

Court Rules Samsung Didn't Copy iPhone

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SEOUL, South Korea (AP) — South Korea's Samsung won a home court ruling in its global smartphone battle against Apple on Friday when judges in Seoul said the company didn't copy the look and feel of the U.S. company's iPhone, and that Apple infringed on Samsung's wireless technology.

However, in a split decision on patents, the panel also said Samsung violated Apple technology behind the bounce-back feature when scrolling on touch screens, and ordered both sides to pay limited damages.

The Seoul Central District Court ruling called for a partial ban on sales of products including iPads and smartphones from both companies, though the verdict did not affect the latest-generation phones — Apple's iPhone 4S or Samsung's Galaxy S3.

The ruling affects only the South Korean market, and is part of a larger, epic struggle over patents and innovation unfolding in nine countries. The biggest stakes are in the U.S., where Apple is suing Samsung for \$2.5 billion over allegations it has created illegal knockoffs of iPhones and iPads.

The Seoul ruling was a rare victory for Samsung in its arguments that Apple has infringed on its wireless technology patents, which previously have been shot down by courts in Europe where judges have ruled that they are part of industry standards that must be licensed under fair terms to competitors.

"This is basically Samsung's victory on its home territory," said patent attorney Jeong Woo-sung. "Out of nine countries, Samsung got the ruling that it wanted for the first time in South Korea."

The ruling ordered Apple to remove the iPhone 3GS, iPhone 4, iPad 1 and iPad 2 from store shelves in South Korea, saying that the products infringed on two of Samsung's five disputed patents, including those for telecommunications technology.

The court also denied Apple's claim that Samsung had illegally copied its design, ruling that big rectangular screens in cases with rounded corners had existed in products before the iPhone and iPad.

"It is not possible to assert that these two designs are similar based only on the similarity of those features," the court said in a ruling issued in Korean that was translated into English by The Associated Press. It also said individual icons in the Samsung products do not appear similar to the icons Apple used in the iPhone.

But the court ruled that Suwon, South Korea-based Samsung had infringed on one of Apple's patents on the feature that causes a screen to bounce back when a user

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scrolls to an end image. The court banned sales of Samsung products using the technology, including the Galaxy S2, in South Korea.

Court spokesman Kim Mun-sung said the court's ruling was to take effect immediately, although companies often request that sanctions be suspended while they evaluate their legal options.

Nam Ki-yung, a spokesman for Samsung, said the company welcomed the ruling.

"Today's ruling also affirmed our position that one single company cannot monopolize generic design features," he said.

Apple did not respond to multiple calls seeking comment.

The court also ordered each company to pay monetary compensation to its competitor. Samsung must pay Apple 25 million won (\$22,000) while Apple must pay its rival 40 million won.

South Korea is not a big market for Apple, and the ruling is not likely to have a big impact on jury deliberations in the U.S.

However, some industry watchers expressed concern over the South Korean ruling to protect industry standard patents. They say the decision could invite a trade war by giving Samsung and fellow South Korean company LG — both industry standard patent holders — more room to block rivals' entrance into South Korea if they don't agree to licensing terms.

"It would mean that foreign companies would either have to bow to Samsung's and LG's demands ... or stop selling in Korea," said Florian Mueller, a patent expert in Munich, Germany who has been closely following the case.

Courts in Europe, including Netherlands, France, Italy and Germany have rejected similar claims by Samsung that Apple violated its wireless patents, with judges arguing that the patents have become part of industry standards. Standard-essential patents are a crucial technology for new players to make products compatible with the rest of the market and must be licensed under fair and reasonable terms.

Europe's anti-trust regulator launched an investigation earlier this year into whether Samsung was failing to license those patents under fair and reasonable terms.

In Friday's ruling, the South Korean court said Samsung did not abuse its market power as an industry standard patent holder.

Apple filed suit against Samsung in San Diego, California, in April 2011, alleging that some of the South Korean company's smartphones and computer tablets are illegal knockoffs of Apple's iPhone and iPad. Samsung denies the allegations and argues that all companies in the cutthroat phone industry mimic each other's successes without crossing the legal line.

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Cupertino, California-based Apple is suing Samsung for \$2.5 billion and demanding that the court pull its most popular smartphones and computer tablets from the U.S. market, making the case one of the biggest technology disputes in history.

Jury deliberations in San Diego began Wednesday after three weeks of testimony. The case went to the jury after last-minute talks between the companies' chief executives failed to resolve the dispute.

Shortly after Apple filed its suit in the U.S., Samsung filed a complaint in South Korea against Apple for allegedly breaching its telecommunications patents.

The battle is all the more complex as Apple and Samsung are not only competitors in the fast-growing global market for smartphones and tablet computers, but also have a close business relationship.

"This is going to go on and on and on," said Barney Loehnis, head of mobile for Asia at public relations firm Ogilvy. "This will never change because the sorts of patents that they're fighting over are such a fundamental essence of using these devices that they're always going to be leapfrogging one over the other."

Samsung, the world's biggest manufacturer of memory chips and liquid crystal displays, supplies some of the key components that go into Apple products, including mobile chips that work as a brain of the iPhone and the iPad.

The South Korean firm overtook Apple in less than three years in smartphone markets. In the second quarter of this year, Samsung sold 50.2 million units of smartphones, nearly twice as much as Apple's 26 million units, according to IDC.

Despite the ruling that is widely seen as Samsung's victory, Samsung's share fell 0.9 percent in Seoul.

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