

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

NIKON CORPORATION and NIKON INC.,)	
)	
<i>Plaintiffs,</i>)	Case No. 13-cv-7228 (SAS)
)	
v.)	
)	
SAKAR INTERNATIONAL, INC.,)	
)	
<i>Defendant.</i>)	
)	
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**MEMORANDUM OF LAW IN SUPPORT OF
PLAINTIFFS' MOTION FOR A TEMPORARY RESTRAINING
ORDER AND/OR PRELIMINARY INJUNCTION**

TABLE OF CONTENTS

TABLE OF AUTHORITIES	iv
I. INTRODUCTION	1
II. RELEVANT BACKGROUND FACTS.....	3
A. Nikon and its Nikon 1 Series J1/J2 Cameras	3
1. The USPTO Awarded Nikon Two Design Patents, Protecting Its Innovative Ornamental Design	4
2. The Nikon J1 and J2 Embody the Claimed Designs.....	6
B. Sakar and its “Polaroid iM1836” Camera.....	7
1. Sakar’s History of Knocking Off Unique Designs	7
2. Sakar’s Latest Knockoff, the Polaroid iM1836, Hits the Market	9
III. NIKON IS ENTITLED TO A TRO AND PRELIMINARY INJUNCTION.....	12
A. Nikon is Likely to Succeed on the Merits of its Design Patent Claim	12
1. Design Patent Construction and Infringement.....	12
2. Construction of the Asserted Claims of Nikon’s Patents.....	13
3. Consideration of the Prior Art.....	15
4. Nikon’s Expert Reached the Same Conclusion About the Prior Art and Infringement.....	18
B. Nikon Will Suffer Irreparable Harm Absent an Injunction	18
1. Lost Market Share.....	18
2. Price Erosion.....	20
3. Reputational Harm	21
4. Loss of Brand Distinctiveness	22
5. Causal Nexus	22
C. The Balance of Hardships Tips in Nikon’s Favor	23
D. Public Interest Favors An Immediate Injunction	25

IV. CONCLUSION.....25

TABLE OF AUTHORITIES

CASES	PAGES
<i>Apple, Inc. v. Samsung Elec. Co., Ltd.</i> , 678 F.3d 1314 (Fed. Cir. 2012).....	20, 23
<i>Apple v. Samsung</i> , No. 13-1129, (Fed. Cir. Nov. 18, 2013).....	22, 23
<i>Beats Electronics v. Sakar International, Inc.</i> , No. 1:10-cv-01555 (N.D. Ill. Mar. 9, 2010)	8, 9
<i>Bell & Howell Document Mgmt. Products Co. v. Altek Sys.</i> , 132 F.3d 701 (Fed. Cir. 1997).....	20
<i>Bevin v. Starr</i> , 114 F. 362 (U.S. Court of Appeals 1902).....	17
<i>Blumenthal Distrib., Inc. v. Executive Chair, Inc.</i> , 2010 WL 5980151 (E.D.N.Y. Nov. 9, 2010).....	19
<i>Branham v. Daines</i> , 2010 WL 455413 (N.D.N.Y. Feb. 3, 2010)	12
<i>Celsis in Vitro, Inc. v. CellzDirect, Inc.</i> , 664 F.3d 922 (Fed. Cir. 2012).....	20
<i>Contessa Food Products, Inc. v. Conagra, Inc.</i> , 282 F.3d 1370 (Fed. Cir. 2002).....	13
<i>Cornucopia Products, LLC v. Dyson, Inc.</i> , 2012 WL 3094955 (D. Ariz. July 27, 2012)	20, 21, 24
<i>Crocs, Inc. v. Int’l Trade Comm’n</i> , 598 F.3d 1294 (Fed Cir 2010).....	13
<i>CVI/Beta Ventures, Inc. v. Custom Optical Frames, Inc.</i> , 893 F. Supp. 508 (D. Md. 1995).....	21
<i>David A. Richardson v. Stanley Works, Inc.</i> , 597 F.3d 1288 (Fed. Cir. 2010).....	13
<i>Douglas Dynamics, LLC v. Buyers Products Co.</i> , 717 F.3d 1336 (Fed. Cir. 2013).....	<i>passim</i>
<i>Elmer v. ICC Fabricating, Inc.</i> , 67 F.3d 1571 (Fed. Cir. 1995).....	12

