon which Apple’s argument depends—liability determinations that have been widely criticized¹ and that Samsung will vigorously contest when the judgment below becomes final and appealable. Apple’s arguments should be rejected, and the district court’s denial of a permanent injunction should be affirmed. The district court was well within its discretion to conclude that not a single one of the traditional injunctive relief factors favors a permanent injunction based on patent infringement.

¹ See, e.g., Chares Duhigg & Steve Lorr, *The Patent Used as a Sword*, N.Y. TIMES, Oct. 7, 2012; Kal Raustiala & Christopher Sprigman, *Apple vs. Samsung: Is Copying Theft or Innovation?*, L.A. TIMES, Sept. 4, 2012 (“Does anyone own the rectangle? Should anyone own the rectangle?”); Brian Love, *Apple-Samsung patent fight: Fuzzy math*, L.A. TIMES, Aug. 30, 2012; Editorial, *Apple’s Courtroom Win Reveals Deeper Woes in U.S. Patents*, BOSTON GLOBE, Sept. 4, 2012; see also Bonnie Cao, *Apple co-founder Wozniak says he hates Samsung patent verdict*, FINANCIAL POST, Sept. 14, 2012 (“‘I hate it,’ Wozniak said when asked about the patent fights between Apple and Samsung. ‘I don’t think the decision of California will hold. And I don’t agree with it — very small things I don’t really call that innovative.’”).

First, the district court properly found that Apple failed to show the irreparable harm necessary for an injunction. To show irreparable harm, Apple must prove causal nexus between infringement and injury, but the district court properly found that the most Apple did was to introduce evidence that some consumers value “design” and “ease of use” *in general*, a far cry from a showing that the limited features covered by Apple’s design and utility patents drive consumer demand for Samsung products. Apple argues that it should not have to prove causal nexus, but that argument defies this Court’s binding precedents making such a showing a well-established feature of irreparable harm analysis. Apple also argues that such a requirement applies only to preliminary and not permanent injunctions, but such a distinction is baseless.

Second, the district court properly found that Apple also failed to show that monetary remedies will be inadequate in light of its long history of licensing its patents, including its offer to license to Samsung.

Third, the district court did not find that the balance of hardships tips in favor of Apple, and in fact, Samsung would suffer the greater hardship from the broad-ranging injunction Apple seeks. Such an injunction would not stop any ongoing infringement, for Samsung has either discontinued the accused products or designed around any infringing features in the ones it still sells. Thus, the only effect of an injunction would be to confuse and intimidate Samsung’s carriers and

retailers with respect to *non*-accused products never adjudicated in this case, harming Samsung's longstanding market relationships.

Fourth, the district court properly found that an injunction would not serve the public interest, for it would suppress sales of complex products, only minor features of which were found to infringe.

The district court similarly acted well within its discretion in denying a permanent injunction based on unregistered trade-dress dilution, a decision that is further supported by the absence of irreparable harm to Apple, a factor the district court incorrectly ruled inapplicable under the Federal Trademark Dilution Act.

The order denying a permanent injunction should be affirmed.

COUNTER-STATEMENT OF THE ISSUES

1. Whether the district court's denial of a permanent injunction based on patent infringement is within its discretion where:

a. Apple is not irreparably harmed because its patented features do not drive consumer demand for Samsung's accused smartphones and tablet computers, Samsung has discontinued or designed around the infringing products or features, and Apple no longer sells the products claimed to embody most of the patents;

b. Apple can be adequately compensated by monetary remedies as shown by its licensing history;

c. the balance of hardships favors Samsung because an injunction will disrupt its relationships with carriers and their customers; and

d. the public interest would be disserved by enjoining sales of entire complex products of which the infringing components are only minor parts.

2. Whether the district court's denial of a permanent injunction based on trade-dress dilution is within its discretion where:

a. Apple is not irreparably harmed (as it should have been required to show) because Samsung has discontinued the relevant smartphones and tablet computers and Apple no longer sells the products claimed to use the relevant trade dress;

b. Apple can be adequately compensated by monetary remedies as shown by its licensing history; and

c. the public interest would be disserved by enjoining products that have been discontinued.

COUNTER-STATEMENT OF THE FACTS

A. Apple's Complaint And The Preliminary Injunction Orders

Apple filed an initial complaint on April 15, 2011, and an amended complaint on June 16, 2011, alleging infringement of four design patents (U.S. Patent Nos. D604,305; D593,087; D618,677; and D504,889) and three utility patents (U.S. Patent Nos. 7,469,381; 7,844,915; and 7,864,163) as well as trade-

dress infringement and dilution. A50106-44; A50461-A50524. In July 2011, Apple moved for a preliminary injunction against the sale of four Samsung products based on alleged infringement of the D’889, D’087, D’677 and ’381 patents. A51002-38. Apple did not seek a preliminary injunction as to its trade-dress claims or its other design and utility patent claims.

The district court denied Apple’s preliminary injunction motion. A51039-A51103. It found that Apple failed to show likely irreparable harm from infringement of the ’381 and D’677 patents (A51065-A51074; A51101-A51102) given the lack of causal connection between Apple’s patented features and any lost sales or market share, and that Samsung had raised serious questions as to the validity of the D’087 and D’889 patents (A51058-A51059; A51083-A51088).

On appeal from the preliminary injunction ruling, this Court affirmed in all respects except as to D’889 patent. *Apple, Inc. v. Samsung Elecs. Co., Ltd.*, 678 F.3d 1314 (Fed. Cir. 2012) (“*Apple I*”). With respect to the ’381, D’677, and D’087 patents, this Court affirmed based on Apple’s failure to show a “causal nexus between Samsung’s infringement and the alleged harm to Apple.” *Id.* at 1324, 1327-28. Because Apple had not proven that the claimed designs “drive the demand for the product,” it failed to show that sales would not “be lost even if the offending feature were absent from the accused product.” *Id.* at 1324. This Court discounted evidence that Samsung employees believed that Samsung should use

the accused features, reasoning that “the relevant inquiry focuses on the objective reasons as to why the patentee lost sales, not on the infringer’s subjective beliefs as to why it gained them.” *Id.* at 1327-28.

This Court reversed with respect to the D’889 patent solely on the ground that it was not likely invalid, *id.* at 1328-31, noting that the district court’s finding of likely irreparable harm as to this patent was supported by evidence “that design mattered more to customers in making tablet purchases, which helped Apple establish the requisite nexus” and that the D’889 patent—unlike Apple’s other asserted design patents—“claimed all views of the patented device.” *Id.* at 1328. On remand for consideration of the balance of hardships and the public interest, *id.* at 1332, the district court entered a preliminary injunction against Samsung’s Galaxy Tab 10.1 (A51323-A51330) that was lifted after the jury found, contrary to the district court’s predictions, that the Tab 10.1 did *not* infringe the D’889 patent (A4191; A51444-A51447).

B. The Trial And Jury Verdict

At trial, Apple accused 28 Samsung products of infringing various combinations of three utility patents and four design patents, and of infringing and diluting one registered trade dress and three unregistered trade dresses. On August 24, 2012, the jury returned a verdict on a product-by-product basis (A4185-94), finding that 21 products infringed the ’381 patent, 21 products infringed the ’915

patent, 16 products infringed the '163 patent, 12 products infringed the D'677 patent, three products infringed the D'087 patent, and 13 products infringed the D'305 patent. A4185-A4184. The jury found that Apple's "Registered iPhone Trade Dress" and "Unregistered iPhone 3G Trade Dress" were protectable and famous, but that its "Unregistered Combination iPhone Trade Dress" and "Unregistered iPad/iPad 2 Trade Dress" were not. A4194. The jury rejected Apple's claims of trade-dress infringement but found that six products diluted Apple's "Registered iPhone Trade Dress" and "Unregistered iPhone 3G Trade Dress." A4195-99. The jury found no infringement or dilution by Samsung's Galaxy Tab 10.1 tablet computers. A4190-A4199. The jury awarded \$1,049,343,540 in damages (A4199) on 23 products, finding \$0 in damages for five products (A4200).

C. Apple's Motion For A Permanent Injunction

After trial, Apple moved for a permanent injunction against the sale of 26 accused Samsung products and any other unspecified products that are "not more than colorably different from any of the infringing feature or features in any of the Infringing Product." A4212-A4252. Apple argued that Samsung's infringement of three utility and three design patents and/or dilution of two trade dresses threatened general irreparable harm without specifying harm on a product- or patent-specific basis. A4221-A4228.

By that time, Apple had discontinued selling the iPhone 3G and 3GS, the only products that had embodied the D'087 patent, practiced the D'305 patent,² or practiced the trade dresses that the jury found likely to be diluted (A4210; A21022-A21024; A4225; A50479-A50480), and Samsung had ceased selling nearly all the accused products and redesigned the still-sold Galaxy S II (T-Mobile), Galaxy S II Epic 4G Touch, and Galaxy S II Skyrocket (A52000-A52031; A52056-A52058; A52344-A52361).

D. The District Court's Denial Of A Permanent Injunction

After briefing and oral argument, the district court entered an order on December 17, 2012, denying Apple's motion for a permanent injunction. A1-A23.

1. Patent Infringement

On Apple's claim to injunctive relief for patent infringement, the district court carefully evaluated each of the four traditional factors as required by *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006). A2-A13; A16-A21.

(a) Irreparable Harm

The district court found no irreparable harm, finding no legal support for Apple's assertion of irreparable harm "in the aggregate" (A7) and ruling that Apple had failed to establish that Samsung's specific acts of infringement had caused

² Although Apple has argued that the iPhone 4 embodies the D'305 patent (A21369), that patent was designed to have the appearance of a "missing row" of icons (A51120; A51299; A52047-A52048)—a feature the iPhone 4 does not incorporate (A50472).

Apple any loss of downstream sales or market share. The evidence that “design, as a general matter, is important in consumer choice,” the court found, fails to show that any specific patented design features drive consumer demand, especially as “[t]he design of the phones includes elements of all three design patents, as well as a whole host of unprotectable, unpatented features” (A8) and “Apple does not have a patent on” some features consumers valued like “glossiness” or “black color” (A9). The district court likewise found Apple’s evidence that consumers generally value “ease of use” far too general to support a causal nexus between Apple’s “very specific” utility patents and consumer demand for Samsung’s products. A10. Supposed evidence of copying was not probative of what drives consumer demand, the court found, for what “Samsung *thought* would attract purchasers” is not the same as “what *actually* attracted purchasers.” A11. And an Apple expert witness’s survey on the price premiums that Samsung consumers might pay for Apple’s patented features “is not the same as evidence that consumers will buy a Samsung phone instead of an Apple phone because it contains that feature” (A11) and thus failed to show “that any patented feature drives consumer demand for the entire product” (A12).

