The conflict between Apple and Samsung over patents and copyrights

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ABSTRACT

This article seeks to explore the conflict between Samsung and Apple. The conflict has been one of the most outstanding patent wars in the history of the smartphone industry. Apple and Samsung are among the most popular manufacturers of commonly used smartphones and tablets. The conflict began when Apple decided to file a federal lawsuit in the US district court, accusing Samsung of copying some of its iPhone features in the Samsung Galaxy S II smartphone. The court ascertained that the gadget had similar characteristics to Apple, thus ordering Samsung to pay Apple for the damages. In response, Samsung reacted by filing countersuits. The two firms, almost fifty cases in different nations and regions. The issues lasted for seven years, starting from 2011 and ending in 2016, in which both companies benefited and lost at the same time. The conflict emanated because of each firm pursuing its competitive advantage in the market. Apart from following market shares, third parties, like consumers, instigated the conflict with international politics and the media playing a role.

Introduction

Advancement in the production of popular iPad and iPhone was first conceived by Apple Inc, an American based organization. Samsung, a Korean based organization, is considered the main competitor of Apple Inc, in the manufacture and sale of Google android-supported OS smartphones and tablets (Jie & Hasan, 2017). Samsung has managed to gain a superior market compared to Apple, who was the initial conceiver of the technology. This article will delve into the conflicts between Apple and Samsung with an analysis of the essential conflict elements, characteristics, and discussion around them. The dispute between Apple and Samsung has resulted from an infringement of intellectual rights of property that prompted the two firms to file numerous lawsuits against each other.

Firms invest in patent rights to distinguish their products from those of their competitors. However, since most organizations are profit-oriented, they tend to copy well-performing firms' patent rights into their products to remain relevant in the highly competitive markets (Burnick, 2017). Therefore, the current study will give insight into the nature, causes, and impacts of patent conflicts and how they can be resolved, using the case study of Samsung Electronics Company and Apple Inc.

This research will attempt to answer critical questions: (i) what was the nature and root cause of the conflict between Samsung and Apple? (ii) what has the conflict led to? What are the lawsuits that are there between Apple and Samsung? (iii) what was their attitude and behavior about it during the conflict? (iv) where are other external parties influencing the conflict? (v) how would the conflict be resolved?

This research deployed both qualitative and quantitative data from secondary sources. The secondary sources used in collecting the relevant data for this research include scholarly peer-reviewed articles obtained from SQU E-Library, Google Scholar, and other websites, media news, and websites. These sources were carefully chosen to get pertinent and up-to-date data. Specifically, the data was gathered from sources written with the past five years (2015-2020) to enhance the research’s authenticity and validation. Besides, information was collected from Apple and Samsung’s websites regarding their respective patents, which is the main issue that
prompted conflicts between the two firms. Furthermore, data from different state departments where the lawsuits were presented were deployed to accomplish this research.

Having carefully identified the pertinent sources for collecting data in completing this research, there was a random search on the internet regarding the conflict between Samsung and Apple to gain insight into the research topic. The investigation was then narrowed down to specific and relevant sources with adequate information regarding the research topic. All the secondary citations deployed in this research were based on the merit that they contained information about the patent wars between Samsung Electronics Company and Apple Inc. The collected data was then compiled, analyzed, and synthesized, forming the basis for answering the research questions.

**The Nature of Conflicts between Samsung and Apple**

Apple and Samsung always had conflicts in business, sales, technological innovations, and many others because they are offering similar technology and are targeting the same market consumers. Such rivalry competitions are regular market activities. Every company would strive to take a competitive advantage to gain a higher market share. Hence, several conflicts have existed between Samsung and Apple to beat rival technology, innovation, and global market share. But in some instances, these rivalry strategies go to the next level, comprising legal obligations and court trials.

Samsung and Apple have been involved in a direct conflict over the issues surrounding patent infringements. As a result, the two firms have been engaged in severe lawsuits, which were first initiated by the legal team of Apple Inc., in the US district court against Samsung, for infringing various patent rights (Park & Kim, 2020). Some of the patents that Samsung was accused of “adopting” include the utility and design patents. On the other hand, Samsung also filed similar lawsuits against Apple, ranging from everyday essentials to feature patents. In this conflict, both sides lost in some cases and won in others.

