

Samsung, Apple call truce in patent war outside US

August 6 2014, by Lim Chang-Won



In this file photo, an Apple iPhone 4s (L) and a Samsung Galaxy S3 are seen at a mobile phone shop in Seoul, on August 27, 2012

Arch-rivals Samsung and Apple decided Wednesday to drop all patent disputes outside the United States, marking a partial ceasefire in a long-running legal war between the world's two largest smartphone makers.

Both companies have been locked in a three-year battle of litigative

attrition in close to a dozen countries, with each accusing the other of infringing on various patents related to their flagship smartphone and tablet products.

But neither has managed to deliver a knock-out blow with a number of rulings going different ways, and Wednesday's announcement suggested a line was finally being drawn.

"Samsung and Apple have agreed to drop all litigation between the two companies outside the United States," Samsung said in a statement.

However, the agreement came with one key caveat, with the two giants stressing that they would continue "to pursue the existing cases in US courts."

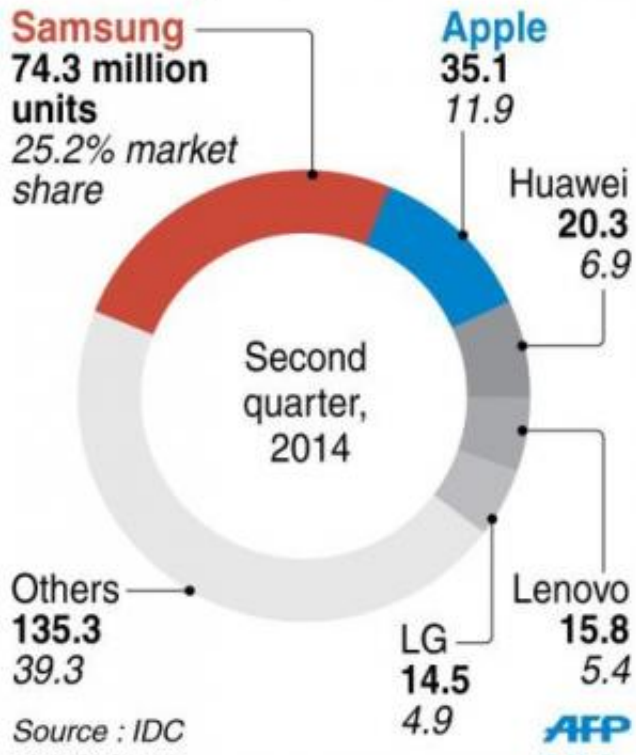
The patent row kicked off in earnest back in 2011, when Apple sued Samsung in a US court, and swiftly went trans-continental with cases being heard in South Korea, Germany, Japan, Italia, the Netherlands, England, France and Australia among others.

Apple has accused its South Korean rival of massive and wilful copying of its designs and technology for smartphones and tablets, and has asked for a bar on US sales of Samsung smartphones and tablet computers.

Samsung has counter-claimed that Apple had used some of its technology without permission.

The two firms had been pushed into talks in early February by a US court order that saw Apple CEO Tim Cook and his Samsung mobile communications counterpart JK Shin attend a full-day negotiation session, along with their advisors and legal teams.

Smartphone market



Graphic showing the smartphone market share, dominated by Samsung and Apple

But despite several follow-ups, the mediator's settlement proposal was not taken up and the litigation continued.

In the latest development in May, a jury in federal court in California awarded Apple close to \$120 million in damages in one of its patent suits with Samsung.

The award was only a fraction of the more than \$2 billion Apple had sought at the outset of the trial, and the result was seen as partial victory for both sides.

Law of diminishing returns

Daishin Securities analyst Claire Kim said the two companies appeared to have tired of a lengthy, costly process that was producing no tangible dividends.

"They now realise there is no reason to continue their battle outside the US, because their lawsuits have produced so little results," Kim told AFP.

When the lawsuits first started flying Samsung and Apple were the undisputed kings of the global smartphone market and their legal wrangles were seen as a fight for supremacy.

But that situation has changed, as developed markets have become increasingly saturated and emerging markets more competitive with the rise of Chinese manufacturers like Lenovo, Xiaomi and Huawei.



A Samsung Electronics flag is seen outside the company's headquarters in Seoul, on November 6, 2013

"There's no more merit in the old strategy of expanding market share through attacks on rivals," Kim told AFP.

Samsung's share price closed 1.22 percent lower on Seoul's main stock exchange after Wednesday's announcement.

Samsung's second-quarter net profit plunged 19.6 percent from a year ago to 6.25 trillion won (\$6.1 billion), as competition from cheap Chinese phones and the strong won saw sales slump in its key mobile business.

Alarm bells have been sounding for a while over Samsung's reliance on smartphone sales in mature markets such as Europe and the United States.

Efforts to expand sales in emerging markets, most notably China, have stumbled over the growing challenge posed by smaller rivals producing cheaper handsets.

There is a general consensus that smartphone evolution has hit a barrier that will only allow incremental improvements on existing design and technology, rather than market-changing reinvention.

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