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United States District Court
For the Northern District of California

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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

APPLE, INC., a California corporation,   )
)
          Plaintiff,   )
      v.   )
)
SAMSUNG ELECTRONICS CO., LTD, A   )
Korean corporation; SAMSUNG   )
ELECTRONICS AMERICA, INC., a New York)
corporation; SAMSUNG   )
TELECOMMUNICATIONS AMERICA, LLC,   )
a Delaware limited liability company   )
)
          Defendants.   )
)
	Case No.: 12-CV-00630-LHK
	
	ORDER DENYING APPLE'S MOTION
	FOR PERMANENT INJUNCTION
	
	[REDACTED]

Apple, Inc. ("Apple") owns U.S. Patent Nos. 5,946,647 (the "'647 patent"); 8,046,721 (the "'721 patent"); and 8,074,172 (the "'172 patent"), which each cover features that Apple contends are related to the ease of using smartphones. Apple asserted these three patents and two others against Samsung Electronics Co., Ltd., Samsung Electronics America, Inc., and Samsung Telecommunications America, LLC (collectively, "Samsung"). On summary judgment, the Court found that Samsung infringed the '172 patent. A jury then found that Samsung also infringed the '647 and '721 patents, and awarded damages for all infringed patents. Apple now moves, based only on these three patents, to enjoin Samsung from making, selling, developing, or advertising infringing features in its products. *See* ECF No. 1895-4 ("Proposed Order"). Apple's motion is fully briefed, and the Court heard oral arguments on July 10, 2014. Having considered the parties'

1 arguments, the briefing, the relevant law, and the record in this case, the Court concludes that

2 Apple has not established that it is entitled to the permanent injunction it seeks. Apple's Motion

3 for a Permanent Injunction is therefore DENIED.

4 **I.   TECHNOLOGICAL BACKGROUND**

5   Because the particular features claimed by the patents-in-suit are relevant to the Court's

6 conclusions, the Court begins by briefly reviewing the claimed features.

7   The '647 patent, entitled "System and Method for Performing an Action on a Structure in

8 Computer-Generated Data" and colloquially called the "quick links" patent, discloses "a system

9 and a method [that] causes a computer to detect and perform actions on structures identified in

10 computer data." '647 patent Abstract. The application for the '647 patent was filed on February 1,

11 1996, and the patent issued on August 31, 1999. Asserted claim 9 depends from claim 1. Both

12 claims recite:

> 1. A computer-based system for detecting structures in data and performing
>   actions on detected structures, comprising:
>   an input device for receiving data;
>   an output device for presenting the data;
>   a memory storing information including program routines including
>   an analyzer server for detecting structures in the data, and for linking actions
>   to the detected structures;
>   a user interface enabling the selection of a detected structure and a linked
>   action; and
>   an action processor for performing the selected action linked to the selected
>   structure; and
>   a processing unit coupled to the input device, the output device, and the
>   memory for controlling the execution of the program routines.
>
> 9. The system recited in claim 1, wherein the user interface enables selection of an
>   action by causing the output device to display a pop-up menu of the linked
>   actions.

22 *Id.* cls.1, 9. The '647 patent discloses a system and method for recognizing when certain patterns

23 or "data structures" are present in a data set, and automatically providing optional actions for a user

24 to perform on the data structures. *See id.* col.2 ll.21-54. For example, the system may scan a

25 Microsoft Word document and recognize when phone numbers or email addresses appear in the

26 document. *See id.* col.1 ll.24-35; *see also id.* col.2 ll.42-53. Then, the system may link actions to

27 these structures and allow the user to select an action. *Id.* As an example, when an e-mail address

28 is detected in a document, the system may automatically give the user the options to send an e-mail

1   to the identified address or to store the e-mail address in an electronic address book. *Id*. at col.5

2   ll.5-18. As another example, when a phone number is detected in a document, the system may give

3   the user the option to place a call to that phone number or to place the number in an electronic

4   telephone book. *Id*.

5   For infringement of the '647 patent, Apple accused the Messenger (also referred to as

6   "Messaging" by the parties) and Browser applications in the Gingerbread, Ice Cream Sandwich,

7   and Jelly Bean versions of the Android operating system, as implemented on nine accused

8   Samsung products: the Admire, Galaxy Nexus, Galaxy Note, Galaxy Note II, Galaxy S II, Galaxy

9   S II Epic 4G Touch, Galaxy S II Skyrocket, Galaxy S III, and Stratosphere. *See* Tr. at 833:5-8,

10   839:1-6, 841:23-842:14. The jury found that all nine accused products infringe the '647 patent.

11   *See* ECF No. 1884 at 9.

12   The '721 patent, entitled "Unlocking a Device by Performing Gestures on an Unlock

13   Image" and nicknamed the "slide to unlock" patent, is generally directed to devices with touch-

14   sensitive displays that users can unlock by performing certain gestures. *See* '721 patent Abstract.