Other types of conflicts were relatively smaller conflicts of which no such detailed and verified data could be found. Hence, the legal wars between the two were placed to be the most extreme conflicts. Both companies had been going through with unofficial cold war during the last several decades, but nothing was notable through official means.

**Conflicts between Samsung and Apple**

The two leading tablets and handheld gadget firms are both aware that technology is advancing to greater heights, and people could need such gadgets more than ever before. Consequently, the companies are striving towards ensuring that they maintain their market shares and relevance even into the future to avoid Nokia’s catastrophic failure. Competition between Apple and Samsung has intensified, whereby the conflict has escalated beyond their retail stress to combat patent wars using litigation courts. Both companies have filed lawsuits against each other in the US courts and across the world, all of which are based on patent rights infringement (Samuelson, 2016). Apple accused Samsung of infringing its intellectual properties by manufacturing products that had similar features to Apple iPhones. According to Samuelson (2016), the conflict between Samsung and Apple began in 2011 when Samsung produced its Galaxy S II smartphone with similar features to the Apple iPhone. Apple Inc. sued Samsung, whereby the court found Samsung guilty and commanded them to pay Apple a sum of 1.05 billion USD for the harm caused (Coughlin, 2016). Thus, the battles between the two giant tech firms are based on patent rights.

**Causes of the Conflicts**

American-based Apple Inc., headquartered in Cupertino, California, was founded by Steve Wozniak and Steve Jobs. The company is one of the leading tech corporations across the world. Its foundation has acted as a consumer and technological innovation symbol that manufactures products according to consumers’ changing needs. Apple Inc. is known for its manufacture of different gadgets, including the Macintosh computers, the media players, iPod, and iMac. It has also produced various tablets and smartphones in which the iPad and iPhone comprise some of the company’s most popular products.

Samuelson (2016) concur with Dordick (2015) that the iPhone is one of the most embraced devices manufactured by Apple across the globe. The device was produced in 2007 by the “revolutionary technique”, where Apple Inc.’s experts and technicians incorporated the initial iteration features, which were added to the standard messaging and telephone capability with a sleek design. The iPhone was devised to have a 3.5-inch display touch screen, with similar usability to that of iPod, an inbuilt camera, internet browser, and an added app to help fasten access to the internet and software-based programs. The introduction of Apple’s iPhone attracted a large market that spurred other mobile tech companies to develop a similar product to the Apple iPhone.

One of the companies that responded to the large market share that Apple was enjoying due to its iPhone's manufacture was Samsung Electronics Company, founded in South Korea (Gil, 2016). The company aspired to manufacture more competitive products to gain a competitive edge in the global market share. As early as 2008, Samsung had released the instant smartphone, found in all Samsung stores across the world. In 2011, the giant tech company manufactured Galaxy S II that had the android operating system features accompanied by other physical characteristics, like rounded edges and a “home button” (Dordick, 2015). This gadget was considered to have similar features to those of the Apple iPhone, which was popular. Hence, it was said that Samsung tried to copy patents and Apple's technological styles, especially after coming to know that Apple has been placed as the world’s top valuable company in global Mobile Corporation. Nonetheless, Gil (2016) criticized the production of the Galaxy S II phone by Samsung as a means of
Samsung trying to gain a considerable market share in the global smartphone market, thus becoming competitive and reducing the large market share enjoyed by the Apple iPhone.

The Samsung Galaxy S II smartphone with wireless carriers, made available in the United States, generated over $8 billion in sales in 2012. Later, other smartphone manufacturer firms also capitalized on android operating systems. For example, HTC and Motorola outpaced the Apple iPad and iPhone sales.

Apple Inc., determined to secure its market share in the smartphone industry and, being convinced that Samsung had infringed on trademarks that could distinguish a company’s product from those of the competitors, decided to take legal action against Samsung (Park & Kim, 2020).

The American-based smartphone company, Apple, filed various suits against the South Korea-based company, Samsung, in different nations, including Germany, Japan, South Korea, and Great Britain. In response to the lawsuits, Samsung also filed similar suits and countersuits. Further, in seeking to protect the company’s interest against what the co-founder of Apple had termed as the “thermonuclear war” against Google android operating system, Apple Inc. filed a federal complaint of 38 pages in the district court of the United States, accusing Samsung of infringing its trademarks. Therefore, the root causes of the conflict between the two firms were the engineering of legal litigation measures against each other, which resulted in the two giant tech companies setting forth courses of actions that impacted the future of the smartphone markets and even beyond.

