

No. 16-1102

IN THE

Supreme Court of the United States

SAMSUNG ELECTRONICS CO., LTD.,

ET AL.,

Petitioners,

—v.—

APPLE INC.,

Respondent.

On Petition for a Writ of Certiorari to the United
States Court of Appeals for the Federal Circuit

**BRIEF *AMICUS CURIAE* OF INTELLECTUAL
PROPERTY PROFESSORS IN SUPPORT OF
PETITION**

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INTEREST OF *AMICI*¹

Amici, law professors who specialize in intellectual property law, have all previously published on, or have interest in, the issue of patent remedies. *Amici* have no personal stake in the outcome of this case, but have an interest in seeing that the patent laws develop in a way that promotes—rather than impedes—innovation.

SUMMARY OF THE ARGUMENT

eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 394 (2006) held that that courts should apply the traditional four-factor test when deciding whether to issue a permanent injunction to a prevailing patentee. *Certiorari* should be granted in this case because the Federal Circuit’s decision dilutes the *eBay* test by allowing its irreparable harm factor to be satisfied when a patentee merely shows “some connection” between the patented feature and demand for the infringing products. Since the existence of “some connection” does not establish *any* (let alone, irreparable) harm stemming from the

¹ Pursuant to Supreme Court Rule 37.6, *amici curiae* affirms that no counsel for a party authored this brief in whole or in part, that no counsel or a party made a monetary contribution intended to the preparation or submission of this brief and no person other than *amici curiae*, their members, or their counsels made a monetary contribution to its preparation or submission. Moreover, both Petitioner and Respondent were given 10 days notice and both consented in writing to the filing of this brief.

infringement, this Court should instruct the Federal Circuit to require actual proof of causation when applying the irreparable harm factor of the *eBay* test.²

ARGUMENT

I. THE EXISTENCE OF HUNDREDS OF THOUSANDS OF FEATURES IN A SINGLE PRODUCT CHANGES IRREPARABLE HARM ANALYSIS

As products in the computer and electronics industry increasingly incorporate tens, and often hundreds, of thousands of new and different features, it should come as no surprise that patent remedies law is confronting questions of first impression.³ One tactic that patentees are repeatedly trying to use is to ask for a remedy based on the entire product even though the patented feature may be a comparatively small part of the overall product. Just last year in a case involving the very same parties, this Court rejected one such attempt when it held that the term “article of manufacture” in 35 U.S.C. § 289 could apply to “both

² Samsung raised three questions in their petition. This brief takes no position on questions one and three.

³ See Steve Lohr, *Apple–Samsung Case Shows Smartphone as Legal Magnet*, N.Y. TIMES (Aug. 25, 2012), <http://www.nytimes.com/2012/08/26/technology/apple-samsung-case-shows-smartphone-as-lawsuit-magnet.html>.

a product sold to a consumer and a component of that products, whether sold separately or not.” *Samsung Electronics Co. v. Apple Inc.*, 137 S. Ct. 429, 436 (2016). This decision effectively prevented Apple from recovering damages based on the profits of the entire infringing Samsung smartphone when Apple’s design patent only covered a very small aspect of the phone.

The current petition raises a similar issue in the context of permanent injunctions. Apple has been able to obtain an injunction based on evidence that Samsung’s smartphones will harm Apple in the marketplace, but the real question that *eBay* asks is whether continued infringement will cause Apple irreparable harm. That means focusing on *infringing features* and not on the entire product. Indeed, a different Federal Circuit panel adopted this very rationale when it required Apple to show a “causal nexus” between the infringing feature and harm the product caused when assessing irreparable harm in an earlier patent suit between the two companies. See *Apple, Inc. v. Samsung Elecs. Co. (Apple II)*, 678 F.3d 1314, 1324 (2011) (“Sales lost to an infringing product cannot irreparably harm a patentee if consumers buy that product for reasons other than the patented feature.”).

But according to the majority in the Federal Circuit opinion at issue here, multicomponent cases require a more “flexible” causal nexus analysis because showing irreparable harm may “be nearly impossible from an evidentiary standpoint when the accused devices have thousands of features, and thus thousands of other potential causes that must be

ruled out.” *Apple Inc. v. Samsung Electronics Co.*, 809 F.3d 633, 641 (Fed. Cir. 2015). This diluted form of the causal nexus standard simply requires “some connection between the patented features and the demand for the infringing products.” *Id.* In Apple’s case, the Federal Circuit said that it was sufficient to show that an infringing smartphone feature “impacts customers’ purchasing decisions” and was “important to customers when they were examining their phone choices.” *Id.* at 641, 644.

Contrary to *eBay*, this approach assumes that irreparable harm exists because of the infringement, and that it is simply difficult to find the supporting evidence. But the problem is not an evidentiary one. Irreparable harm is difficult to prove in these cases because individual features rarely drive customer choices when the products contain hundreds of thousands of features.⁴ Furthermore, the Federal Circuit’s new and lower causal nexus requirement has little to do with finding actual harm. Evidence that a feature has “some connection” to consumer demand will be present in virtually every case. Presumably, the vast majority of features are included in a product because they make the product more attractive to consumers. Thus, the new lower causal nexus standard is so permissive as to revive the pre-*eBay* presumption of irreparable harm in patent cases.

⁴ Bernard Chao, *Causation and Harm in a Multicomponent World*, 164 PA. L. REV. ONLINE 61, 68-71 (2016) (discussing why the individual features that are the subject of Apple’s patents do not drive demand for Samsung’s smartphones).