<i>Egyptian Goddess, Inc. v. Swisa, Inc.</i> , 543 F.3d 665 (Fed. Cir. 2008).....	<i>passim</i>
<i>Gorham v. White</i> , 81 U.S. 511 (1871).....	13
<i>Hupp v. Siroflex of America, Inc.</i> , 122 F.3d 1456 (Fed. Cir. 1997).....	4
<i>Hutzler Mfg. Co., Inc. v. Bradshaw Int’l, Inc.</i> , 11 CIV. 7211 PGG, 2012 WL 3031150 (S.D.N.Y. July 25, 2012)	18
<i>i4i Ltd. P’ship v. Microsoft Corp.</i> , 598 F.3d 831 (Fed. Cir. 2010).....	23
<i>L.A. Gear, Inc. v. Thom McAn Shoe Company</i> , 988 F.2d 1117 (Fed. Cir. 1993).....	15
<i>Mint, Inc. v. Amad</i> , 2011 WL 1792570 (S.D.N.Y. May 9, 2011)	20
<i>PPG Indus., Inc. v. Guardian Indus. Corp.</i> , 75 F.3d 1558 (Fed. Cir. 1996).....	25
<i>Reebok Int’l Ltd. v. J. Baker, Inc.</i> , 32 F.3d 1552 (Fed. Cir. 1994).....	21
<i>Robert Bosch LLC v. Pylon Mfg. Corp.</i> , 659 F.3d 1142 (Fed. Cir. 2011).....	18, 24
<i>Rosen Entm’t Sys., LP v. Eiger Vision</i> , 343 F. Supp. 2d 908 (C.D. Cal. 2004)	24
<i>Stiftung v. Renishaw PLC</i> , 945 F.2d 1173 (Fed. Cir. 1991).....	14
<i>Tecumseh Prods. Co. v. Briggs & Stratton Corp.</i> , 295 F. Supp. 2d 902 (E.D. Wis. 2003).....	12
<i>Windsurfing Int’l, Inc. v. AMF, Inc.</i> , 782 F.2d 995 (Fed. Cir. 1986).....	24
<i>Winter v. National Res. Def. Council, Inc.</i> , 555 U.S. 7 (2008).....	12

REGULATIONS

37 C.F.R. § 1.15214

OTHER SOURCES

U.S. Pat. & Trademark Office, Manual of Patent Examining Procedure § 1503.02
(8th ed. 2010).....14

I. INTRODUCTION

Plaintiffs (“Nikon”) seek a temporary restraining order and/or preliminary injunction to prevent defendant (“Sakar”), a serial copyist, from selling its “Polaroid iM1836” camera clone during the 2013 holiday season, and to stop the irreparable harm that will inevitably follow.

Nikon owns U.S. Design Patent Nos. D682,906 and D692,044, covering the innovative ornamental design of its Nikon 1 “Everyday Camera” compact digital camera series, which includes the physically-identical Nikon 1 J1 and J2 models, which have achieved considerable success and public recognition. Nationally promoted through a major campaign led by celebrity spokesman Ashton Kutcher, Nikon’s camera series has been advertised in virtually every type of digital, broadcast, and print media.

Just recently, on the eve of the important holiday retail season, Sakar started selling the “Polaroid iM1836 camera,” which is a blatant knockoff of Nikon’s patented design:

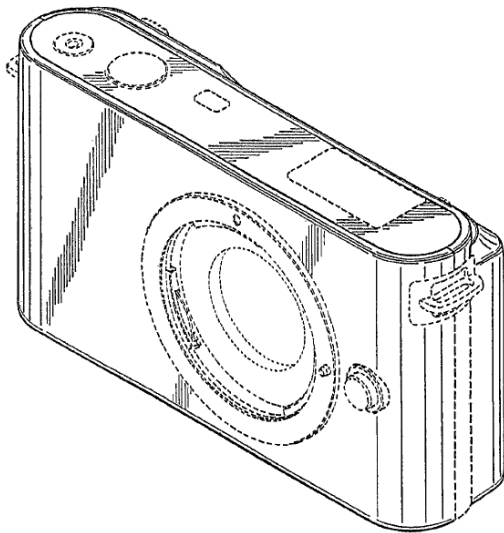


Fig. 1 of '044 Patent



Polaroid iM1836 Top Front View

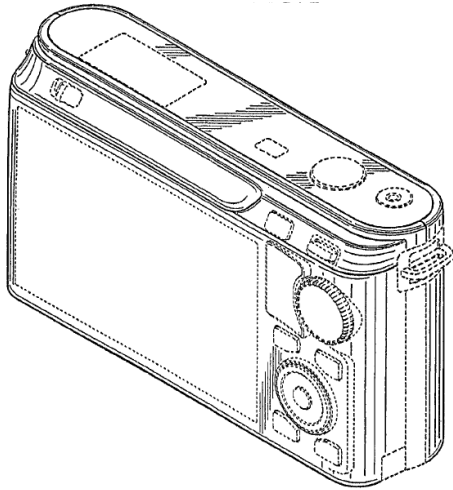


Fig. 2 of '044 Patent



Polaroid iM1836 Top Rear View

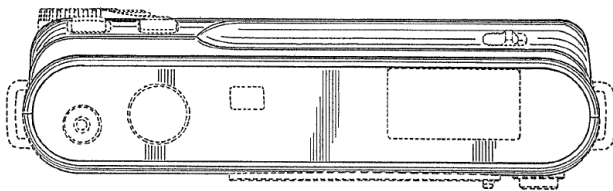


Fig. 5 of '044 Patent



Polaroid iM1836 Top View

Given the striking similarities between the parties' camera designs, Internet bloggers have recognized that the iM1836 copies the Nikon 1 J1. Some people mistakenly believed that Nikon licensed its design or actually made the iM1836.