The fight between the two rivals got fueled up in 2014 when someone leaked a policy and strategy document of Samsung company made in 2012 that clearly stated the main objectives and top priority goal of the company was to beat Apple in every context such as innovation and products line (Dordick, 2015).

Lawsuits between Apple and Samsung

In 2011, Apple Inc. filed a lawsuit in the US district court, accusing Samsung of infringing its patent rights. The US district case is one litigation that forms the foundation and basis of the patent wars that saw numerous lawsuits filed by the two firms against each other. Coughlin (2016) agrees with Kim (2016) that these lawsuits served as the foundation for the ongoing battles and conflicts between Apple Inc., and Samsung Electronics Company Ltd. Samsung was the main target of Apple Company because it had grown to be the largest smartphone manufacture, thus, the main competition for Apple Company.

When Apple was filing the 2011 case, it had previously been entangled in other lawsuits against other smartphone companies, like HTC, Nokia, Amazon.com Inc., Motorola, and Microsoft Corp that had a significant influence on the company fighting cases against Samsung (Curry, 2016). This resulted in many victories of Samsung under other courts, including South Korea, Japan, and Germany. The issues that Apple Inc. The company accused these firms surrounded the technology used in manufacturing smartphones, software, and rights to use the word “app” in web markets and stores (Jie & Hasan, 2017).

At the root of the patent wars between Samsung and Apple Inc. is an array of accusations the companies have directed at each other. Apple Inc. has leveled several allegations against Samsung Company, especially the infringement of intellectual properties on the usage of device elements and the “trade dress” concept (Park & Kim, 2020). Similarly, Gil (2016) contends that Apple Company accused Samsung of infringing Apple Inc.’s patent rights concerning the exterior design of the smartphones, the feel, and usage, all of which tainted Apple products' image in favor of Samsung. Gil (2016) further debates that the brand manufacturers include the employment of “trade dress” to give the product a visual uniqueness, including the color, size, and other features that bring distinctiveness to the brand to gain customer loyalty, competitive edge in the market, as well as brand equity.

Concerning the “trade dress”, Apple Inc. accused the South Korean manufacturer of deceiving the consumers that the Galaxy S II had better features than the Apple iPhone. Apple alleged that Samsung had copied most of its iPhone features in developing the Galaxy smartphone; thus, reducing the iPhone's competitive advantage in the market for Apple and increasing the sales of the Galaxy S II (Dordick, 2015; Gil, 2016).

Apple Inc. argued that Samsung had infringed various iPad and iPhone elements, which included the pinch and zoom element, the bounce-back effect, and the rubber band. After this lawsuit, Samsung responded by filing a countersuit by alleging that Apple was violating Samsung’s UMTS/3G patents, multitasking productivity, emailing services, and the utilization of bookmarks in the phone’s camera gallery. Samsung argued that before Apple manufactured and produced its iPhone and iPad, it had taken part in developing the touchscreen technologies of tablets and phones, thus proving that Samsung had not violated Apple's “trade dress” (Gil, 2016).
Furthermore, Apple Company instigated many injunctions, intending to prevent the sale of Google Android operating systems manufactured by Samsung and other high-tech companies, like HTC, before the completion of the trial. By 2012, the manufacture of Galaxy S II and its sales had surpassed the iPhone’s sales in the first quarter of 2012 (Kim, 2016). In May 2012, the two companies sought to solve their conflicts out of court but disagreed. The Tokyo District Court Rule

Following the district court’s ruling in the US, Samsung was commanded to pay Apple $1.05 billion as compensation for the damages. After this case, Samsung gained victory in Tokyo, Japan, where the court denied Apple’s claims that Samsung had infringed its patent that covers music transfer. The court also rejected Apple Inc. the request to impose an injunction on Samsung’s products in Japan.