(b) Adequacy Of Monetary Damages

In ruling that money damages were adequate to compensate Apple for any harm (A16-18), the district court found that “Apple has in the past been willing to

extend license offers to Samsung” (A17); that “Apple has agreed to licenses with companies with whom it competes, including Samsung” (A17); that Apple has “licensed the precise utility patents at issue here” to Nokia (’381 patent), IBM (’915 patent, ’163 patent), and HTC (’381 patent, ’915 patent, ’163 patent) (A17); and that Apple has licensed its allegedly “unique user experience IP,” as Apple’s licensing executive Boris Teksler admitted (A17). The court also noted that “there is no suggestion that Samsung will have any difficulty paying the damages it owes,” “reinforce[ing] the fact that Apple will be substantially compensated for its injuries without an injunction.” A18.

(c) Balance Of Hardships

The district court found that the balance of hardships was neutral, recognizing that, “[i]f an injunction were granted, Samsung would not be able to sell any of the twenty-six products found to infringe Apple’s patents,” but discounting this harm because Samsung “no longer sells 23 of these products in any form, and has already begun to implement design-arounds for the three products it does still make.” A18-19 (internal citation omitted). The district court also discounted the disruption an injunction would cause to Samsung’s carriers and their customers because “carriers who sold the infringing products have assumed the risk of this type of disruption” and harm to consumers “is more appropriately considered under the fourth factor.” A19.

(d) Public Interest

The district court next concluded that the public interest weighed against an injunction, noting that Apple’s claimed public interest “in preserving the rights of patentholders” could not overcome the fact that “only limited features of the phones have been found to infringe any of Apple’s intellectual property” and that Samsung’s phones “contain a far greater number of non-infringing features to which consumers would no longer have access if this Court were to issue an injunction.” A20-21.

(e) Denial Of Injunctive Relief

Upon weighing all four factors, the district court declined to issue a permanent injunction for patent infringement. A21-23. The court did not find any factor dispositive, but did emphasize Apple’s failure “to link the harms it has suffered to Samsung’s infringement” and the fact that the “phones at issue in this case contain a broad range of features, only a small fraction of which are covered by Apple’s patents.” A21-22. The court concluded that, “[e]specially given the lack of causal nexus, the fact that none of the patented features is core to the functionality of the accused products makes an injunction particularly inappropriate here.” A22 (citing *eBay*, 547 U.S. at 396-97 (Kennedy, J., concurring)).

2. Trade-Dress Dilution

The district court also declined to issue an injunction based on trade-dress dilution, concluding that a showing of irreparable harm beyond the dilution itself was not required for an injunction under the Federal Trademark Dilution Act but that the remaining three *eBay* factors counseled against an injunction. A12-A16. Specifically, the court found that money damages would adequately compensate Apple for any trade-dress dilution because Apple had previously licensed components of its “unique user experience IP” including its trade dress (A17) and there was no dispute that Samsung could pay any damages owed (A18). As to the balance of hardships, the court found that Apple “cannot credibly claim to suffer any significant hardship in the absence of a trade dress injunction” because Samsung was no longer selling any products found to dilute Apple’s trade dress. A15; *see also* A18. And the court found that a trade-dress dilution injunction “cannot be in the public interest” “where there are no diluting products still on the market.” A21. Weighing these factors, the court concluded that “the case for [a trade dress] injunction is especially weak, because there are no diluting products still available.” A22.

E. The District Court’s Orders On Other Post-Trial Motions

In addition to denying Apple’s motion for a permanent injunction, the district court denied Apple’s motion for \$535 million in enhanced damages under

the Patent Act and Lanham Act (A91-A137), ruling that, while the jury had found subjective willfulness as to infringement of some of Apple's patents (A4192), Samsung's infringement was not objectively willful as a matter of law (A91-A130). The court also granted in part Samsung's motion for a new trial on damages, vacating \$450,514,650 in damages as to 14 Samsung products on the ground that the jury had relied upon on a legally impermissible notice date. A52155-A52181. Finally, the district court denied Samsung's motions under Fed. R. Civ. P. 50(b) and 59(e) for judgment as a matter of law or new trial on noninfringement or invalidity. A24-A58, A91-A130. The PTO has since issued a final office action rejecting as invalid claim 19 of the '381 patent (*see* A52207-A52321) and an initial office action rejecting claim 8 of the '915 patent (*see* A52079-A52154), the only claims of either patent at issue in this action.

Samsung thereafter moved for entry of a partial final judgment pursuant to Fed. R. Civ. P. 54(b) as to the 14 products not subject to the new trial order and for a stay of the new trial pending appeal of that judgment. A52182-A52206. On April 29, 2013, the district court denied that motion and scheduled a new trial for November 2013.

SUMMARY OF ARGUMENT

The district court acted well within its discretion in denying Apple's motion for a permanent injunction.

1. The district court's conclusion that *none* of the four *eBay* factors favors an injunction on Apple's patent claims is well supported. *First*, the court properly concluded that Apple had not demonstrated irreparable harm, as it presented no evidence that any market share or downstream sales it might lose to Samsung is caused by Samsung's use of the patented features as opposed to legitimate competition and demand for the noninfringing features of Samsung's products. Apple relied on generalized evidence that some consumers value concepts such as "design" and "ease of use" but offered no evidence that consumers purchased Samsung's products based on the partial designs and utility patents at issue here. The requirement of a causal nexus between infringement of patented features and irreparable harm is well-established and applies to permanent injunctions no less than preliminary injunctions.

Second, the district court's conclusion that a monetary remedy is sufficient to compensate Apple for any infringement is supported by evidence that Apple had offered Samsung a license prior to trial for some of the patents-in-suit, that Apple has licensed the patents-in-suit (including to competitors Nokia and HTC), that Apple has licensed its "unique user experience IP," and that Samsung has the undisputed ability to pay a substantial damages award.

Third, the district court properly found that the balance of hardships was at best neutral, ruling that Apple could not use an injunction to punish Samsung's

supposed willfulness (the court later found Samsung not objectively willful), and the balance of hardships in fact favors Samsung because the sole meaningful effect of any injunction would be to intimidate Samsung's carriers and their customers over products neither accused nor adjudicated in this case.

Finally, as to the public interest, the district court properly relied on well-settled authority in concluding that it would not be in the public interest to deprive consumers of complex products that infringe only patents covering limited non-core features and designs that are a minor part of accused products.

2. The district court's denial of a trade-dress dilution injunction also was well within its discretion under the latter three *eBay* factors. That ruling is further supported by the lack of irreparable harm to Apple given that Samsung had ceased selling all of the purportedly diluting products by the time Apple moved for a permanent injunction—an additional factor that the district court (incorrectly) ruled legally irrelevant.

STANDARD OF REVIEW

This Court reviews the denial of a motion for a permanent injunction for abuse of discretion. *eBay*, 547 U.S. at 391. This Court “may find an abuse of discretion on a showing that the court made a clear error of judgment in weighing relevant factors or exercised its discretion based upon an error of law or clearly

erroneous factual findings.” *Innogenetics, N.V. v. Abbott Labs.*, 512 F.3d 1363, 1379 (Fed. Cir. 2008).

ARGUMENT

For a permanent injunction to issue, the movant must demonstrate: “(1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.” *eBay*, 547 U.S. at 391. The district court acted well within its discretion in denying an injunction upon finding that Apple had failed to demonstrate that even a single *eBay* factor supported an injunction here for either patent infringement or trade-dress dilution.

I. THE DISTRICT COURT PROPERLY DENIED PERMANENT INJUNCTIVE RELIEF ON APPLE’S PATENT CLAIMS

A. Apple Cannot Show Irreparable Harm From Patent Infringement

The record supports the district court’s finding that Apple would not be irreparably harmed from infringement of the patents-in-suit. A7-12. To show irreparable harm, a patentee “must establish both of the following requirements: 1) that absent an injunction, it will suffer irreparable harm, and 2) that a sufficiently strong causal nexus relates the alleged harm to the alleged infringement.” *Apple Inc. v. Samsung Elecs. Co., Ltd.*, 695 F.3d 1370, 1374 (Fed. Cir. 2012) (“*Apple*

II”). “It is not enough for the patentee to establish some insubstantial connection between the alleged harm and the infringement and check the causal nexus requirement off the list. The patentee must rather show that the infringing feature ***drives consumer demand for the accused product.***” *Id.* at 1375 (emphasis added). Apple can show no abuse of discretion in the district court’s application of this standard or clear error in its findings.

1. Irreparable Harm Must Have A Causal Nexus To Infringement

In requiring Apple to prove that the lost market share and downstream sales it claimed were caused by Samsung’s patent infringement, the district court did not impose an “unprecedented fifth” or “entirely separate requirement” beyond the traditional four injunction factors, as Apple erroneously argues (Apple Br. 49). Rather, this “causal nexus requirement” is an integral part of traditional irreparable harm analysis, as this Court reiterated in *Apple I* and *Apple II*. In *Apple I*, this Court explained:

To show irreparable harm, ***it is necessary to show that the infringement caused harm in the first place.*** Sales lost to an infringing product cannot irreparably harm a patentee if consumers buy that product for reasons other than the patented feature. ***If the patented feature does not drive the demand for the product,*** sales would be lost even if the offending feature were absent from the accused product.

678 F.3d at 1324 (emphasis added). Likewise, in *Apple II*, this Court stated:

[I]t may very well be that the accused product would sell almost as well without incorporating the patented feature. And in that case, even if the competitive injury that results from selling the accused device is substantial, the harm that flows from the alleged infringement (the only harm that should count) is not. Thus, *the causal nexus inquiry is indeed part of the irreparable harm calculus*: it informs whether the patentee's allegations of irreparable harm are pertinent to the injunctive relief analysis, or whether the patentee seeks to leverage its patent for competitive gain beyond that which the inventive contribution and value of the patent warrant.

