**PPIT Assignment#03**

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**Question#01**

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| **Apple** | **Samsung** |
| Apple's best feature is its software and operating system. | Samsung's best feature is its better hardware. |
| Apple is known for its "innovation". | Samsung is known more for its "manufacturing" capabilities. |
| Apple's approach to doing business is to outsource aspects of the company's operations, such as manufacturing, in order to place more emphasis on product creation and the customer experience. | Increasing production volume and vertically integrating supply chains have been at the center of Samsung's business plan from the beginning. |
| Since Apple's headquarters were already in the US, the company had a leg up on the US legal system. Their in-house patent attorneys had years of experience and knew the ins and outs of the law. | When confronted with lawsuits for intellectual property infringement, Samsung established a patent department. |
| Apple was well aware of the potential costs associated with its legal battles. | Due to the difficulty in translating legal documents from Korean to English and back, Samsung had a considerably more difficult time. |

***Reference:*** *The Apple Patent Fight between Apple and Samsung: Interviews with Korean and Korean-American Attorneys, page 6, heading: Interview with an American Patent Attorney, page 7, and heading: Interview with a Korean Patent Attorney.*

**Question#02**

**Differences in the patents filed by the Apple and Samsung:**

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| **Apple** | **Samsung** |
| The claims included in Apple's patents are written with the utmost clarity, making it simple to comprehend and understand what they are attempting to convey. | The terminology used in Samsung’s patents is extremely technical and beyond the comprehension of any layperson. The jury's lack of technical expertise makes it challenging to make the technological issues. |
| The majority of Apple's patents involved the graphical user interface (GUI) and exterior design of their mobile devices. The "pinch-to-zoom" functionality is protected by Patent 915, while the "touch-to-zoom" capability is protected by Patent 163. | The majority of Samsung's patents relate to various pieces of hardware and technological processes. Patent '941 was issued to the company by the Third Generation Partnership Project (3GPP) and relates to communications technology needed for UMTS compliance. Patent '516 covers radio channels to convey data. MP3 playback technique is the subject of patent number 711. The method of sending emails that include a message is described in patent number 460. |

***Reference:*** *The Apple Patent Fight between Apple and Samsung: Interviews with Korean and Korean-American Attorneys, page 1-5, and heading: Technology, Apple’s Patents and Samsung’s Patents.*

**Differences in the legal systems in both countries:**

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| **USA** | **Korea** |
| In the United States, decisions about patent validity and infringement are made by the same court that hears the infringement case. | South Korea's legal system is split into two halves for convenience's sake. This indicates that one system handles cases of patent infringement, while another system assesses whether or not a patent should be invalidated. |
| In South Korea, cases involving patent infringement and cases involving patent invalidation are heard by the same court. | In South Korea, cases involving patent infringement are adjudicated in district courts, while cases involving patent invalidation are heard by the Patent Court. |

***Reference:*** *The Apple Patent Fight between Apple and Samsung: Interviews with Korean and Korean-American Attorneys, page 6, and heading: The U.S. versus the Korean Legal System*

**Question#03**

Samsung Electronics was accused of copying some of Apple Inc.'s patents, according to the company. Pinch-to-zoom, double-tap-to-zoom, rubber-band, and snap-back are just few of the touchscreen interfaces that were covered by these patents. Apple filed a lawsuit claiming a $2 billion loss in revenue. To back up this claim, Apple commissioned a group of academics led by John Hauser, a professor of marketing at MIT's Sloan School of Management, to conduct a discrete conjoint analysis and demonstrate that Apple Inc. had indeed lost $2 billion in revenue due to Samsung's infringement of Apple's patents. Naturally, Samsung did not agree with the research methodology and highlighted its biases.

***Reference:*** *Apple vs. Samsung $2 billion case, page 1 and heading: Background*

**Question#04**

The following methods can be used to determine compensation for patent infringement:

* The plaintiff's profit loss serves as the baseline.
* Licensing charges that may have been made.
* Profits made by the person who broke the law are used.
* Calculation options include using the entire product or just the infringing elements.