Sakar lists the iM1836 camera for \$299 (40% less than the minimum list prices of the Nikon 1 J1 model) and sells it at the same stores where the Nikon models are sold. With the iM1836's lower price comes substantially lower quality. Tests show that Sakar's iM1836 is inferior to the Nikon models outside and in; from the iM1836's hardware, to its components, to its features, and finally to its images.

For these reasons and those discussed below, Nikon needs an immediate injunction. Sakar's iM1836 falls squarely within the metes and bounds of Nikon's patented design, so success on the merits is likely. Nikon filed suit as soon as it appeared that the matter could not be resolved amicably and once it appeared that Sakar was actually planning to sell the iM1836.

Moreover, if Sakar is permitted to sell its competing camera during this holiday season, the harm to Nikon and the public will be immediate and irreparable. By poaching Nikon's patented design, Sakar's inferior camera will take market share from Nikon, erode the price of Nikon's J1 and J2 models, dilute the uniqueness of Nikon's design, and smear the reputation for high quality that Nikon has labored long and hard to build. On the other hand, if an injunction does not issue, the hardship to Nikon will be greater than the hardship to Sakar if an injunction does issue. And an injunction is in the public interest because it will protect consumers from further deception, while discharging the patent law's purpose: to maintain incentives for the creation of new and novel designs.

II. RELEVANT BACKGROUND FACTS

A. Nikon and its Nikon 1 Series J1/J2 Cameras

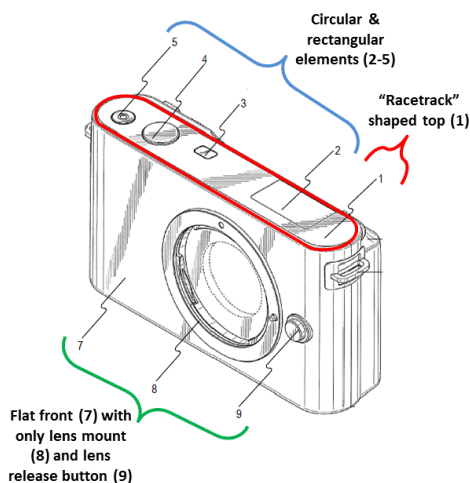
Nikon is a world leader known for producing innovative and high-quality cameras and other digital imaging products. (Declaration of Lisa Baxt ("Baxt Decl.") at ¶ 4.) In 2011, Nikon launched the Nikon 1 "Everyday Camera" series, a line of compact interchangeable-lens digital cameras. (*Id.* at ¶ 5.) Nikon created a unique ornamental design for those cameras, which consumers have come to associate with Nikon. (*Id.* at ¶ 6.) Specifically, its flagship models, the J1 and J2, include a patented flat-front design, racetrack shape body (from the top view), and angled transition extending along the top rear of the back panel. (Declaration of Elizabeth D. Ferrill ("Ferrill Decl.") at ¶¶ 1, 2, 3, Exs. 1, 2, 3.) Nikon has devoted substantial resources to promoting these cameras nationally in virtually every type of digital, broadcast, print, and social media, including TV commercials featuring celebrity spokesperson Ashton Kutcher. (Baxt Decl. at ¶¶ 8-11.) Nikon has also promoted its cameras through sponsorship at high profile music festivals and concerts. (*Id.* at 12.) Apart from Nikon's own efforts, its cameras have received unsolicited media coverage and have won multiple product design awards. (*Id.* at 13.)

1. The USPTO Awarded Nikon Two Design Patents, Protecting Its Innovative Ornamental Design

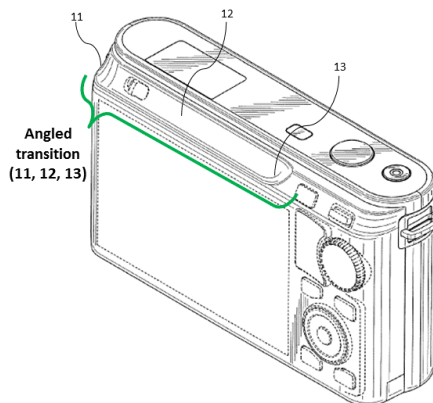
The shape, look, and feel of the Nikon 1 series cameras are protected by two design patents. U.S. Patent No. D682,906 (“the ’906 patent”) issued on March 9, 2013, and claims priority to a Japanese application filed on September 20, 2011. (Ferrill Decl. ¶ 1, Ex. 1.) While the ’906 patent was still pending, Nikon filed a continuation application, focusing on slightly different aspects of the claimed camera body design. (*Id.* at ¶ 2, Ex. 2.) The continuation application, which also claims priority back to the same Japanese application, issued on October 22, 2013, as U.S. Patent No. D692,044 (“the ’044 patent”). (*Id.* at ¶ 2, Ex. 2.)