695 F.3d at 1374-75 (emphasis added).

These principles predate Apple's dispute with Samsung. Outside the patent context, injunctions have long been denied for lack of causal nexus between alleged illegality and injury.³ In patent cases, lower courts likewise have long consistently required that the alleged infringement be shown to cause the alleged irreparable harm.⁴

³ See, e.g., *Cant Strip Corp. of Am. v. Schuller Int'l, Inc.*, 1994 WL 475862, *4 (9th Cir. Sept. 1, 1994) (unpublished) (finding "no *nexus* between the threatened harm and improper conduct by [defendant]") (citing *Stanley v. Univ. of S. Cal.*, 13 F.3d 1313, 1324-25 (9th Cir. 1994)); *Perfetti Van Melle USA v. Cadbury Adams USA L.L.C.*, 732 F. Supp. 2d 712, 725-26 (E.D. Ky. 2010) (finding no "*causal connection*" between reduced sales and defendants' use of infringing trademark); *Procter & Gamble Co. v. Ultreo, Inc.*, 574 F. Supp. 2d 339, 352 (S.D.N.Y. 2008) (finding no "*causal nexus* between the allegedly false advertising and sales potentially lost" by plaintiff); *Mostaghim v. Fashion Inst. of Tech.*, 2001 WL 1537545, *3 (S.D.N.Y. Dec. 3, 2001) ("The only potential irreparable harm ... has no *causal nexus* with the alleged FERPA violation.") (all emphases added).

⁴ See, e.g., *LG Elecs. U.S.A., Inc. v. Whirlpool Corp.*, 798 F. Supp. 2d 541, 563 (D. Del. 2011) (noting, in denying permanent injunction, "lack of specific

Apple nevertheless contends (Apple Br. 37-38, 48-51) that the district court's application of the causal nexus requirement as part of the irreparable harm inquiry here conflicts with this Court's post-*eBay* decisions. Apple is incorrect. As Justice Kennedy recognized in *eBay*, "legal damages may well be sufficient to compensate for the infringement" in situations where, as here, "the patented invention is but a small component of the product the companies seek to produce." *eBay*, 547 U.S. at 396-97 (Kennedy, J., concurring). Accordingly, the decision below does not conflict with *Robert Bosch L.L.C. v. Pylon Manufacturing Corp.*, 659 F.3d 1142 (Fed. Cir. 2011), which found injunctive relief appropriate against a

evidence tying Whirlpool's lost sales to LG's infringement" and stating that "[a] portion of Whirlpool's lost sales may be due to customers' desire for other features"); *Quad/Tech, Inc. v. Q.I. Press Controls B.V.*, 701 F. Supp. 2d 644, 657 (E.D. Pa. 2010) (plaintiff "failed to prove a causal connection between alleged loss and alleged infringement, which is necessary to prove irreparable harm"), *aff'd*, 413 Fed. App'x 278 (Fed. Cir. 2011); *Sundance, Inc. v. DeMonte Fabricating Ltd.*, 2007 WL 37742, *2 (E.D. Mich. Jan. 4, 2007) (denying permanent injunction where patented feature "is but one feature" of the accused product and plaintiff failed to show that its licensees "are losing sales to [defendant] expressly because of its infringement"); *Advanced Med. Optics, Inc. v. Alcon Labs., Inc.*, 2005 WL 3454283, *10-11 (D. Del. Dec. 16, 2005) (granting injunction pre-*eBay*, but staying for lack of irreparable harm where patentee "conceded that the fluidics system protected by that patent does not drive demand").

Apple itself has relied on the causal nexus requirement when seeking to stay patent infringement litigation brought against the iPhone. *See Eastman Kodak Co. v. Apple, Inc.*, No. 10-CV-06021, 2010 WL 2209043, Dkt. 18-20 (W.D.N.Y. March 3, 2010). Arguing that Kodak would not be irreparably harmed by a stay, Apple maintained that "Kodak cannot establish that sales of Apple's iPhones will erode Kodak's market share or that sales of the iPhone 3GS were due solely to inclusion of the accused functionality." *Id.* at 13 (emphasis added).

simple product (a windshield-wiper blade) where the patent-in-suit was effectively coextensive with the product—not, as here, a complex product of which the infringing feature is only a discrete and minor part. *Id.* at 1145. That decision provides no basis for enjoining sales of the smartphones and tablets at issue here on account of minor features that do not drive consumer demand, which would be akin to enjoining sale of a car based on infringing windshield-wiper blades. Indeed, in *Robert Bosch*, this Court cited Justice Kennedy’s *eBay* concurrence favorably, recognizing that money damages may be sufficient in three separate circumstances: those in ““which firms use patents not as a basis for producing and selling goods but, instead, primarily for obtaining license fees,’ *[w]hen the patented invention is but a small component of the product*” and those involving ‘the burgeoning number of patents over business methods.’” *Id.* at 1150 (emphasis added).⁵

⁵ *Robert Bosch*, moreover, involved harm in the form of “irreversible price erosion,” loss of access to mass retailers and a prospect that the defendant would be unable to satisfy a judgment, 659 F.3d at 1153-54—harms quite different from the lost market share and downstream sales Apple asserts here. Lost sales are classically compensable monetarily. *See, e.g., Automated Merch. Sys., Inc. v. Crane Co.*, 357 Fed. App’x 297, 300-02 (Fed. Cir. 2009) (unpublished) (“Lost sales (without more) are presumed to be compensable through damages, so they do not require injunctive relief.”); *Abbott Labs v. Andrx Pharm., Inc.*, 452 F.3d 1331, 1348 (Fed. Cir. 2006) (“[W]e do not doubt that generic competition will impact Abbott’s sales ... but that alone does not establish that Abbott’s harm will be irreparable.”).

Nor does the decision below conflict with Apple's other cited cases. *Acumed LLC v. Stryker Corp.*, 551 F.3d 1323, 1326 (Fed. Cir. 2008), like *Robert Bosch*, involved a simple product—"a type of orthopedic nail used for the treatment of fractures of the humerus, or the upper arm bone." Stryker therefore never argued, and thus this Court did not address, whether the features covered by the patent drove sales of the infringing nail, as it must do in the case of a complex product like a smartphone. That *Acumed* upheld an injunction under these circumstances as not an abuse of discretion says nothing about whether it is within a district court's discretion to deny an injunction where the patentee fails to demonstrate that the infringement causes the alleged irreparable harm. *Id.* at 1332.

Broadcom Corp. v. Qualcomm Inc., 543 F.3d 683 (Fed. Cir. 2008), likewise fails to support Apple, for it affirmed a permanent injunction against only the sale of infringing baseband processor chips used in cell phones—not, as here, the sale of *entire phones* of which the patented features represented but a small part. *Id.* at 686, 701-03. This Court thus was not presented with the question whether the infringing chip drove demand for the product of which it was a part but instead considered only whether sale of the infringing chip caused irreparable harm—affirming the district court's finding that it did. *See id.* at 703.⁶

⁶ The alleged irreparable harm in *Broadcom*, moreover, was not lost sales or lost market share, but rather harm to the patentee's ability to "compet[e] for 'design wins' for the development and production of cell phones which will

The district court's order here also presents no conflict with *i4i Ltd. Partnership v. Microsoft Corp.*, 598 F.3d 831 (Fed. Cir. 2010). As this Court recognized in *Apple I*, 678 F.3d at 1324, the irreparable harm alleged in *i4i* was a far cry from a mere decline in sales and market share, as Apple alleges here. Microsoft's infringement would have "rendered *i4i*'s product obsolete" and required *i4i* to "change its business strategy to survive." *i4i*, 598 F.3d at 862. Moreover, the accused feature, while "a small part of Microsoft's WORD products," also found its own "independent market" in "stand-alone" form, as the district court had noted. *i4i Ltd. P'ship v. Microsoft Corp.*, 670 F. Supp. 2d 568, 600 (E.D. Tex. 2009). Only in those limited circumstances did this Court hold that a permanent injunction could issue. *i4i*, 598 F. 3d at 862.

In sum, the fact that the causal nexus requirement did not figure into the decisions to grant injunctive relief in cases involving windshield-wiper blades, surgical pins or computer chips says nothing about whether it was properly analyzed and applied to deny injunctive relief against a complex product like a smartphone based on patents that cover only a small subset of its features.

embody the proposed chip"—a unique feature of the baseband chip market. 543 F.3d at 703. Since the asserted harm did not result from direct consumer purchases, it would have made little to sense for this Court to discuss whether the infringing chip drove consumer demand.

2. Causal Nexus Is Required For Permanent Injunctions And Preliminary Injunctions Alike

Apple seeks (Apple Br. 51-54) to avoid application of the causal nexus requirement on the ground that it is now seeking a permanent injunction as opposed to a preliminary injunction. Apple has waived this argument by failing to make it in the district court, *see, e.g., Conoco, Inc. v. Energy & Envtl. Int'l, L.C.*, 460 F.3d 1349, 1358-59 (Fed. Cir. 2006),⁷ but in any event, the district court was correct to conclude that the requirement that irreparable harm be caused by infringement applies to both preliminary *and* permanent injunctions. A3 n.2.

As this Court has recognized, “Supreme Court precedent is clear in stating that the same burdens and standards of proof apply in deciding the merits for preliminary injunction purposes, as in deciding the same questions upon full litigation.” *Abbott Labs. v. Sandoz, Inc.*, 544 F.3d 1341, 1364 (Fed. Cir. 2008). For example, the Supreme Court explained in *Amoco Production Co. v. Village of Gambell, Alaska*, 480 U.S. 531, 546 n.12 (1987), that “[t]he standard for a preliminary injunction is essentially the same as for a permanent injunction with the exception that the plaintiff must show a likelihood of success on the merits rather than actual success.” And *eBay*—a permanent injunction case—cited

⁷ In fact, Apple acknowledged below that this Court “requires ‘that a sufficiently strong causal nexus relates the alleged harm to the alleged infringement.’” A4931 (quoting *Apple II*, 695 F.3d at 1374).

Amoco—a preliminary injunction case—for the four-factor test for injunctive relief. *See eBay*, 547 U.S. at 391.

Indeed, as the district court noted (A3 n.2), *Apple I* relied on *permanent* injunction precedent when it held that, in order to obtain a *preliminary* injunction, a patentee must demonstrate a causal nexus between infringement and irreparable harm. *Apple I*, 678 F.3d at 1324 (citing *Voda v. Cordis Corp.*, 536 F.3d 1311, 1329 (Fed. Cir. 2008)). Nothing in *Apple I* purported to limit its reasoning to motions for preliminary injunctions, *see id.*, and *Apple II* made clear that the causal nexus requirement was part of the irreparable harm factor reiterated in *eBay*, itself another permanent injunction case, *see* 695 F.3d at 1374-75.