In Japan, the court ruling proved that there was no violation of Samsung’s intellectual property rights on Apple’s iPhone (Kim, 2016). The Tokyo ruling highlighted litigations between the two smartphone companies, all of which were termed patent wars. The lawsuits lasted for over two years, with nearly 50 lawsuits in different nations. The lawsuits were all filed amidst the United States district court case. Some of the countries where other suits occurred include South Korea, Germany, France, Australia, the United Kingdom, Spain, Italy, and the Netherlands. A ruling was made in the German case, barring Samsung Galaxy S II products from the market for being found guilty of infringing Apple’s intellectual properties. Concerning the litigation process in South Korea and Australia, they were all about protecting the patent standards (Coughlin, 2016).

According to Kim (2026), companies with the caliber of Samsung and Apple have the ability and capability of contributing to international organizations and other companies concerning the proper usage of ideas and innovation tactics, which are all under legal patent protection. For example, the South Korean court ruled that the fact that there are some design features in the Samsung Galaxy resembling those of Apple’s iPhone did not warrant an infringement of intellectual property rights (Park & Kim, 2020). In the United Kingdom, however, the court rejected the infringement claims by Samsung that Apple Inc. had infringed its patent rights concerning the protection of phones through third-generation networks and sending and receiving information apps (Coughlin, 2016).

Although there were over fifty lawsuits and countersuits filed by the two smartphone companies in different nations, they lost in other countries and gained in other (Coughlin, 2016). The conflict also brought about various injunctions, whereby, in other cases, products were banned from being sold in some countries. On the other hand, Samsung was asked to pay Apple for damages done by infringing its patent rights. Despite all these suits, Apple and Samsung decided to end the patent wars in 2018 by agreeing to settle their conflicts outside the court. Judge Lucy Koh signed an order in the US district court that barred similar patent cases as dismissed from hearing from the two nations (Park & Kim, 2020). This decision marked the end of the seven-year patent war between Apple and Samsung, currently operating as partners.

Conflicts Resolution

After seven years of back-and-forth patent war between Apple and Samsung, the case battle finally ended in 2018, with the two sides agreeing to terminate this ‘battle’ (Park & Kim, 2020). The two smartphone companies agreed to drop the various lawsuits and settle the remaining suits and countersuits on the patent wars. Lucy Koh, the California northern district judge, signed an order that dismissed all prejudice suits, implying that either party could not file similar nature cases. However, Park and Kim (2020) criticized
the cessation of these conflicts since the terms used by the two firms in settling the patent wars were unclear. Nevertheless, in 2014, Apple won a compensation pay for damages suit from Samsung, the two companies agreed that the patent war lawsuits were more money related (Jie & Hasan, 2017). The lawsuits were all about market share, determined by the quality and uniqueness of similar products in the markets. Jie and Hasan (2017) debate that consumers want technological gadgets that give them services and value for their money by being unique and high-quality.

Various factors contributed to solving the patent wars between the two giant smartphone companies. First, Samsung is the leading supplier of Apple; therefore, constant suits between the two companies would damage the partnership. This aspect compelled the two firms to reach a consensus to continue working as partners who respect each other. Secondly, courts in different regions where the suits were filed played a significant role in solving the patent conflict by looking at both sides of the accusations and rendering justice to the infringed party. Additionally, the reputation of the two most popular companies in the global market was at stake because other competitors could take advantage to gain customer loyalty; thus, prompting the two firms to lose their market leadership.

Collaborative Approach

Due to the rivalry, each company tried to dominate and harm the other during trials. Both had requested the various authorities to implement restrictions on the other. For instance, Apple had asked to end Samsung’s mobiles from the market, but it was not successful. The companies had an aggressive approach that had prolonged the case for seven years. The only obstacle to solve the issue was to verify the data integrity and backup check to know whose accusation was real. But after the court settlement and losses in market share and revenues, both companies found out that the other substitute rivalry firms started to take competitive advantages and started to win the market shares over Apple and Samsung. That became an alarming situation for both, which led to an unthinkable partnership between them (Han, 2016). The business partnership was announced in March 2019 and made a win-win situation for both the entities, and it was found that Samsung had approached Apple for the collaboration.

In an official statement, Samsung mentioned that the business partnership with Apple would provide more content to Samsung’s Smart TV viewers. Samsung will give the users exclusive right to access Apple iTunes, movies, and TV shows in the form of a separate application icon when Samsung Smart TV launches and switches on. Samsung has added and airplay two features in its smartphones as well. This will bring Samsung to increase its market worth and provide a premium portfolio to its Smart TV users.