a. The ’906 Patent

The scope of a design patent is primarily determined by its figures (or drawings), in conjunction with the usually minimal descriptions of those figures. *Hupp v. Siroflex of America, Inc.*, 122 F.3d 1456, 1464 (Fed. Cir. 1997). The ’906 patent generally depicts a camera body, without a lens or flash attachment, and includes three main elements: (1) a flat front with an offset lens mount and lens release button; (2) a “racetrack” shaped profile from the top; and (3) an angled transition connecting the camera body with the back panel, as reproduced below:



’906 patent at Fig. 1

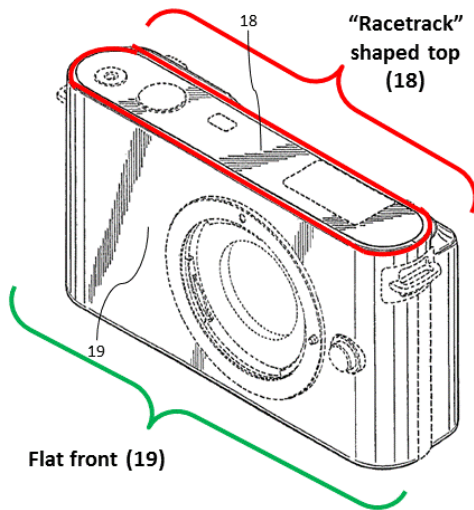


’906 patent at Fig. 2

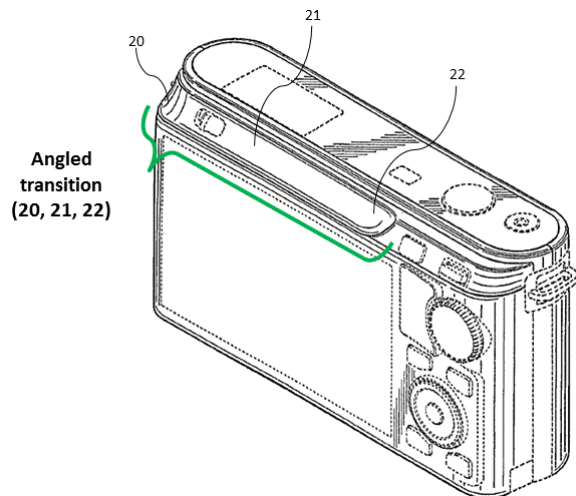
(Ferrill Decl. at ¶ 1, Ex. 1 at Fig. 2.) Further, as shown above in Figure 2, the angled transition extends only partially across the top rear of the back panel, starting on the left end of the camera body's rear (no. 11) and ending with a concave transition up to meet the plane of the top of the camera (no. 13). The bottom view of the claimed design depicts a shape that incorporates the racetrack shape of the top view in combination with the extended back panel. (*Id.* at ¶ 1, Ex. 1 at Fig. 6.)

b. The '044 Patent

Nikon's '044 patent, a continuation patent related to the '906, focuses more broadly on the camera body separate and apart from the lens mount, lens release button, and various elements atop the camera, which are not part of the design claimed in this patent. Like the '906 patent, the '044 patent depicts a flat front (no. 19); a "racetrack" shape (no. 18); and, on the rear side, an angled transition (no. 21) connecting the camera body with the back panel:



'044 patent at Fig. 1



'044 patent at Fig. 2

(Ferrill Decl. at ¶ 2, Ex. 2 at Figs. 1, 2.) Also, like the '906 patent, the rear angled transition extends only partially across the top rear of the back panel, starting on the left end of the camera body (no. 20) and ending with a concave transition up to meet the plane of the top of the camera

(no. 22). (*Id.* at ¶ 2, Ex. 2 at Fig. 5.) Finally, the bottom view of the claimed design depicts a shape that represents the racetrack shape of the top view in combination with the extended back panel (also like the '906 patent). (*Id.* at ¶ 2, Ex. 2 at Fig. 6.)