Finally, the fact that a finding of liability precedes a court’s consideration of a request for a permanent injunction does not, as Apple suggests (Apple Br. 52), somehow “increase[] a patentee’s entitlement” to an injunction. As *eBay* made clear, “the creation of a right [to exclude] is distinct from the provisions of remedies for violations of that right.” 547 U.S. at 392.⁸ This Court, in interpreting

⁸ For this reason, Apple misplaces emphasis on its “right to exclude,” and none of the cases upon which it relies suggests that this right alone justifies entry of a permanent injunction. *See, e.g., Edwards Lifesciences AG v. CoreValve, Inc.*, 699 F.3d 1305, 1315-16 (Fed. Cir. 2012) (vacating permanent injunction and remanding for reconsideration due to changed circumstance that defendant had failed to move its manufacturing to Mexico, as it had represented); *Robert Bosch*, 659 F.3d at 1149 (“*eBay* abolishes our general rule that an injunction normally will issue when a patent is found to have been valid and infringed”).

eBay, has not distinguished between permanent and preliminary relief.⁹ Such a distinction would be especially improper to announce here, as this appeal is proceeding on an interlocutory basis, divorced from the underlying liability rulings. *See supra*, at 13. Apple should not be able to benefit in this Court from a relaxed standard that is premised on a finding of liability when Samsung has not had an opportunity to present this Court with its substantial challenges to liability.¹⁰

⁹ None of the decisions describing preliminary and permanent injunctions upon which Apple relies (Apple Br. 51-52) suggests that the entitlement to relief varies based on the type of injunction. *See Winter v. NRDC*, 555 U.S. 7, 32 (2008) (“what we have said [in reversing the preliminary injunction] makes clear that it would be an abuse of discretion to enter a permanent injunction, after final decision on the merits, along the same lines as the preliminary injunction”); *Grupo Mexicano de Desarrollo S.A. v. Alliance Bond Fund, Inc.*, 527 U.S. 308, 314-15 (1999) (addressing potential mootness of preliminary injunction appeal); *Warner Chilcott Labs. Ireland Ltd. v. Mylan Pharms. Inc.*, 451 Fed. App’x 935, 938-40 (Fed. Cir. 2011) (unpublished) (vacating preliminary injunction because district court did not conduct evidentiary hearing or make invalidity findings).

¹⁰ Nor, contrary to Apple’s assertions (Apple Br. 31-32, 34, 53-54), does the fact that Apple and Samsung are competitors require imposition of a permanent injunction or somehow weaken the irreparable harm standard in the permanent injunction context. The cases upon which Apple relies simply hold—consistent with *eBay*’s directive that no single consideration can obviate the need for careful consideration of the traditional four-factor test—that competition between the parties is relevant when deciding whether to grant an injunction. *See Presidio Components, Inc. v. Am. Technical Ceramics Corp.*, 702 F.3d 1351, 1363 (Fed. Cir. 2012); *Whitserve, L.L.C. v. Computer Packages, Inc.*, 694 F.3d 10, 35-36 (Fed. Cir. 2012); *Merial Ltd. v. Cipla Ltd.*, 681 F.3d 1283, 1306 (Fed. Cir. 2012); *Robert Bosch*, 659 F.3d at 1150-51; *i4i*, 598 F.3d at 861; *Acumed*, 551 F.3d at 1327-29; *Verizon Servs. v. Vonage Holdings Corp.*, 503 F.3d 1295, 1310-11 (Fed. Cir. 2007); *Jeneric/Pentron, Inc. v. Dillon Co.*, 205 F.3d 1377, 1384 (Fed. Cir.

3. The Causal Nexus Requirement Will Not Foreclose Injunctive Relief In Complex-Product Cases

Contrary to Apple's dire assertions (Apple Br. 54-57), requiring proof of causal nexus between infringement and asserted irreparable harm will not, as a practical matter, make it impossible for injunctive relief to issue in cases involving complex electronic products covered by multiple patents. Earlier proceedings in this case confirm this: After this Court held in *Apple I* that Apple's D'889 patent was not likely invalid as obvious, and that that patent had the "requisite nexus" to consumer demand for Samsung's Galaxy Tab 10.1, 678 F.3d at 1328, the district court on remand granted Apple a preliminary injunction against sales of that device (A51323-A51330). While that injunction was later lifted in light of the jury's verdict that the Galaxy Tab 10.1 does not infringe the D'889 patent, its issuance defeats Apple's rhetorical claim that requiring proof of causation will mean the end of injunctions in complex product cases.

Nor is Apple correct in arguing (Apple Br. 54-55) that the district court employed an overly rigid standard by requiring proof that a single patent or feature be the *only* feature that drives demand. The court in fact merely required proof "that the patented features are important *drivers* of consumer demand for the

2000). But the district court expressly considered (A4-6) that the parties were competitors here, and properly recognized that this fact alone does not establish that infringement (as opposed to legitimate competition and non-infringing features) causes any lost sales (much less lost market share).

infringing products.” A12 (emphasis added).¹¹ And Apple fails to offer any evidence to support its argument (Apple Br. 55) that “no consumer survey can readily ask consumers about particular patent claims or claim limitations” at the required level of specificity—an argument belied by the issuance of the Galaxy Tab 10.1 preliminary injunction based on such survey evidence (*see* A51323-A51330; A51086-A51087).

Finally, Apple suggests (Apple Br. 57) that it could have been excused from showing causal nexus had the district court “delayed enforcement” of an injunction to permit Samsung an opportunity to design around the patents. But Apple never proposed such a delay in the district court and instead sought an *immediate* injunction prohibiting not just sales of the 26 accused Samsung products, but also sales of any other Samsung product that was “not more than colorably different.” A4250-A4253. In addition to being waived, Apple’s “delayed enforcement” argument ignores the district court’s finding that any infringement did not cause irreparable harm. If—as the district court found—the patented feature does not drive demand for the accused product, the patentee will likely lose the same sales

¹¹ Apple’s reliance (Apple Br. 55-56) on testimony by Samsung’s experts (in which they agree that it would be unusual, but not impossible, for a single feature or patent to be the *sole* driver of demand) is thus irrelevant. *See* A4764-A4765; A4721-A4722.

to both the infringing product and the redesigned product, thus undermining any need for an injunction, whether immediate or delayed, to avoid irreparable harm.¹²

For all these reasons, this Court should reject both Apple's argument and Apple's request (Apple Br. 67) that the panel take the rare step of calling for an *en banc* poll to reconsider the causal nexus requirement. This requirement has long been a part of the irreparable-harm standard, the district court's order is fully consistent with this Court's precedents, and there is no conflict on the issue of causal nexus among this Court's decisions or with a decision of the Supreme Court that would warrant *en banc* review. This Court already has twice rejected Apple's calls for *en banc* review of the causal nexus requirement, first in *Apple II*, see No. 12-1507, ECF No. 113 (Jan. 31, 2013), and again in response to Apple's petition for an initial *en banc* hearing in this appeal, see ECF No. 33 (Feb. 4, 2013). There is no reason for *en banc* review here.

¹² Contrary to Apple's assertions (Apple Br. 58-59), the entire market-value rule supports, and does not undermine, the denial of a permanent injunction here. That rule forbids a patentee from using the entire revenue from an accused device to calculate damages for infringement unless the patented feature "creates the 'basis for customer demand' or 'substantially create[s] the value of the component parts.'" *Uniloc USA, Inc. v. Microsoft Corp.*, 632 F.3d 1292, 1318 (Fed. Cir. 2011) (quoting *Lucent Techs, Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1336 (Fed. Cir. 2009)). The causal nexus requirement similarly precludes a patentee from enjoining the sale of an entire device unless the feature drives demand for that device.

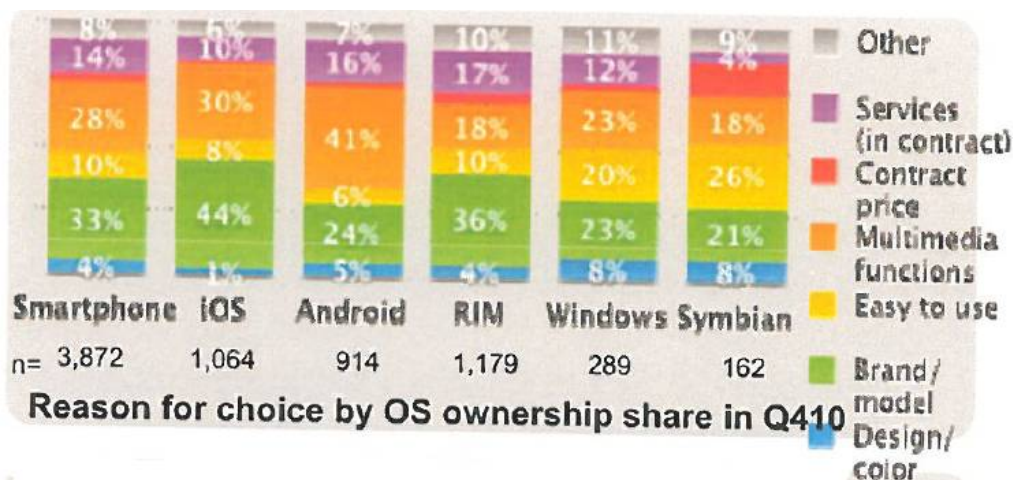
4. The District Court Properly Found That Apple’s Patented Designs Do Not Drive Demand For Samsung’s Products

Apple fares no better in arguing (Apple Br. 61-67) that it satisfied the causal nexus requirement. The district court properly rejected Apple’s assertions of irreparable harm in the aggregate, and properly found that Apple failed to show that *each* of its design patents in particular drove demand for the accused products. In so finding, the district court did no more than require Apple to support the relief Apple itself sought: namely, an injunction against infringement of *any* of Apple’s patents or rights—in effect, seven different injunctions, one as to each patent and right at issue. In any event, Apple failed to show that the features covered by Apple’s claimed patents drove demand even if considered together as a group. At best, Apple introduced evidence that design generally was eighth on a list of what consumers liked (but not nearly as much as many other features). Specifically:

First, Apple is incorrect to contend (Apple Br. 61) that the preliminary injunction authorized by *Apple I* on the D’889 patent establishes that generalized evidence is sufficient to support an injunction here. *Apple I* relied not only on evidence that “design matters” but also on evidence that design was particularly

important *to tablet purchasers* and that Apple “claimed *all views*” of the patented device in the D’889. 678 F.3d at 1328 (emphasis added).¹³

Second, Apple’s reliance upon evidence that “design matters” generally is further undermined by the “fair amount of countervailing evidence, suggesting that design is considerably less important than Apple claims.” A8. Even Apple’s own survey showed that only 1% of iPhone users and 4% of all respondents listed “design/color” as their reason for purchase:



A33962. Appearance and design came in *eighth* when domestic iPhone buyers ranked features and attributes by importance. A32769; A52037. And Apple itself recognized that “screen quality and size, email and web, combining features/functions, and the OS are the most important features and attributes in the smartphone purchase decision” for Android purchasers. A33831; A33887 (top

¹³ As discussed *infra*, at 31-32, the design patents at issue here, unlike the D’889 patent at issue in *Apple I*, cover only partial views and do not claim anywhere near the entire design of any device.

three reasons domestic consumers purchase Android phones are desire to stay with current cell provider, trust in Google brand, and preference for larger screens); A20873 (consumers desire large screens).