On the other side, this business partnership will also benefit Apple in terms of increased revenues. Whenever Samsung’s users will play or pay for iTunes, movies, and others from Apple’s application icon, it will enhance the company’s revenue and income. Moreover, when the Sales of Smart TVs of Samsung will increase, it will also increase Apple’s revenues. Hence, both companies see the business partnership as a win-win situation to gain from each other’s market share (Kim, 2016).

Arising Conflicts

Apple and Samsung have been growing and have mainly expanded compared to their size in 2011 (Sim, 2017). Considering that Samsung and Apple are among the most popular tech companies that manufacture handheld technologies, patent wars are likely to ensure in the future. Since the two are competing against each other, the advancement in consumer needs for highly effective smartphones in the future is likely to expand and create numerous and new patent wars between the companies. Besides, although the two firms agreed to close the previous patent wars and settled on unknown conditions, there are high chances of re-appealing the lawsuits if one feels its rights to intellectual property have been infringed. Moreover, smartphone firms are business-oriented, and they always want to innovate products (Lee et al., 2019). The innovations are always prone to be copied by the competitors who also desire to stay relevant in the market. Hence, although the 2011 patent war suits may have been closed, they are likely to arise again in the future.

However, Legal conflicts cost businesses a lot more than just money. A considerable amount of time is invested in directing the business resources’ focus towards winning the legal cases, and much more loss regarding internal development and innovation is faced. Hence, it is most probable that the companies will be extra cautious and proactive while developing their designs to avoid any future hazard of such kind (Kim, 2018). Samsung has faced financial loss and a loss of goodwill because of the accusation by Apple. As a result, the company would be investing a great time in research and development to produce highly appealing and new designs unique to Samsung.

Third Parties Affecting the Process

Although the two firms were filing litigations against each other, other third parties also played a significant role in this case that impacted the conflict. The media played a significant role throughout this process. What was seen to be implemented by the media was the presentation of ethnocentrism through news coverage. The US and Korea have vastly differentiating cultures, and both were actively involved in the conflict (Cardoso, 2017). As a result, primary coverage was prepared by both countries. The framing took place within the localities of both countries through the overreacting media. The news was somewhat subjective because of the cultural differences, escalating the case's issue (Kim, 2018). News channels in the United States were involved in portraying Samsung as wrong through framing and highlighting that it had infringed Apple’s patents.
The US government had also recognized the potential of a significant loss in the national market and economy if Apple were to lose the case. As a result, the influence favored Apple in winning the case. Consumers, on the other hand, always determined whether a business is competitive in the market or not. Jie and Hasan (2017) coin...2016) that consumers’ preferences are advancing. Hence, they need devices and gadgets that correspond to the needs of that time. This aspect puts pressure on the giant companies in innovating products that serve their needs, thus compelling firms to violate the patent rights as they try to manufacture products that resemble those already in the market. Such is the case of Samsung that used some of Apple's “trade dress” patents to develop its Galaxy S II smartphone because Apple iPhone had gained a competitive edge in the market previously.

Influence of International Politics

The differences in the origin of the two companies, whereby Samsung is based in South Korea and Apple in the United States, may have played a role in influencing the conflicts. Each of these companies impacts the countries’ economies, leading to the wheel of innovative technology and prosperity. Nevertheless, deliberating on Kang (2018), one of the types of international politics that influenced Apple and Samsung's conflict is the economic conflict. In 2011, to counteract the iPhone's market dominance, Samsung developed Samsung Galaxy S II (Kim 2016). Like Gil (2016), Kang (2018) postulated that the device was created from an economic conflict in the global market. The first eight months after the manufacture of the Apple iPhone, the firm made significant sales but declined sharply with the introduction of Galaxy S II. Such a decline in economic gains is one reason that forced Apple to sue Samsung to tame its sales and retain its economic prowess in the market.

The numerous lawsuits filed by both Apple and Samsung resulted in the two nations receiving injunctions, whereby they were barred from selling their products in individual countries (Dordick, 2015). The United States had a ban regarding the use and sale of most of Samsung’s phones and other products. Later, the government of South Korea imposed a ban on almost all major products of Apple.