2. The Nikon J1 and J2 Embody the Claimed Designs

The Nikon J1 and J2 cameras embody the claimed designs of the '906 and '044 patents, as shown below:

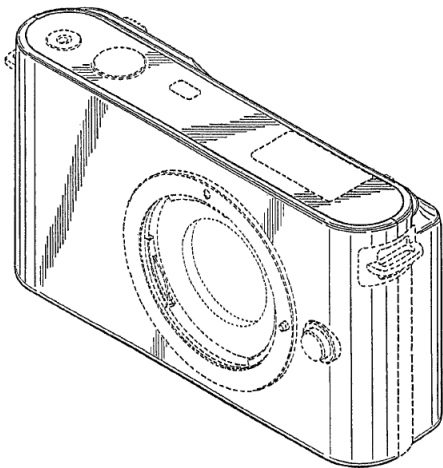


Fig. 1 of '044



Nikon 1 J1

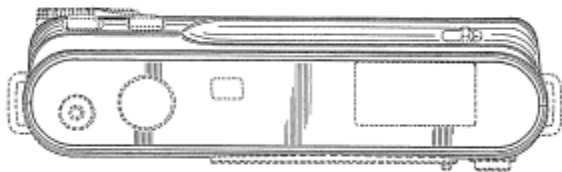


Fig. 5 of '044



Nikon 1 J1

(*Id.* at ¶ 3; Ex. 3 (comparing all views of Nikon 1 J1 with the '906 and '044 patents in all views).) Nikon has not licensed these patents or this design to any other camera makers and no other camera had a similar design until Sakar copied Nikon's patented design. (Baxt Decl. at ¶¶ 14-15.)

B. Sakar and its “Polaroid iM1836” Camera

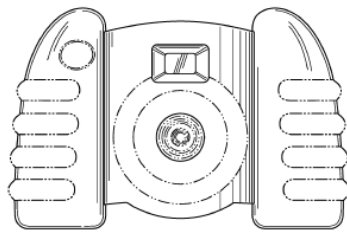
1. Sakar’s History of Knocking Off Unique Designs

Sakar makes a variety of consumer electronics, including digital cameras. (Ferrill Decl. ¶ 4, Ex. 4.) Those cameras are sold in lower price ranges under various brands (including Vivitar, Hello Kitty, and Crayola). (*Id.* at ¶ 4, Ex. 4 at 10, 11, 15; *see also* ¶ 11, Ex. 11 at 3-5.) Sakar sells its cameras at discount retailers, toy stores, and camera and video stores. (*Id.* at ¶ 5, Ex. 5 (discussing Polaroid iM1836 availability at Walmart); ¶ 4, Ex. 4 (showing Batman camera availability at Toys R Us); ¶ 11, Ex. 11 (showing Sakar cameras for sale on B&H photo.com; adorama.com; and amazon.com).)

Sakar has a history of copying other companies’ unique designs, including cameras. Recently, Sakar was sued by MerchSource for copying the patented design of its *Discovery Kids Little Shots* digital camera.



MerchSource Discovery Kids Little Shots Camera



U.S. Design Patent No. 616,008



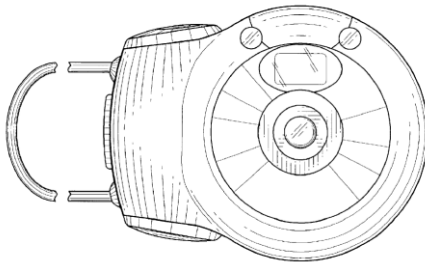
Sakar Crayola Digital Camera Kit

(*Id.* at ¶ 6, Ex. 6 at 1-2.) Sakar even copied MerchSource’s accompanying manual, word-for-word, resulting in an accompanying copyright infringement claim. (*Id.* at ¶ 6, Ex. 6 at 3.)

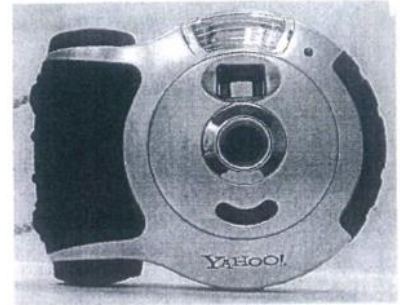
Moreover, in another instance, Sakar knocked off Fujifilm’s nexia Q1 camera and its design patent with its practically identical Mega Shot Digital camera:



Fujifilm nexia Q1



**U.S. Design Patent No.
458,951**



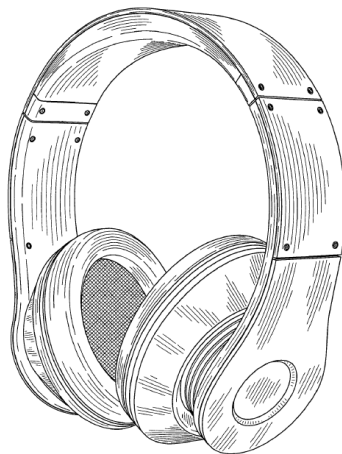
**Sakar Mega Shot
Digital camera**

(Declaration of Shoei Imai at ¶¶ 3-5.) Sakar also sold that copycat camera in the 2003 holiday season. (*Id.* at ¶¶ 6-7.) Sakar eventually agreed to stop selling this camera. (*Id.* at ¶ 8.)