Third, even if Apple's evidence had showed that "design matters" *generally*, it does not follow that consumers purchased Samsung's products because they used the *specific* patented designs at issue, as the district court correctly noted. A8. Apple's design patents at issue here do not cover the entire design of a smartphone. To the contrary, the D'677 patent covers only the front face and does not claim even the entirety of that face (for example, it excludes the home button). *See* A51389; *Apple I*, 678 F.3d at 1317 ("The D'677 patent disclaims the side and back of the device."). The D'087 patent adds a bezel, but disclaims part of the side and the back. *See* A51389; *Apple I*, 678 F.3d at 1317 ("The parts of the side beyond the bezel, as well as the phone's back, are disclaimed"). And the D'305 patent relates only to a single page of icons in a multi-page graphical user interface (A51390), and even Apple concedes that nearly every icon in Samsung's phones is different (A21426-A21435). Given the limitations of Apple's patents, evidence of the importance of "design" in general does not show *the patented designs* drive consumer demand, as require for a showing of causal nexus.

Fourth, even if Apple had shown a link between its patented designs and consumer demand for Samsung's products (which it did not), Apple still made no

showing that demand was driven by the *protectable* aspects of those designs. Functional and structural components of a design are not protectable, *see, e.g., Richardson v. Stanley Works, Inc.*, 597 F.3d 1288, 1293 (Fed. Cir. 2010), and Apple conceded at trial that many elements of its designs fall into these categories, A20675 (“Larger screens are—can be a benefit to users.”); A20678-A20680 (speaker necessary to hear and “rounded corners certainly help you move things in and out of your pocket”). Apple, however, failed to demonstrate that it was the non-structural and non-functional aspects of its designs that drove demand for Samsung’s products.¹⁴

Finally, Apple’s assertions (Apple Br. 12-16, 62-64) that Samsung copied Apple’s designs are both legally irrelevant to irreparable harm and factually incorrect. Copying by Samsung (were it true) could not establish irreparable harm because decisions by *Samsung* cannot show that *consumers* purchased the accused products based on the specific design elements in question. *See Apple I*, 678 F.3d at 1328; *Apple II*, 695 F.3d at 1376-77. In any event, Apple’s “evidence” of

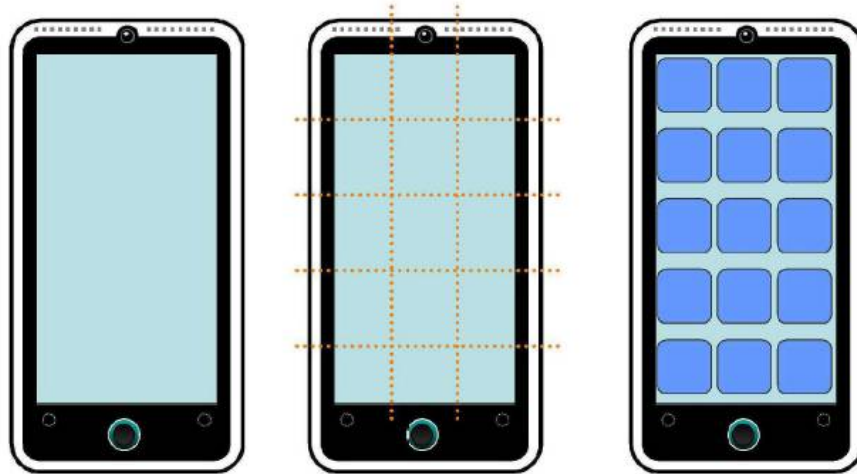
¹⁴ While Apple cites (Apple Br. 63) a few quotations from consumers that praised specific elements of Samsung’s and Apple’s designs, isolated statements of a single consumer or journalist praising a feature do not show that the feature drives demand. *See, e.g., Apple II*, 695 F.3d at 1377 (statement by blogger “at best reflects an individual belief that the QSB’s unified search feature is important to Android consumers. That does not suffice to establish a causal nexus.”). Moreover, as the district court correctly noted, these quotations do not “clearly identify actual patented designs,” so they are no more helpful to Apple than its general proof that design matters. A9.

copying consists of attorney argument and demonstratives showing an inaccurate and self-serving history of Samsung phone design. *See* A30003. Samsung in fact developed a number of touchscreen device models *before* the iPhone was announced, and it continued to make a *variety* of smartphones, including many with keypads, even after the iPhone was released:



A36041. Indeed, in 2006—months *before* the iPhone’s announcement and before the D’305’s claimed conception date—Samsung prepared minimalistic touchscreen phone designs with a large display screen and a grid of rounded rectangular icons

optimized for a user's finger, showing that such features and concepts were not copied from, or even novel to, Apple:



A52452.¹⁵ Apple's allegations of copying thus lack foundation as well as relevance.

5. The District Court Properly Found That Apple's Utility Patents Do Not Drive Demand For Samsung's Products

With respect to its utility patents, Apple relies (Apple Br. 64-66) on evidence that consumers valued the general concept of "ease of use," evidence of Samsung's alleged copying of Apple's patented features, and expert evidence from a conjoint survey supposedly showing the price premiums Samsung consumers would pay for the patented features. The district court considered this evidence

¹⁵ This evidence was not presented to the jury, but the parties and district court agreed that the permanent injunction evidence was not limited to the trial record. A4-A5.

and was well within its discretion in finding that it did not show that any of Apple's utility patents drove consumer demand for Samsung's products. A9-A12.

First, as the district court recognized (A10), that consumers generally value “ease of use” is not probative of whether they purchase Samsung's products based on the specific innovations at issue, for none of Apple's patents claims (or could claim) a monopoly on “ease of use.” The '381 patent claims a visual “bounce” effect when a user scrolls beyond a document's edge (A36512); the '915 patent is limited to source code that distinguishes between a single input point and multiple input points, and performing a scroll or zoom on that basis (A21818; A21856-A21857 (describing “all-important test in the claim”); A36459-A36460); and the '163 patent claims only one of many possible methods of zooming on a touch screen, not double tapping to zoom or recentering generally (A21840; A21878-A21879; A36568-A36571). None of these patents encompasses an entire user interface, much less the concept of “ease of use.” Apple's evidence that its “easy-to-use user interface” is “fun” and critical to its success (Apple Br. 64-65) proves nothing relevant; Apple can claim no patent on “fun.” *See, e.g., Apple II*, 695 F.3d at 1376 (“To establish a sufficiently strong causal nexus, Apple must show that consumers buy the Galaxy Nexus because it is equipped with the apparatus

claimed in the '604 patent—not because it can search in general, and not even because it has unified search”).¹⁶

Second, Apple contends (Apple Br. 62-64) that the accused features necessarily drive demand because Samsung and its consultants allegedly recommended that Samsung copy them. This Court has previously rejected this precise argument, holding that “the relevant inquiry focuses on the *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).” *Apple I*, 678 F.3d at 1328 (emphasis added).¹⁷ The fact that a *consultant* praised a feature thus does not mean that feature drives *consumer* demand. *See Apple II*, 695 F.3d at 1376-77. And, as the district court found (A10), the features described in the documents Apple cites (Apple Br. 64-65) do not even line up with the specific features covered by its utility patents.

Third, the district court considered and properly discounted Apple’s purported survey evidence. A11-A12. As the district court observed, the parties

¹⁶ Apple also cites (Apple Br. 65-66) praise of its multi-touch interface in “consumer reviews,” but these reviews merely reflect the experience of a single commentator and are so general that it is not possible even to tell whether Apple’s patents cover the features being discussed. A10; *see also Apple II*, 695 F.3d at 1377 (rejecting similar evidence).

¹⁷ Apple previously sought a preliminary injunction on the '381 patent, and *Apple I* upheld the district court’s finding that Apple had not demonstrated irreparable harm. 678 F.3d at 1327-28. Apple’s showing remains inadequate.

disputed “the applicability of [the] study to the question at hand” and there was dueling expert testimony on the subject. A11. The court resolved this dispute by “agree[ing] with Samsung that evidence of ‘the price premium over the base price Samsung consumers are willing to pay for the patented features’”—which is all that Apple’s survey purported to measure (A30488-A30489)—is not the same as evidence that consumers will buy a Samsung phone instead of an Apple phone because it contains that feature.” A11. Apple fails (Apple Br. 64-66) to explain why that conclusion is incorrect.¹⁸

6. Lack Of Irreparable Harm Is Further Supported By Evidence That Apple No Longer Sells Products Embodying Its Patents And Samsung No Longer Sells Products With Infringing Features

Two considerations provide additional support for the district court’s finding of no irreparable harm:

¹⁸ Apple’s survey methodology has other flaws that independently support the district court’s decision not to rely on it. For example, in the real world, consumers choose among several brands of smartphones and tablets and may ultimately choose to make no purchase at all; Apple’s survey, however, forced respondents to select a *Samsung* device and excluded the option of selecting another brand—or no device at all. A51497-A51498; A51504-A51508; A51511-A51514; A51525-A51526; A52325-A52326. By design, therefore, Apple’s survey could produce only estimates of *intra-brand* “price premiums,” *i.e.*, amounts consumers would pay for additional features on a Samsung device, which is not probative of whether consumers buy Samsung devices rather than other devices because they have certain features. A51497-A51498; A51506-A51514; A52324-A52335.

