

Apple seeks quick bans on eight Samsung phones

Sayantani Ghosh and Sruthi Ramakrishnan, Reuters

(Reuters) - Apple Inc is seeking speedy bans on the sale of eight Samsung Electronics phones, moving swiftly to translate its resounding court victory over its rival into a tangible business benefit.

The world's most valuable company wasted no time in identifying its targets on Monday: eight older-model smartphones, including the Galaxy S2 and Droid Charge. While Apple's lawsuit encompassed 28 devices, many of those accused products are no longer widely available in the world's largest mobile market.

Although Samsung's flagship Galaxy S III phone was not included in the trial, the jury validated Apple's patents on features and design elements that the U.S. company could then try to wield against that device. Apple may not have to seek a new trial over the S III, but can include it in a "contempt proceeding" that moves much faster, according to legal experts.

Many on Wall Street believe Apple now has momentum behind it in the wake of its near-complete triumph over the South Korean company on Friday.

"The evidence and weight of the case are heavily in Apple's favor," said Jefferies & Co analyst Peter Misek. "We expect there's a two-thirds chance of an injunction against Samsung products."

An injunction hearing has been set for September 20. If U.S. District Judge Lucy Koh grants sales bans, Samsung will likely seek to put them on hold pending the outcome of its appeal.

Samsung said it will take all necessary measures to ensure the availability of its products in the U.S. market. A source familiar with the situation said Samsung has already started working with U.S. carriers about modifying infringing features to keep products on the market should injunctions be granted.

Apple's win on Friday strengthens its position ahead of the iPhone 5's expected September 12 launch and could cement its market dominance as companies using Google Inc's Android operating system - two-thirds of the global market - may be forced to consider design changes, analysts say.

Apple was awarded \$1.05 billion in damages after a U.S. jury found Samsung had copied critical features of the iPhone and [iPad](#) [1]. The verdict could lead to an outright ban on sales of key Samsung products.

Apple's stock scored another record high on Monday.

While the victory does not cover new Samsung products including the Galaxy S III,

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Apple will push its case on these products in the near-term, Evercore Partners analyst Mark McKechnie said.

"While a ban would likely increase Apple's leading smartphone share in the U.S. market, we believe this verdict could lead to Samsung also delaying near-term product launches as it attempts to design around Apple's patents," Canaccord Genuity analysts said in a note.

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Apple's shares gained 1.9 percent to close at \$675.68, tacking on another \$12 billion-plus to its already historically leading market value. Samsung lost about the same amount in market capitalization as its shares slid 7.5 percent in Seoul.

Samsung shares rebounded 1.8 percent on Tuesday.

"The ruling marks an important victory for Apple against Android. Competitors may now think twice about how they compete in smart mobility devices with the industry's clear innovator," Barclays analyst Ben Reitzes wrote on Monday. "If Apple forces competitors to innovate more, it could take longer for competitive products to come to market, and make it more expensive to develop them."

The victory for Apple - which upended the smartphone industry in 2007 with the iPhone - is a big blow to Google, whose Android software powers the Samsung products found to have infringed on patents. Google and its hardware partners, including the company's own Motorola unit, could now face legal hurdles in their effort to compete with the Apple juggernaut.

Google shares closed 1.4 percent lower at \$669.22. Microsoft Corp, a potential beneficiary if smartphone makers begin to seek out Android alternatives, ended up 0.4 percent. Nokia, which has staked its future on Windows phones, gained 7.7 percent.

Even Research in Motion - which has hemorrhaged market share to Apple and Google - climbed more than 5 percent, before ending 2 percent higher.

"The mobile industry is moving fast and all players, including newcomers, are building upon ideas that have been around for decades," Google responded in a Sunday statement. "We work with our partners to give consumers innovative and affordable products, and we don't want anything to limit that."

The verdict came as competition in the device industry is intensifying, with Google jumping into hardware for the first time with the Nexus 7 and Microsoft's touchscreen-friendly Windows 8 coming in October, led by its "Surface" tablet.

Samsung, which sold around 50 million phones between April and June - almost twice the number of iPhones - will have to pay damages equivalent to just 1.5 percent of the annual revenue from its telecoms business.

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"The verdict does not come as a surprise," wrote William Blair & Co analysts. "From Apple's perspective, Samsung's market position and its leadership in the handset world was something the company could no longer overlook, and viewing this as another 'imitation is a form of flattery' was not possible."

"Companies such as Samsung, who we categorize as fast followers, have been viewed by the industry for their ability to quickly adopt the latest handset trends ... rather than their ability to introduce fundamental innovation."

(Reporting by Sayantani Ghosh and Sruthi Ramakrishnan in Bangalore, Jennifer Saba in New York; Additional reporting by Miyoung Kim in SEOUL; editing by Joyjeet Das, Matthew Lewis, Richard Chang and Ian Geoghegan)

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