Sakar does not limit its copying to cameras, as a review of publicly-available complaints reveals. In 2010, Sakar was sued for knocking off the Beats Studio headphones and infringing Beats' patented headphone design.



Beats Studio headphones



**U.S. Design Patent No.
552,077**



**Sakar Sprayground Swagger
Headphones**

(Ferrill Decl. at ¶ 6, Ex. 6 at 4-5.) According to the Complaint in that case, Sakar said it would stop selling its infringing headphones and destroy all related tooling, but it failed to do so.

(Complaint, Dkt. No. 1 at ¶ 17, *Beats Electronics v. Sakar International, Inc.*, No. 1:10-cv-01555 (N.D. Ill. Mar. 9, 2010).) Ultimately, a stipulated permanent injunction was entered against Sakar. (Stipulated and Final Judgment and Permanent Injunction, Dkt. No. 59, *Beats Electronics v. Sakar International, Inc.*, No. 1:10-cv-01555 (N.D. Ill. Apr. 29, 2011).) In yet another case, Sakar was sued for infringing Thule’s patented design for a computer tablet sleeve. (Ferrill Decl. at ¶ 6, Ex. 6 at 6.) And in two other instances, Sakar copied the BlackBerry smartphone; first by selling unauthorized “BlackBerry”-branded accessories, and second by selling “Greyberry” and “Blueberry” toy devices, which mimicked design features of RIM’s BlackBerry phone. (*Id.* at ¶ 6, Ex. 6 at 7.)

2. Sakar’s Latest Knockoff, the Polaroid iM1836, Hits the Market

On or around October 15, 2013, Sakar debuted the production version of the iM1836 on its website. (Ferrill Decl. at ¶ 4, Ex. 4 at 3.) Following Sakar’s announcement of the iM1836, members of the public immediately recognized and commented on the camera’s similarity in appearance to the Nikon J1 and J2.¹ (*Id.* at ¶ 7, Ex. 7.) Some even speculated that Nikon “outsourced” or “repackaged” its camera design. (*Id.* at ¶ 7 at 7.) At least one lamented:

Well, the people who bought the rights to use Polaroid’s name continue to tarnish it. . . . The above model is the Polaroid iM1836. . . . [It] will come in the shape of a Nikon J1 . . . Both of the [Polaroid] cameras I’m sure are possibly the worst photography investment you could make — because we all know you get what you pay for.

(*Id.* at ¶ 7 at 11-12.) Although Sakar announced the camera in January 2013, it would be more than 10 months until Sakar released the production version of the camera.

¹ Such comments began appearing on the Internet after Sakar displayed a prototype of the Polaroid iM1836 camera at the Consumer Electronics Show in Las Vegas, Nevada in early 2013. (Ferrill Decl. at ¶ 5.) The prototype was virtually identical to the production version in all ways relevant to the patents in suit, but was not offered for sale.

In late October 2013, Nikon finally found the camera for sale on eBay.com and bought it. (*Id.* at ¶ 8, Ex. 8 at 3.) A short while later, Nikon also found and bought the camera on the website for B&H Photo, a well-known camera and video store that sells Nikon cameras, including the J1. (*Id.* at ¶ 8, Ex. 8 at 5; ¶ 11, Ex. 11 at 1-2, 6.) Sakar’s camera has also been offered for sale on the Amazon.com retail website since April 1, 2013, but started shipping only recently. (*Id.* at ¶ 11, Ex. 11 at 9-11; ¶ 8, Ex. 8 at 1-2.) Amazon.com also sells the Nikon J1 and J2. (*Id.* at ¶ 11, Ex. 11 at 12.) Additionally, Sakar’s press release stated that the iM1836 will be sold in Walmart. (*Id.* at ¶ 5, Ex. 5.)

a. The Polaroid iM1836 Is Inferior to the Nikon J1

The iM1836 is inferior throughout—in appearance, finish, operational feel, technical design and components, operation, and imaging. (Declaration of Steve Heiner (“Heiner Decl.”) at ¶ 5.) The body finish is dull white, mounting the lens to the body is “rough and abrupt,” and the rear buttons provide no feedback when touched. (*Id.* ¶ 10.)