First, by the time of the district court's order denying a permanent injunction, Apple was no longer practicing either the D'087 patent or the D'305 patent: it had ceased selling the iPhone 3G and 3GS, which were the only products that it claimed at trial embodied the D'087 patent (A21022-A21024), and unlike the iPhone 3G and 3GS, the iPhone 4, which it was selling, does not embody the D'305 patent because it is undisputed that the iPhone 4 does *not* incorporate the "missing row" of icons (A50472) reflected in the D'305 patent (A51120; A52047-A52049). It is well established that a patentee's failure to practice an invention is "a significant factor" in the irreparable harm calculus. *High Tech. Med. Instrumentation, Inc. v. New Image Indus., Inc.*, 49 F.3d 1551, 1556 (Fed Cir. 1995); *see also Reebok Int'l Ltd. v. J. Baker, Inc.*, 32 F.3d 1552, 1557-58 (Fed. Cir. 1994) (affirming denial of preliminary injunction against infringement of design patent where patentee, "some time before the ruling appealed, stopped all advertising and ceased selling [the] model [embodying the patent] to beyond a de minim[i]s extent").

Second, it is undisputed that, by the time of the district court's order, Samsung had either discontinued or designed around any infringement as to all its accused products. A52000-A52009; A52013-A52016; A52021-A52029; A52056-A52058; A52344-A52361. It is well established that "[a]n injunction is only proper to prevent future infringement of a patent, not to remedy past

infringement.” *Spine Solutions, Inc. v. Medtronic Sofamor Danek USA, Inc.*, 620 F.3d 1305, 1320 (Fed. Cir. 2010). Thus, a party’s cessation of sales of infringing products weighs strongly against entry of a permanent injunction.¹⁹ These facts, both separately and together, reinforce the propriety of the district court’s finding of no irreparable harm.

B. Monetary Remedies Are Adequate To Compensate Apple For Any Use Of Its Patents

The district court’s finding (A17-A18) that Apple could be adequately compensated by monetary remedies was also well supported by the record and well within the district court’s discretion.

1. The District Court Did Not Apply An “Impossibly Stringent” Standard

Taking isolated snippets of the district court’s order out of context, Apple asserts (Apple Br. 36-37) that the court applied an “impossibly stringent” standard in ruling that Apple’s practice of licensing the patents-in-suit demonstrated that money damages would provide adequate compensation for infringement. But the

¹⁹ See, e.g., *S.O.I.TEC Silicon On Insulator Tech., S.A. v. MEMC Elec. Materials, Inc.*, 2011 WL 2748725, *21-22 (D. Del. July 13, 2011) (denying permanent injunction where, *inter alia*, “[t]here is no indication that MEMC still employs [the infringing] process”); *Nichia Corp. v. Seoul Semi. Ltd.*, 2008 WL 346416, *1-2 (N.D. Cal. Feb. 7, 2008) (denying permanent injunction where, *inter alia*, it was “undisputed that defendants no longer manufacture the accused product”); *cf. Roper Corp. v. Litton Sys., Inc.*, 757 F.2d 1266, 1273 (Fed. Cir. 1985) (affirming denial of preliminary injunction where “there is nothing of record establishing *present* infringement or an *immediate* threat of renewed infringement”).

district court's order, fairly read as a whole, simply rejected Apple's arguments that an injunction was warranted because its patents were "unavailable for licensing" (A52070), explaining that Apple had *not* sought to retain exclusive use of its patents and instead had entered into multiple licensing agreements (A17).

Nor is Apple correct to argue (Apple Br. 37-38) that the district court could consider Apple's licensing practices only if they supported an injunction but not if they undermined one. While *eBay* rejected imposition of a "categorical rule" that an injunction must or must not issue in certain circumstances, 547 U.S. at 393, it nowhere suggests that a patentee's willingness to license is *irrelevant* to whether monetary relief would be adequate. To the contrary, in *ActiveVideo Networks, Inc. v. Verizon Communications, Inc.*, 694 F.3d 1312 (Fed. Cir. 2012)—a case upon which Apple relies (Apple Br. 37)—this Court *reversed* the issuance of a permanent injunction based in part on the patentee's licensing of the patents to three other companies and attempts to license the patent to the defendant itself, ruling that under those circumstances "no fact finder could reasonably conclude that ActiveVideo would be irreparably harmed by the payment of a royalty (a licensing fee)." *Id.* at 1339.

Apple's reliance on *Acumed*, 551 F.3d 1323, and *Broadcom*, 543 F.3d 683, is also misplaced. In both cases, this Court recognized that a past license is not a *per se* bar to a permanent injunction, but neither holds that a district court abuses

its discretion when it considers the patentee's licensing history in denying an injunction. *See Acumed*, 551 F.3d at 1327-28 (no abuse of discretion in issuing injunction where patentee willing to license patent to settle litigation); *Broadcom*, 543 F.3d at 702-03 (no abuse of discretion in issuing injunction where patentee had licensed patent once in light of unique "structural nature" of relevant market). Indeed, *Acumed* held that past licenses *must* be considered along with "the identity of the past licensees, the experience in the market since the licenses were granted, and the identity of the new infringer," and expressly left open "whether it would be appropriate under other circumstances to deny injunctive relief because the patentee had licensed the patented technology to other competitors." 551 F.3d at 1328, 1329 n.*

By giving some weight to Apple's extensive licensing history without adopting any "categorical rule" that an injunction is unavailable where a patent has been licensed, the district court properly followed *eBay*, as well as this Court's precedents.

2. Apple Extensively Licensed Its Intellectual Property

The district court properly found that Apple has a long history of licensing its patents, including to competing smartphone manufacturers. A17. While Apple argues that the patents-in-suit are "'untouchables' that are part of 'Apple's unique user experience'" (Apple Br. 38 (quoting A22013-A22014, A22022)), it disregards

that just two days after it moved for a permanent injunction, it signed a license agreement with smartphone competitor HTC that covered every asserted utility patent in this case (A4780-A4921). Even before the HTC agreement, Apple had licensed all the utility patents at issue to other companies, including Nokia and IBM. A17; A4147; A4305-A4472.

The district court also correctly found that Apple was willing to license its design rights. As Apple concedes (Apple Br. 38), it has previously licensed its “Unique User Experience I.P.,” which included its design patent rights. And the documentary evidence reflects that Apple offered to license these rights *directly to Samsung* prior to litigation: In its pre-litigation licensing presentation, Apple asserted that Samsung was “*embrac[ing] and imitat[ing] Apple’s iPhone archetype*” and stated that “Apple would have preferred that Samsung *request a license to do this in advance.*” A33916. This presentation went on to distinguish between Samsung products that used what Apple called its “proprietary features” (defined as including Apple’s “distinctive industrial designs”) and those that did not (A33920-A33924; A21971-A21972)—but Apple made clear that it was willing to license *both* types of Samsung products (A33922-A33924).²⁰

²⁰ Apple disputes (Apple Br. 36-41) that it was willing to license its design patents broadly to its competitors, but the fact that a patentee has licensed those patents *at all* indicates that the value of their use by third parties can be monetized. *See, e.g., ActiveVideo*, 694 F.3d at 1339-40.

3. Apple's Prior Licenses Are Not Distinguishable

Unable to dispute that it did in fact license its utility patents to IBM, Nokia, and HTC and had previously licensed its design patents, Apple instead argues (Apple Br. 38-41) that these licenses are distinguishable. But Apple fails to identify any clear error in the district court's rejection of that argument.

First, Apple wrongly contends (Apple Br. 40) that the district court erred in relying on the IBM license even though IBM does not manufacture smartphones. Apple again relies on authorities holding that it is not an abuse its discretion to grant an injunction despite a patentee's licenses to a non-competitor, but none of those decisions holds that it is an abuse of discretion to find monetary remedies adequate where the patentee licenses competitors and non-competitors alike *and* offers to license the defendant. *See O2 Micro Int'l, Ltd. v. Beyond Innovation Tech. Co., Ltd.*, 449 Fed. App'x 923, 933 (Fed. Cir. 2011) (unpublished) (license to purchaser of patentee's products does not foreclose injunction); *Acumed*, 551 F.3d at 1328 (weight given to license to non-competitor "falls squarely within the discretion of the court"); *Broadcom*, 543 F.3d at 703-04 (no abuse of discretion in granting injunction despite license in light of case-specific "market realities").

Second, Apple's attempt (Apple Br. 40-41) to distinguish the Nokia and HTC licenses on the ground that they resolved pending litigation is legally irrelevant. *See, e.g., ActiveVideo*, 694 F.3d at 1340 (considering, in course of

vacating permanent injunction, plaintiff's offers to license patents-in-suit to defendant to settle litigation); *Acumed*, 551 F.3d at 1327-28 (finding no abuse of discretion in issuance of injunction where patentee was willing to license patent to settle other litigation). In any event, those licenses did not simply resolve Apple's claims to *past* damages for infringement by those companies—they were *ongoing* licenses to the patents-in-suit, with Nokia's running for over four years through 2016. A4310; A4314; A4789-A4790. Those licenses thus show that Apple viewed a licensing fee as adequate compensation for use of its utility patents.²¹

Third, Apple's citation (Apple Br. 38) to litigation-driven testimony that it did not want to license its patents is unpersuasive. As a factual matter, the argument is refuted by the district court's well-supported finding that Apple had offered to license its patents to Samsung prior to this lawsuit. A17; A21970-A21971; A33924. In any event, the relevant question is not whether Apple was eager to license its patents to Samsung but whether Apple would be adequately compensated by a monetary remedy. Apple's attempts to separately distinguish each of its many licenses and licensing offers ignores that collectively they support

²¹ Apple is wrong in arguing that the HTC license is irrelevant because it excludes "clones" of Apple's products. As noted, Apple's Teksler admitted that Apple in fact *had* licensed its "unique user experience IP," which would be needed only if the licensee was "trying to build an iPhone knock-off or a clone." A21955-A21956. Further, there is no evidence (and Apple has not argued) that any of the accused features in *Samsung's* products would qualify as "cloned features" under the HTC license. *See* A4811 (defining "cloned product" and "cloned feature").

a finding that Apple has treated use of its intellectual property as compensable by a licensing fee. Thus, even if none of these licenses alone covers the identical bundle of intellectual property rights and the precise time period at issue here, the district court acted properly in considering Apple's "past licensing behavior" *as a whole*.

