



Injunctions in the post-Apple world

In two recent appeals involving Apple and Samsung, the Federal Circuit Court of Appeal has raised the bar for enjoining sales of a competitor's infringing products in the United States. Now patentees must establish that the infringing feature actually drives consumer demand before being granted an injunction

Patentees seeking injunctions in the United States against direct competitors should take note of the new test for showing irreparable harm, which requires them to show that the infringing feature is driving consumer demand for the accused product.

When determining whether to issue an injunction, courts apply a four-factor test, which requires (among other things) a showing that the patentee will be irreparably harmed without an injunction against sales of the infringing device. Historically, this injunction analysis has proceeded “with an eye to the ‘long tradition of equity practice’ granting ‘injunctive relief upon a finding of infringement in the vast majority of patent cases’” (*Presidio Components Inc v Am Technical Ceramics Corp* (702 F 3d 1351 (Fed Cir 2012), quoting *eBay Inc v MercExchange, LLC*, 547 US 388, 395 (2006), Roberts, CJ, concurring).

However, this longstanding practice may be coming to an end. The Court of Appeals for the Federal Circuit recently raised the bar for enjoining sales of a competitor's infringing products. Now, to obtain a preliminary injunction, a patentee must establish that the infringing feature drives consumer demand (*Apple Inc v Samsung Electronics Co*, 678 F 3d 1314, 1324 (Fed Cir 2012) (*Apple I*); *Apple, Inc v Samsung Electronics Co*, 695 F 3d 1370, 1375 (Fed Cir 2012) (*Apple II*)). The court held that without this showing, a patentee cannot establish that sales of a product encompassing the infringing feature causes irreparable harm and thus cannot satisfy that prong of the injunction analysis (*Apple I*, at 1324; *Apple II*, at 1375). In today's marketplace, where many products include features covered by numerous patents,

this ruling creates a significant hurdle to obtaining an injunction.

The court first announced the rule in *Apple I*. It reasoned that the infringing feature must drive consumer demand to cause irreparable harm, explaining that “[s]ales 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” (*Apple I*, at 1324).

In *Apple II* the court elaborated on this new rule, explaining that to obtain a preliminary injunction, a patentee must show that it will suffer irreparable harm if an injunction is not granted and a sufficiently strong causal nexus relates the alleged harm to the alleged infringement (*Apple II*, at 1374).

The court explained that irreparable harm and the causal nexus are inextricably related concepts, and indicated that if the accused product would sell “almost as well” without the infringing feature, then the harm flowing from the infringement does not justify a preliminary injunction. In such a 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”. The court further explained that “the causal nexus analysis is not a true or false inquiry. The relevant question is not whether there is some causal relationship between the asserted injury and the infringing conduct, but to what extent the harm resulting from selling the accused product can be ascribed to the infringement” (emphasis added). Thus, the patentee must “show that the infringing feature drives consumer demand for the accused product”.

The court rejected the idea that the causal nexus test could be met by showing that removing the infringing feature would render the accused device “less valued or inoperable”. It noted that a laptop computer would not work without many components, such as a battery, cooling fan or the screws holding the frame together. The court stated that removing these

features would depreciate the device's value, but this fact alone does not mean that the features drive consumer demand. To show irreparable harm, the patentee must show that consumers buy the accused product “because it is equipped” with the claimed feature.

This approach marks a departure from the traditional injunction analysis. The court had not previously applied this level of scrutiny when evaluating whether sales of an infringing product caused a direct competitor irreparable harm. As recently noted in another case involving direct competitors, “the axiomatic remedy for trespass on property rights is removal of the trespasser” (*Presidio* at 1362). This “historical practice of protecting the right to exclude through injunctive relief is not surprising given the difficulties of protecting this right solely with monetary relief. Indeed, a calculating infringer may thus decide to risk a delayed payment to obtain use of valuable property without prior negotiation or the owner's permission”.

Apple I and *Apple II* concern Apple's requests for preliminary injunctions in two separate cases against Samsung, while the court decided *Presidio* in the context of the patentee's request for a permanent injunction. The court will soon decide whether the causal nexus requirement for irreparable harm announced in *Apple I* and *Apple II* extends beyond the preliminary injunction analysis, as *Apple I* is back before the court in the context of Apple's request for a permanent injunction (*Apple Inc v Samsung Electronics Co Ltd*, Appeal No 13 1129 (Fed Cir)). The outcome of this appeal may dramatically diminish a patentee's ability to obtain an injunction against sales of downstream products in district courts.

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