For example, iPhone 3, after found guilty of infringing the intellectual property rights of Samsung, was banned from being sold in the United States, with Samsung’s Galaxy S II being banned in Germany (Kang, 2018). Moreover, when Samsung Note 8 was launched, it was not under the United States government's ban. However, the model has had exploding problems while being in use, as reported by the news. Such safety and technical problems led to creating a significant issue by the US government, influenced by the Apple-Samsung conflicting situation to ban the model from being imported in the United States.

Positive Aspects of this Conflict

The controversy had resulted in multiple positive factors for various parties involved in the conflict. Even though a legal dispute is something not preferably repeated by both Apple and Samsung, both companies got out something positive from the issue (Cardoso, 2017). Apple’s focus on maintaining a leading image in the smartphone industry was not available globally. However, Samsung’s appearance in the US market was severely damaged, resulting in consumer preference for iPhone over Samsung smartphones, which led to an increase in Apple’s national revenue compared to Samsung (Lee et al., 2019). Similarly, in Asian countries, including Korea, Samsung’s image had been boosted, and locals had avoided choosing to use Apple products because of the framing being done by Korean media. This increased sales for Samsung in Asian countries. On the other hand, the conflict between Apple and Samsung resulted in companies focusing more on improving their patents’ quality after the litigation process (Burnick, 2017).

Lastly, in the global smartphone industry, the numerous suits between Apple and Samsung brought attention to the importance of respecting patent rights. Since the conflict was based on copying patents, the lawsuits were a learning lesson for other technology companies (Lord et al., 2018). The industry can be seen taking advantage of the mistakes made in this globally recognized conflict. Gil (2016) adds that Samsung was able to gain a competitive advantage in competing with Apple in android phones, while the Samsung brand gained value in the global smartphone market.

Negative Impacts of this Conflict

The battles between Apple and Samsung saw some of its products receive injunctions. A ban was imposed regarding the use of the opposing party’s development in its respective country. For example, when Apple was found guilty of infringing Samsung patents, the iPhone 3 smartphones were banned in the United States, while Galaxy S II was banned in Germany (Burnick, 2017). As a result, consumers preferring Samsung as an affordable substitute over Apple would not easily access Samsung devices (Lee et al., 2019). Samsung executives also mentioned that the case against Apple's results was a victory for Apple and a loss for the American consumer. There are still considerable amounts of consumers in the US that would focus on the price line than the features, demanding cheaper alternatives of Apple. Similarly, consumers also exist in Asian countries that would prefer quality features regardless of the price of a product. This demand, however, became useless after the ban is imposed.

After facing significant losses by both companies, the ban in America was ended regarding Samsung devices. Such injunctions adversely affect a company’s profitability by reducing sales and affecting customer loyalty, thus decreasing the giant tech firms (Sim, 2017). Besides, there are fee charges imposed on the two companies to pay each other for patent violations (Burnick, 2017). Lastly, Lee et al. (2019) hypothesized that the numerous lawsuits portrayed the large smartphone companies in the world market gave other competitors a chance to lure consumers to their products, in return reducing the market share of the firms, especially for Apple Inc.
Conclusion

The conflict between Apple and Samsung has resulted from an infringement of intellectual rights to property that prompted the two firms to fill numerous lawsuits against each other. The dispute began when Apple produced its iPhone, which proved to be the best product in the market during that time. Through the iPhone, Apple increased its market share; thus, making substantial sales. To counter the large market, share that Apple iPhone was enjoying, Samsung developed Galaxy S II, and Apple accused Samsung of copying most of its utility and design patents. The US district suit attracted various other claims and countersuits by the two companies in several countries. However, the conflict ended in 2018 and there is currently no conflict between the two firms, although such conflicts are likely to ensue in the future. The disputes brought both negative and positive aspects to the two companies and other manufactures across the world. Therefore, to avert such conflicts’ reoccurrence, every firm should heavily invest in unique innovations to develop clearly defined patent rights to avoid infringement issues and lawsuits. Furthermore, the two companies need to set guidelines for solving their problems amicably, without engaging in cases against others since such complaints affect their profitability by tainting their brand image. The two companies shall capitalize and enhance their collaborative approach to ensure their partnership remains a win-win situation.

References


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