The iM1836’s inside fares no better than its shoddy exterior. Nikon tested the iM1836 camera and found: (1) the LCD screen is poor quality, especially in daylight, where it is virtually impossible to see; (2) the “touch” panel often does not respond to touch; (3) the dial has a “very stiff and cheap feel”; and (4) the heat dissipation vents are large and poorly suited to protect from water and dust. (*Id.* ¶¶ 10-11, 31.) Nikon’s testing also showed slow operation at start up (a full 30 seconds), turn off, and wake up from the sleep mode. (*Id.* ¶¶ 12-14.) As a result, a user is likely to miss her or his shot. (*Id.* ¶ 13.) These and other technical drawbacks manifest themselves in the photos the iM1836 takes, as shown below.

Outdoor photos are not sharp and the highlights are overexposed (see the top of the fire hydrant) on the Polaroid iM1836. (Heiner Decl. ¶¶17-18.)

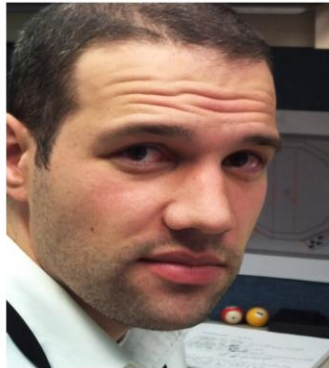


Polaroid iM1836 shot with 10-30mm zoom lens at 10mm setting

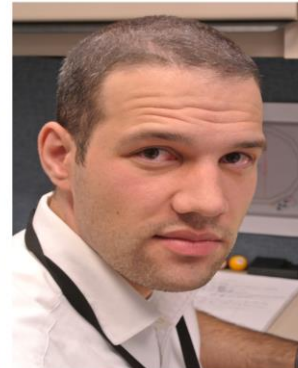


Nikon 1 J1 shot with 10-30mm zoom lens at 10mm setting

Indoor photos are dark, high in contrast, and have poor color and white balance (see the subject's darker face). Testing also indicates that the iM1836 has a smaller image sensor than the Nikon 1 J1. (Heiner Decl. ¶¶14-15.)



Polaroid iM1836 shot at the 30mm zoom lens setting

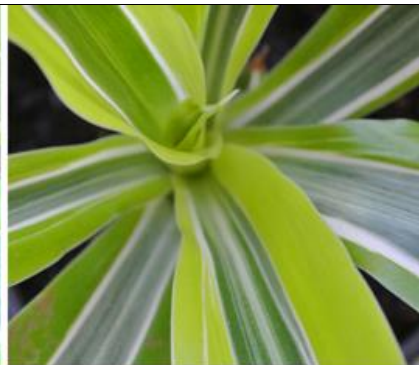


Nikon1 J1 shot at the 30mm zoom lens setting

The Polaroid iM1836 over-exaggerates the green color rendering and exhibits noticeable digital noise. (Heiner Decl. ¶¶20-22.)

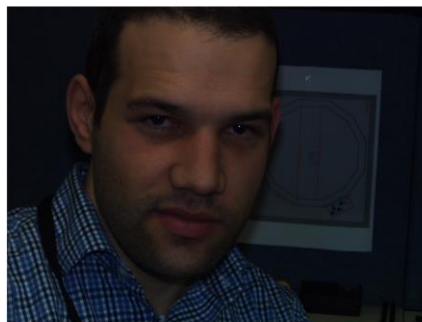


Polaroid



Nikon

The quality of flash photos is erratic—sometimes underexposed (too dark) or overexposed (too light). (Both pictures taken with the iM1836.) (Heiner Decl. ¶¶26-28.)



Polaroid iM1836 using supplied flash accessory and camera set to Auto exposure mode. First shot underexposed (L), then overexposed (R).

III. NIKON IS ENTITLED TO A TRO AND PRELIMINARY INJUNCTION

The four TRO/preliminary injunction factors strongly favor Nikon: (1) likelihood of success on the merits; (2) irreparable harm if an injunction is not granted; (3) balance of equities tip in Nikon's favor; and (4) an injunction is in the public interest. *Winter v. National Res. Def. Council, Inc.*, 555 U.S. 7, 20 (2008); *see Branham v. Daines*, 2010 WL 455413 at *2 (N.D.N.Y. Feb. 3, 2010) (noting that the test for a temporary restraining order is the same as for a preliminary injunction).

A. Nikon is Likely to Succeed on the Merits of its Design Patent Claim

The Polaroid iM1836 falls squarely within Nikon's patent claims and therefore infringes both Nikon's '906 and '044 design patents.

1. Design Patent Construction and Infringement

“Determining whether a design patent has been infringed requires, first, as with utility patents, that the claim be properly construed to determine its meaning and scope.” *Elmer v. ICC Fabricating, Inc.*, 67 F.3d 1571, 1577 (Fed. Cir. 1995). A design patent's scope is defined by its single claim—a short sentence that incorporates by reference the drawings of the design and sets forth any written limitations in coverage. *Tecumseh Prods. Co. v. Briggs & Stratton Corp.*, 295 F. Supp. 2d 902, 909 (E.D. Wis. 2003).