C. The Balance of Hardships Favors Samsung

While the district court found that the balance of hardships was neutral (A19), there is strong evidence that it favors Samsung. Apple argues (Apple Br. 42) that an injunction will not harm Samsung because it is no longer selling the accused phones. In fact, Apple's admission that Samsung is no longer selling the accused products shows only that *Apple* would not legitimately benefit from an injunction, for even if the accused features drove consumer demand for the products found to infringe (and they do not), those products are no longer being sold.

Conversely, *Samsung* and others would be harmed because Apple's broad requested injunction would extend to non-accused products "not more than colorably different" from the products found to infringe. Since the products found to infringe are no longer being sold, Apple's only plausible goal in pursuing the injunction is to create fear, doubt and uncertainty in the market as to what *other* products Apple might *later* claim are covered by its sweeping injunction. *See*

Apple, Inc. v. Motorola, Inc., 869 F. Supp. 2d 901, 921 (N.D. Ill. 2012) (Posner, J.) (denying injunction where it was likely that “Apple will sue Motorola alleging that the redesigned phones still infringe its patents, just as it is [doing in the ITC]”); *Paice L.L.C. v. Toyota Motor Corp.*, 2006 WL 2385139, *6 (E.D. Tex. Aug. 16, 2006) (injunction properly denied where “enjoining [defendant’s] sales will likely interrupt not only Defendants’ business but that of related businesses, such as dealers and suppliers ... [and] will damage their reputation”), *vacated in part on other grounds* by 504 F.3d 1293 (Fed. Cir. 2007). Indeed, after the district court issued a preliminary injunction against Samsung’s sales of the Galaxy Tab 10.1 (later vacated after the jury found there was no infringement), Apple used that injunction to threaten and intimidate third-party carriers—contending without legal basis that they were subject to the injunction. *See* A51441.

The harm to Samsung from an injunction premised on the ’381 and ’915 patents would be particularly acute, given the PTO’s final office action rejecting claim 19 of the ’381 patent and its initial office action rejecting claim 8 of the ’915 patent. *See supra*, at 13. “PTO reexamination ... impacts the equitable calculus of the four-factor test,” *MercExchange, L.L.C. v. eBay, Inc.*, 500 F. Supp. 2d 556, 585 (E.D. Va. 2007), and, where a patent has been declared invalid by the PTO, “the harm to defendants if the injunction were to issue on invalid patents is much greater than the harm to plaintiffs should the injunction not issue at all,” *Belden*

Techs. Inc. v. Superior Essex Commc'ns LP, 802 F. Supp. 2d 555, 579 (D. Del. 2011).

Apple identifies no other plausible hardship on its side of the balance. It does not challenge here the district court's correct ruling that an injunction "may not be used as a punishment." A18; *see O2 Micro.*, 449 Fed. App'x at 932 ("The purpose of a permanent injunction is to prevent future infringement rather than ... punish an infringer for past infringement."); *accord Johns Hopkins Univ. v. CellPro, Inc.*, 152 F.3d 1342, 1367 (Fed. Cir. 1998); *Amstar Corp. v. Envirotech Corp.*, 823 F.2d 1538, 1549 (Fed. Cir. 1987). Having failed to argue in the district court that it will suffer hardship if it cannot enjoin products not more than colorably different from the accused products because Samsung is a competitor and has a large number of products on the market (*compare* Apple Br. 42-43 with A4220-A4230; A4940), that argument is waived. *See, e.g., Conoco*, 460 F.3d at 1358-59. To the extent that there is any ongoing infringement by the accused products (which there is not), the availability of a reasonable royalty weighs against a finding that Apple would experience hardship. *See, e.g., Motorola*, 869 F. Supp. 2d at 920-22. And to the extent that Apple is concerned about some *other* products that it has not accused and a jury has not found to infringe, then the proper course is to accuse them—a course that Apple has *not* taken.

D. The Public Interest Does Not Favor A Patent Injunction

The district court also properly found that “[t]he public interest does not support removing phones from the market when the infringing components constitute such limited parts of complex, multi-featured products.” A21. Apple does not and cannot show that this ruling was an abuse of discretion. Apple emphasizes (Apple Br. 44) the public interest in enforcing patent rights, but that interest exists in every patent case and thus cannot by itself support the public interest factor. *See, e.g., ActiveVideo*, 694 F.3d at 1341.²²

Conversely, the overwhelming concern in both the popular and academic literature that the verdict in this case would limit technological development, cripple competition and deny consumers lower-priced alternatives (*see supra*, 1 n.1) provides support for the district court’s conclusion. Justice Kennedy expressed similar concern in *eBay*, noting that, when “the patented invention is but

²² The cases upon which Apple relies do not suggest otherwise, but instead merely reflect that enforcement of patent rights is relevant to the public interest factor. *See i4i*, 598 F.3d at 863 (affirming permanent injunction with “narrow scope” where “district court’s conclusion properly recognized that the touchstone of the public interest factor is whether an injunction, both in scope and effect, strikes a workable balance between protecting the patentee’s rights and protecting the public from the injunction’s adverse effects”); *Sandoz*, 544 F.3d at 1363 (affirming preliminary injunction where district court “fully considered all of the legal and equitable factors,” including public interest in enforcing patent rights); *Sanofi-Synthelabo v. Apotex, Inc.*, 470 F.3d 1368, 1383-84 (Fed. Cir. 2006) (affirming preliminary injunction where all four factors favored injunctive relief and district court did not clearly err in ruling that interest in encouraging pharmaceutical research and development outweighed public interest in access to generic drug).

a small component of the product the companies seek to produce and the threat of an injunction is employed simply for undue leverage in negotiations ... an injunction may not serve the public interest.” *eBay*, 547 U.S. at 395-97 (Kennedy, J., concurring). Justice Kennedy’s guidance applies here, as the district court properly determined. A21. In such circumstances, consumer choice is diminished, prices rise, innovation slows, and the public interest suffers.²³

Apple wrongly faults (Apple Br. 45-46) the district court for considering the breadth of its requested injunction, but the court properly found (A20) that Apple’s attempt to enjoin all phones “not more than colorably different” from the accused phones and even the “use” of previously sold and distributed phones (A4252) was contrary to the public interest. *Cf. i4i*, 598 F.3d at 863 (“By carving out users who purchased or licensed infringing Word products before the injunction’s effective date, the injunction’s tailoring minimizes disruptions to the market and the public.”).²⁴ This factor—like the three others—supports the denial of the permanent injunction based on patent infringement.

²³ See Fed. Trade Comm’n, *The Evolving IP Marketplace: Aligning Patent Notice and Remedies with Competition* 5 (March 2011), available at <http://www.ftc.gov/os/2011/03/110307patentreport.pdf>; *cf. Humanscale Corp. v. CompX Int’l, Inc.*, 2010 WL 1779963, *4 (E.D. Va. Apr. 29, 2010) (denying permanent injunction because patented technology was “only one component of those systems ... found to be infringing”).

²⁴ While this Court did suggest in *International Rectifier Corp. v. IXYS Corp.*, 383 F.3d 1312, 1316 (Fed. Cir. 2004), cited in Apple Br. 46, that an

II. THE DISTRICT COURT PROPERLY DENIED PERMANENT INJUNCTIVE RELIEF ON APPLE'S TRADE-DRESS DILUTION CLAIMS

The district court also was well within its discretion in denying Apple's request for a permanent injunction on the trade-dress dilution claims where *both* parties have discontinued sales of all relevant products. The court properly found that monetary damages would be adequate, Apple has identified no hardship absent an injunction, and the public interest does not favor an injunction. A17-A21. In addition, an injunction is unnecessary to prevent any irreparable harm to Apple's trade dress, a factor the district court erred in eliminating from its analysis. A12-A14. This issue, if reached, provides an alternative ground for affirmance.

A. A Permanent Injunction Is Not Necessary To Prevent Irreparable Harm To Apple's Trade Dress

The district court ruled, based on a novel reading of the Federal Trademark Dilution Act, that a prevailing plaintiff need not show a likelihood of irreparable harm (apart from the dilution itself) in order to obtain a permanent injunction. This ruling was in error, for the statute does not dispense with the traditional requirement that an injunction must be supported by a showing of irreparable harm—a requirement that Apple did not satisfy.

injunction may incorporate the contempt standard by enjoining “devices not more than colorably different from the adjudicated devices,” nothing in that decision prohibits a district court from considering whether an injunction of such breadth is in the public interest. Nor did that case require a district court *sua sponte* to narrow or refine the scope of the injunction actually sought by a moving party.

1. A Showing Of Irreparable Harm Is Required For A Trade-Dress Dilution Injunction

The Federal Trademark Dilution Act provides in relevant part:

Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

15 U.S.C. § 1125(c)(1) (emphasis added). The district court interpreted the statute as providing that a plaintiff “shall be entitled to” an injunction “regardless of the presence or absence of ... actual economic injury.” A13. But the Supreme Court has repeatedly cautioned against interpreting statutes that authorize injunctions to eliminate any of the traditional equitable factors. *eBay*, 547 U.S. at 393-94 (traditional injunction factors apply to Patent Act); *Amoco*, 480 U.S. at 544-45 (traditional injunction factors apply to Alaska National Interest Lands Conservation Act); *Hecht Co. v. Bowles*, 321 U.S. 321, 329-30 (1944) (traditional injunction factors apply to Emergency Price Control Act of 1942). A “major departure” from the traditional equitable standard, such as a complete elimination of any showing of likely harm, should not “be lightly implied.” *Id.* at 330.

The statute provides no clear statement justifying the district court's departure from traditional principles of equity here. While stating that a plaintiff

“*shall* be entitled to an injunction,” the statute makes any such entitlement “*subject to the principles of equity*.” 15 U.S.C. § 1125(c)(1) (emphases added); *see also United States Polo Ass’n v. PRL USA Holdings, Inc.*, 800 F. Supp. 2d 515, 539-40 (S.D.N.Y. 2011) (“subject to the principles of equity” language demonstrates congressional intent to apply traditional equity principles articulated in *eBay*). And while the statute states that an injunction need not be supported by proof of “*actual economic injury*,” nothing in the statute dispenses with the need to show *non-economic* injury (such as injury to brand equity) or at least the future *risk* of irreparable harm from ongoing dilution. 15 U.S.C. § 1125(c)(1) (emphasis added). Any broader reading of the statute would eliminate not only the irreparable harm factor but also the public interest and balance-of-hardship factors, a consequence even Apple does not advocate.