In most circumstances, the fundamental method of calculating damages is the degree of financial injury that the infringing party has suffered. In order to receive full compensation for their losses, plaintiffs must present overwhelming proof of monetary and reputational harm. Due to Apple's reluctance to license its technology, the calculation of damages in this case should be done using the first technique (i.e., Apple's profit loss).

***Reference:*** *The Apple Patent Fight between Apple and Samsung: Interviews with Korean and Korean-American Attorneys, page 7, and heading: Interview with a Korean Patent Attorney)*

**Question#05**

Due to the fact that Apple was already located here, it was more accustomed to the US legal system. They had patent attorneys on staff who had years of experience with the legal system. In contrast, Samsung established a patent department in response to infringement cases. Apple was cognizant of the impending litigation expenses. The translation of judicial processes from Korean to English and vice versa caused Samsung a great deal of difficulty. Apple is more well-known and well-established, thus it had more resources to fight the charges. With an advantage in the United States judicial system and so many others, it triumphed on more fronts than Samsung, which alone held sway in South Korea.

***Reference:*** *The Apple Patent Fight between Apple and Samsung: Interviews with Korean and Korean-American Attorneys, page 6, and heading: Interview with an American Patent Attorney*

**Question#06**

The concept of a product in conjoint analysis is a collection of characteristics. For instance, a product may have to give up its touch screen, storage, and camera all at once. Respondents receive the full product, not just one part of it. Given that not every available feature will satisfy every customer's needs, the latter must make compromises. Discrete choice conjoint analysis involves presenting a consumer with a number of options (each with its own set of features) and having that customer choose between them. This means that subsequent calculations can be used to assess the relative importance of each attribute.

Because narrow questions regarding individual features elicit broad, democratic responses like "every feature is equally essential," Apple Inc. opted instead to use conjoint analysis. Customers rarely make a purchase based on a single selling point. They take into account multiple aspects of the product that they believe will be useful to them. Thus, focusing on a certain aspect (the patents Samsung copied) would have yielded inflated statistics that are not indicative of true purchasing power.

***Reference:*** *Apple vs. Samsung $2 billion case, page 2, and heading: Conjoint Analysis in Brief*

**Question#07**

Other than patent aspects, the study also considered other characteristics in order to better conceal its true focus and produce more accurate results. Features that matter to customers were prioritized, and four tiers were established for them. There were a total of 16 decision-making activities among 4 items (camera, size/weight, touchscreen, memory, price) (without naming the products). All of those surveyed used Samsung devices. Since there were two separate surveys—one for tablets and one for phones—respondents were also carefully screened according to standards established by the tablet and mobile phone industries. In order to complete the survey, respondents were instructed to utilize either their mobile phone or a tablet computer. The final total for mobile devices was 455 for phones and 415 for tablets. Extra questions regarding their demographics and other details were included in the poll. (The $2 billion Apple vs. Samsung lawsuit, pages 2 and 4, subheading "The Conjoint Study in Apple-Samsung Case").

“Partworths”, or attractiveness scores at each granularity of a feature, are the major output of conjoint analysis. A score's partworth goes up in direct proportion to its attractiveness. The value of a product is expressed is the total of the value of its constituent parts. To determine the potential price hike for devices with enhanced features like touchscreens, Apple used a market simulator and the valuation firm Parthworths. This helped us determine how much customers would be willing to pay for this added functionality. (See The Conjoint Study in Apple-Samsung Case, on pages 4 and 5 of the Apple vs. Samsung $2 Billion Case)

Last but not least, Apple used other crucial statistics, such as the number of units sold during a specific time period, to arrive at the $2 billion figure they put up in their complaint against Samsung. Samsung disputed the results of the study on the grounds that the study neglected crucial factors like brand name and battery life. Consumers' primary motivation for purchasing a new smartphone or tablet is not the device's capabilities, but rather its form and price. Study elements were specific but not necessarily market-moving.  The research ignored all other mobile phone manufacturers in favor of Samsung. The research is based on the static assumption that the market will not change. But it should have reflected the realities of the market and the responses of the competition.

***Reference****: Apple vs. Samsung $2 billion case, page 1 and 2, heading: Samsung’s Rebuttal and Competitive Environment*