15   The '721 patent claims priority to an application filed on December 23, 2005, and issued on

16   October 25, 2011. Asserted claim 8 depends from claim 7. Both claims recite:

> 7. A portable electronic device, comprising:
>   a touch-sensitive display;
>   memory;
>   one or more processors; and
>   one or more modules stored in the memory and configured for execution by the
>   one or more processors, the one or more modules including instructions:
>   to detect a contact with the touch-sensitive display at a first predefined location
>   corresponding to an unlock image;
>   to continuously move the unlock image on the touch-sensitive display in
>   accordance with movement of the detected contact while continuous contact
>   with the touch-sensitive display is maintained, wherein the unlock image is
>   a graphical, interactive user-interface object with which a user interacts in
>   order to unlock the device; and
>   to unlock the hand-held electronic device if the unlock image is moved from the
>   first predefined location on the touch screen to a predefined unlock region
>   on the touch-sensitive display.
>
> 8. The device of claim 7, further comprising instructions to display visual cues to
>   communicate a direction of movement of the unlock image required to unlock
>   the device.

Id. cls.7, 8. Thus, the patent generally discloses ways to unlock a smartphone by sliding a finger (for example) across the screen to "continuously move" an image to an unlocking position.

For infringement of the '721 patent, Apple accused the touchscreen-based unlocking mechanisms on six accused Samsung products: the Admire, Galaxy Nexus, Galaxy S II, Galaxy S II Epic 4G Touch, Galaxy S II Skyrocket, and Stratosphere. *See* Tr. at 650:14-16, 658:17-659:4. The jury found that the Admire, Galaxy Nexus, and Stratosphere infringe the '721 patent, but that the Galaxy S II, Galaxy S II Epic 4G Touch, and Galaxy S II Skyrocket did not infringe. *See* ECF No. 1884 at 9.

The '172 patent, entitled "Method, System, and Graphical User Interface for Providing Word Recommendations" and colloquially called the "auto correct" patent, discusses systems for suggesting replacements for text as a user types. *See* '721 patent Abstract. The application for the '721 patent was filed on January 5, 2007, and the patent issued on December 6, 2011. Asserted claim 18 recites:

> 18. A graphical user interface on a portable electronic device with a keyboard and a touch screen display, comprising:
>   a first area of the touch screen display that displays a current character string being input by a user with the keyboard; and
>   a second area of the touch screen display separate from the first area that displays the current character string or a portion thereof and a suggested replacement character string for the current character string;
>   wherein;
>   the current character string in the first area is replaced with the suggested replacement character string if the user activates a key on the keyboard associated with a delimiter;
>   the current character string in the first area is replaced with the suggested replacement character string if the user performs a gesture on the suggested replacement character string in the second area; and
>   the current character string in the first area is kept if the user performs a gesture in the second area on the current character string or the portion thereof displayed in the second area.

Id. cl.18. The '172 patent discloses a method, system, and interface for providing word recommendations to users inputting text into a portable communication device and for allowing the user to select the recommended words. *See generally id.* at Abstract.

For infringement of the '172 patent, Apple accused the word recommendation feature of the Messenger application in Android as implemented on seven accused Samsung products: the Admire, Galaxy Nexus, Galaxy Note, Galaxy S II, Galaxy S II Epic 4G Touch, Galaxy S II

Skyrocket, and Stratosphere. *See* ECF No. 1884 at 9; ECF No. 1151 at 9, 11 n.3. Before trial, the

Court granted summary judgment that the accused products infringe the '172 patent, ECF No. 1151

at 14, and the jury awarded damages for that infringement, *see* ECF No. 1884 at 9.

II.   PROCEDURAL BACKGROUND

Apple's current motion follows multiple rulings regarding preliminary and permanent

injunctions in the two patent lawsuits between Apple and Samsung in this Court, including three

opinions from the Federal Circuit. In its March 6, 2014 order denying Apple's request for a

permanent injunction in the first lawsuit, this Court summarized the relevant proceedings in both

litigations, the appeals to the Federal Circuit regarding injunctions, and the Federal Circuit's

guidance regarding the proper analysis for assessing injunctive relief in patent cases. *See* Order

Denying Apple's Renewed Mot. for Permanent Injunction at 5-14, *Apple, Inc. v. Samsung Elecs.

Co.*, No. 11-CV-01846-LHK (N.D. Cal. Mar. 6, 2014) (ECF No. 3015, "1846 Injunction Order").

Of particular relevance are the Federal Circuit's opinions in "*Apple I*" (678 F.3d 1314 (Fed. Cir.

2012)), "*Apple II*" (695 F.3d 1370 (Fed. Cir. 2012)), and "*Apple III*" (735 F.3d 1352 (Fed. Cir.

2013)).[1]

Apple filed the instant lawsuit on February 8, 2012, alleging that Samsung infringed several

Apple patents not asserted in the first lawsuit. On the same day, Apple moved for a preliminary

injunction, seeking to enjoin Samsung's accused Galaxy Nexus smartphone based on four asserted

patents. *See* ECF No. 10. This Court granted Apple's motion as to the so-called "unified search"

patent, No. 8,086,604 (the "'604 patent," which is no longer asserted), but denied Apple's motion

as to the other three patents, and entered a preliminary injunction. *See* ECF No. 221. Samsung

appealed this Court's ruling as to the '604 patent. On appeal, the Federal Circuit reversed the

Court's finding that Samsung's alleged infringement of the '604 patent caused Apple irreparable

harm and concluded that "the causal link between the alleged infringement and consumer demand

for the Galaxy Nexus is too tenuous to support a finding of irreparable harm." *See Apple II*, 695

F.3d at 1376. This Court subsequently dissolved the preliminary injunction. *See* ECF No. 1383.

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[1]   In the 1846 Injunction Order, the Court referred to *Apple III* as "*Apple IV*." Because the parties now refer to this Federal Circuit decision as "*Apple III*," the Court follows suit.

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