2. Apple Failed To Show Irreparable Harm From Trade-Dress Dilution

If irreparable harm from any likely future dilution of its trade dress must be shown, then Apple cannot do so because it introduced no evidence of actual dilution of its claimed trade dress and indeed its expert on the subject admitted there was no empirical evidence to suggest that there was such dilution, even after Samsung’s accused products had long been on the market. A21534.

Moreover, *both* parties have stopped selling *all* relevant products. Apple conceded below that it has stopped selling the iPhone 3G products that are the only

ones that use the trade dress at issue here. A4225. That fact is dispositive of harm, for dilution by definition is the reduction of “the capacity of the [plaintiff’s] mark to identify and distinguish goods or services *sold by [a plaintiff]*.” *Nissan Motor Co. v. Nisan Computer Corp.*, 378 F.3d 1002, 1012 (9th Cir. 2004) (emphasis added). The fact that *Apple* no longer sells any products that use its trade dress means that it cannot be harmed by any future reduction in the source-identifying properties of its trade dress.²⁵ It is, moreover, undisputed that all *Samsung* products subject to the dilution verdict have been discontinued. A52000-A52003; A52022-A52024.

The district court’s denial of a permanent injunction on the trade-dress dilution claims is thus independently supported by Apple’s failure to show irreparable harm.

B. Monetary Remedies Are Adequate To Compensate Any Harm To Apple’s Trade Dress

Given Apple’s willingness to license its design rights and Samsung’s undisputed ability to pay the judgment and an ongoing royalty, the district court

²⁵ The only case upon which the district court relied to support the post-cessation effect of dilution, *Ferrari S.p.A. Esercizio Fabbriche Automobili e Corse v. McBurnie*, No. 86-1812, 11 U.S.P.Q. 2d 1843 (S.D. Cal. May 26, 1989), is not to the contrary. It addressed whether the defendant established the affirmative defense of abandonment, which involves a different standard from the irreparable harm requirement for an injunction. Moreover, Ferrari continued to sell replacement parts for its discontinued line of cars, *id.* at 1848-49, which Apple does not.

properly concluded that the adequacy of monetary damages weighs against issuing an injunction on Apple's trade-dress dilution claims. A16-A18. Apple argues (Apple Br. 70) that the district court erred because—even though Apple offered Samsung a license to manufacture accused products—Apple has not previously licensed its trade dress. This argument fails for several reasons.

First, Apple offered Samsung a license prior to trial to all the Apple intellectual property necessary to continue selling the accused products. This licensing presentation explicitly included accused products that Apple stated “embrace and imitate Apple's iPhone archetype” and that used Apple's “proprietary features” including its “distinctive industrial designs.” A33916; A33920; A33924. The offer thus covered, and certainly did not carve out, trade dress.

Second, Apple conceded at trial that it had previously licensed the design intellectual property that contributed to its brand identity. Specifically, Apple's licensing executive Teksler testified that Apple had licensed the intellectual property rights that it had categorized as its “Unique User Experience I.P.,” “which makes our brand identity and keeps us unique in the marketplace.” A21956. Apple cannot claim to suffer injury to its “brand equity” (A4225) through dilution when it has licensed the very intellectual property that contributes to its brand

identity. Indeed, Apple concedes (Apple Br. 70) that trade-dress licenses are inconsistent with trade dress protectability.

Third, even if Apple is correct that it has only licensed its design patents, every feature of Apple's trade dress is also claimed by one of Apple's design patents asserted in this case. *Compare* Apple Br. 9-10 (Apple's claimed trade dress) *with* A51014 (Apple's construction of D'677); A51014, A51017-A51018 (Apple's construction of D'087); Apple Br. 8 (Apple's construction of D'087); A20327, A20417, A20513-A20515, A21016-A21019 (same); A50890-A50900 (Apple's D'617,334 patent, voluntarily dismissed before trial). Because Apple's trade-dress claims precisely mimic its design patent claims, and because Apple was admittedly willing to license its "Unique User Experience" design patents, monetary remedies are adequate to compensate any trade-dress dilution just as much as they are to compensate any infringement of the same elements in Apple's design patents. The district court thus properly relied on Apple's licensing of its "unique user experience" design patents to conclude that Apple could be monetarily compensated for trade-dress dilution.²⁶

²⁶ Apple's only argument (Apple Br. 68) on the balance of hardships is that Samsung will not be harmed because it has ceased selling diluting products. Samsung has addressed that argument in connection with the patent claims, and that reasoning is fully applicable here. *See supra*, at 37-39.

C. The Public Interest Does Not Favor A Trade-Dress Dilution Injunction

In light of evidence that Samsung discontinued the products found likely to dilute Apple's trade dress without any intent to reintroduce them (as supported by undisputed declarations), the district court properly ruled that an injunction on the trade-dress dilution claims was not in the public interest. A21; A52000-A52003; A52022-A52024.

Contrary to Apple's assertion (Apple Br. 69-71), this ruling follows well-settled Ninth Circuit authority, which governs this non-patent issue. Although the voluntary cessation of diluting conduct may not *moot* a motion for an injunction in a trademark case, it nevertheless is a *factor* that a district court may consider in exercising its discretion. For example, in *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350, 352 (9th Cir. 1969), the Ninth Circuit affirmed the denial of a permanent injunction in a trademark case where there was "little or no evidence in the record casting doubt on [the defendant's] good faith abandonment of this infringement, or indicating that it will be resumed."²⁷ There is no dispute here that

²⁷ Decisions from other circuits similarly recognize the relevance of cessation of the offending conduct. *See, e.g., Reader's Digest Ass'n, Inc. v. Conservative Digest, Inc.*, 821 F.2d 800, 807 (D.C. Cir. 1987) ("When a defendant has ceased its infringing conduct and shows no inclination to repeat the offense, a court may not issue an injunction of the kind [plaintiff] has requested."); *M-F-G Corp. v. EMRA Corp.*, 817 F.2d 410, 411 (7th Cir. 1987) ("Voluntary discontinuation of the offending conduct ... may make entry of an injunction unnecessary if there is little likelihood of recurrence.").

any alleged dilution of Apple's trade dress has ceased, as Samsung submitted uncontroverted evidence that it had discontinued the products found likely to dilute Apple's trade dress and that it had no intent to resume (A52000-A52003; A52022-A52024), and Apple itself has conceded that it no longer sells products using the trade dress at issue (A4225).

None of the cases upon which Apple relies (Apple Br. 69) holds that a district court may not, in the exercise of its discretion, consider the defendant's discontinuance of accused products. *Allee v. Medrano*, 416 U.S. 802, 810-11 (1974), holds that a permanent injunction is not *mooted* by termination of the complained of conduct. But the district court did not rule otherwise here—it merely considered cessation as one factor in exercising its discretion. And neither *Gucci America, Inc. v. Guess?, Inc.*, 868 F. Supp. 2d 207 (S.D.N.Y. 2012), nor *OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176 (W.D.N.Y. 2000), addresses whether a permanent injunction against dilution is in the public interest when no accused products remain on the market: *OBH* granted a preliminary injunction and cited cases in a footnote applying the mootness doctrine, which is not at issue here, 86 F. Supp. 2d at 186 n.8, and *Gucci's* only relevant discussion is the conclusory statement that the public interest is served “by an injunction that eliminates the use of confusingly similar marks,” 868 F. Supp. 2d at 255. Here, however, the dilution verdicts do not contain a finding of confusing similarity

(A4185-A4204), and Apple has conceded that there was no actual dilution (A21534).

Finally, *Polo Fashions, Inc. v. Dick Bruhn, Inc.*, 793 F.2d 1132 (9th Cir. 1986), merely holds that a district court may not shift the burden to the plaintiff to prove “that the defendants intend to, or are likely to, engage in” trademark infringement. *Id.* at 1135-36. The district court did no such thing here, as Samsung introduced affirmative evidence that it had stopped selling the accused products and had no intent to resume. A52000-A52003; A52022-A52024. Nothing in *Polo Fashions* purports to overrule *Volkswagenwerk’s* holding that a district court may consider the defendant’s cessation of wrongful conduct when considering whether to grant a permanent injunction.

The district court thus correctly ruled that the public interest factor does not support entry of a permanent injunction on the trade-dress dilution claims either.

CONCLUSION

The district court’s order denying a permanent injunction should be affirmed; alternatively, this Court’s decision should be deferred until appeal from any final judgment as to liability.

Dated: April 29, 2013

Respectfully submitted,

Charles K. Verhoeven
Kevin A. Smith
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
50 California St., 22nd Floor
San Francisco, CA 94111
Telephone: (415) 875-6600
Facsimile: (415) 875-6700

Kevin P.B. Johnson
Victoria F. Maroulis
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
555 Twin Dolphin Drive, 5th Floor
Redwood Shores, CA 94065
Telephone: (650) 801-5000
Facsimile: (650) 801-5100

By: /s/ Kathleen M. Sullivan
Kathleen M. Sullivan
William B. Adams
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
51 Madison Avenue, 22nd Floor
New York, NY 10010
Telephone: (212) 849-7000
Facsimile: (212) 849-7100
kathleensullivan@quinnemanuel.com

Susan R. Estrich
Michael T. Zeller
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
865 S. Figueroa St., 10th Floor
Los Angeles, CA 90017
Telephone: (213) 443-3000
Facsimile: (213) 443-3100

Attorneys for Defendants-Appellees

CERTIFICATE OF COMPLIANCE

Counsel for Defendants-Appellees hereby certifies that:

1. The brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 32(a)(7)(B)(i) because exclusive of the exempted portions it contains 13,999 words as counted by the word processing program used to prepare the brief; and

2. The brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type-style requirements of Federal Rule of Appellate Procedure 32(a)(6) because it has been prepared using Microsoft Office Word 2007 in a proportionately spaced typeface: Times New Roman, font size 14.

Dated: April 29, 2013

/s/ Kathleen M. Sullivan
Kathleen M. Sullivan
Attorney for Defendants-Appellees

PROOF OF SERVICE

The undersigned hereby certifies that on May 1, 2013, I electronically filed the foregoing CORRECTED BRIEF FOR DEFENDANTS-APPELLEES with the Clerk of the Court for the United States Court of Appeals for the Federal Circuit by using the appellate CM/ECF system. I certify that all participants in the case are registered CM/ECF users and that service will be accomplished by the CM/ECF system.

/s/ Kathleen M. Sullivan
Kathleen M. Sullivan
Attorney for Defendants-Appellees