II. THE LOWER CAUSAL NEXUS TEST IS AN ATTEMPT TO EVADE *EBAY v. MERCEXCHANGE*.

The likely reason the Federal Circuit distorted the irreparable harm requirement is an underlying dissatisfaction with the Supreme Court's *eBay* decision. Evidence of this is plainly in the record. Judge Moore, the author of the majority opinion, said during oral argument that "eBay was wrongly decided . . . I think patentees should get injunctions." *Apple Inc. v. Samsung Elecs. Co.*, No. 14-1802, Oral Argument at 8:32-8:40 (Fed. Cir. Mar. 4, 2015). Similarly, Judge Reyna wrote in his concurrence: "Though we read *eBay* to overrule our presumption of irreparable injury, we cautioned that courts should not necessarily 'ignore the fundamental nature of patents as property rights granting the owner the right to exclude.'" *Apple*, 809 F.3d at 649 (Reyna, J., concurring) (quoting *Robert Bosch LLC v. Pylon Mfg. Corp.*, 659 F.3d 1142, 1149 (Fed. Cir. 2011)).⁵

⁵ The comments by Judges Moore and Reyna suggest that they view patents like traditional property, which allows their owners absolute control; but these views are fundamentally incompatible with the goals of patent law. See, e.g., Ted Sichelman, *Purging Patent Law of "Private Law" Remedies*, 92 TEX. L. REV. 517, 536 (2014) ("[The] problem with viewing patent infringement as a tort is that the private law remedies

But a faithful application of *eBay* cannot presume that any harm caused by a complex product is due to the infringing feature. That is just the kind of categorical rule that the Supreme Court rejected in *eBay*. *Id.* at 394. Instead, the only reasonable interpretation of *eBay*'s irreparable harm prong is to focus on harm that is caused by *the infringement*, and not by some unpatented features. To do otherwise would allow a patentee to obtain valuable leverage (in the form of an injunction) based on non-infringing components of the product.

Amici here are concerned that the underlying decision distorts *eBay* so that findings of irreparable harm in cases involving complex products will be the rule and not the exception. Left standing, the weakened causal nexus requirement would permit courts to issue sweeping injunctions against complex multicomponent products simply because the Federal Circuit believes that injunctions should be the default remedy. *See Apple*, 809 F.3d at 647 (“[The public interest nearly always weighs in favor of protecting property rights in the absence of countervailing factors, especially when the patentee practices his inventions.”) And there is already some evidence that lower courts are interpreting the “some connection” language to effectively eliminate the irreparable harm prong of *eBay*. *See, e.g., Radware, Ltd. v. F5 Networks, Inc.*, No. 5:13-CV-02024-RMW, 2016 WL 4427490, at *13 (N.D. Cal.

usually associated with tort law— injunctions and compensatory damages—are not always sensible for optimally encouraging innovation.”).

Aug. 22, 2016) (finding irreparable harm even though the plaintiff “presented no evidence that patented features ‘drove demand’ because it “presented at least some evidence that customers found link load balancing important generally”). This would be particularly problematic for injunctions directed toward entire products.

To be clear, we do not oppose all permanent injunctions in multicomponent cases. For example, it may make sense to issue a narrowly tailored injunction aimed at excising the infringing feature from the infringing product (a characteristic that is true for Apple’s request here). This is particularly true when there are close substitutes for the patented feature. But even narrowly tailored injunctions can be problematic when they allow the patentee to leverage the injunction to get more than what the patent entitles them to.

There are at least two situations where this issue arises. First, the value of the feature may be relatively small in comparison to the cost of redesigning the product. Patent holders should not be able to take advantage of an injunction to “hold up” the infringer worried about switching costs.⁶ Second, the infringing feature may be important for other, non-patent reasons. One example arises in the standards context: a feature covered by the patent may not be important to consumers, although

⁶ Mark A. Lemley & Carl Shapiro, *Patent Holdup and Royalty Stacking*, 85 TEX. L. REV. 1991, 2008-10 (2007) (explaining how injunctions can result in patent holdup).

compliance with the standard. Again, patentees should not be able capture the value of a feature being standard compatible, which is unrelated to the patent.⁷ But *Apple's* weakened causal nexus requirement would enable patentees to obtain excessive leverage via an injunction in these kinds of multicomponent cases.⁸

⁷ See Chao, *supra*, note 4 at 74-76 (describing in further detail when even narrowly tailored injunctions can lead to different kinds of patent hold up).

⁸ Since the underlying decisions do not rely on these grounds (and it is unclear whether Apple's request suffers from these problems), we do not comment on whether an injunction should issue based on these criteria.

CONCLUSION

eBay required courts to apply a four-factor test when deciding whether to issue a permanent injunction. As part of that test, courts must assess whether the patentee would suffer irreparable harm in the absence of a permanent injunction. The underlying opinion effectively limits *eBay* by no longer requiring patentees to show a true causal nexus between the alleged harm and the infringing feature. Particularly within the context of the current smartphone “patent war,” such a reversal would likely work great mischief.⁹ For the very reasons relied on in *eBay*, this Court should grant *certiorari* and restore the causal nexus requirement.

Respectfully submitted,

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⁹ See Lea Shaver, *Illuminating Innovation*, 69 WASH. & LEE L. REV 1891, 1945 (2012) (warning that the smartphone patent war could result in anticompetitive consolidation and a slowdown in future innovation).

APPENDIX – LIST OF SIGNATORIES

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