The prosecution of the application leading to the design patent is also considered to determine if the applicant disclaimed subject matter or distinguished the claimed design from the prior art based on certain features present in or absent from the drawings. *See Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 680 (Fed. Cir. 2008).

Once a design patent's claim is properly construed, it “must be compared to the accused design to determine whether there has been infringement.” *Elmer*, 67 F.3d at 1577. In 2008, the Federal Circuit modified the test for design patent infringement, adopting a variation of the

“ordinary observer” test originally articulated by the Supreme Court, which provided that infringement is found:

[I]f, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other.

Egyptian Goddess, Inc. v. Swisa, Inc., 543 F.3d at 670 (citing *Gorham Mfg. Co. v. White*, 81 U.S. 511, 528 (1871)). While this test eschews the previously applied “point of novelty” test (which required that the asserted patent(s) not include features found in the prior art), it considers infringement “in light of the prior art” by “applying the ordinary observer test through the eyes of an observer familiar with the prior art.” *Egyptian Goddess*, 543 F.3d at 677. The infringement test requires “a side-by-side view of the drawings of the [claimed design] and the accused product[]” to compare “their overall effect,” not their individual elements. *Crocs, Inc. v. Int’l Trade Comm’n*, 598 F.3d 1294, 1304 (Fed Cir 2010); see also *David A. Richardson v. Stanley Works, Inc.*, 597 F.3d 1288, 1295 (Fed. Cir. 2010).

“The ordinary observer test applies to the patented design in its *entirety*, as it is claimed. Minor differences between a patented design and an accused article’s design cannot, and shall not, prevent a finding of infringement.” *Crocs, Inc.*, 598 F.3d at 1303 (internal citations omitted) (emphasis added); see also *Contessa Food Products, Inc. v. Conagra, Inc.*, 282 F.3d 1370, 1376-79 (Fed. Cir. 2002).

2. Construction of the Asserted Claims of Nikon’s Patents

For the ’906 patent, the claim must be construed as depicted in the solid lines of the figures, without the elements depicted in broken lines, which are primarily dials and buttons on

the rear of the camera. *See, e.g., Egyptian Goddess*, 543 F.3d at 680 (citing 37 C.F.R. § 1.152).² The prosecution history does not suggest any differently.

For the '044 patent, the claim should also be construed as depicted in the solid lines of its figures. The construction of the '044 patent is somewhat simplified, as the patent does not claim the lens mount or the lens release button.

As shown above and in Ferrill Decl. Exhibit 3, the iM1836 camera that Nikon purchased on eBay and from B&H Photo is virtually identical to the claimed design of the '906 and '044 patents. Like the patents, the camera has the following features: (1) a flat-front body with a racetrack shape; (2) a lens mounted slightly off-center, to the right; (3) a top circular button, rectangular on/off button, and rectangular element; (4) a dominating rear display screen; (5) squared side eyelets; (6) a bottom that incorporates the racetrack shape of the top in combination with the extended back panel; and (7) a back panel that extends out from the main camera body and is connected to the body with a downward, angled transition. Blatant in its copying, the iM1836's concave transition meticulously follows the corresponding transition shown in the patents by extending only partially across the top rear of the back panel, starting on the right end of the camera and ending with a concave transition up to meet the plane of the top of the camera.

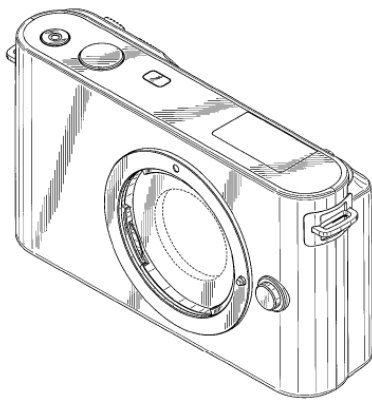
Moreover, it is legally irrelevant that the iM1836 *adds* a few features to Nikon's camera body design, such as the small mode dial (only $\frac{3}{4}$ inch in diameter on the 4.5 inch camera body) on the far right top rear or the external flash. In patent law, one cannot avoid infringement merely by adding elements that are not in the claim. *See Stiftung v. Renishaw PLC*, 945 F.2d 1173, 1178 (Fed. Cir. 1991). Moreover, Sakar cannot avoid infringement by relying on the

² In design patents, it is permissible to illustrate features that are not part of the claimed design by depicting them in "broken lines." U.S. Pat. & Trademark Office, *Manual of Patent Examining Procedure* § 1503.02 (8th ed. 2010).

Polaroid trademark on the iM1836. *See L.A. Gear, Inc. v. Thom McAn Shoe Company*, 988 F.2d 1117, 1126 (Fed. Cir. 1993) (“Design patent infringement relates solely to the patented design, and does not ...allow of avoidance of infringement by labeling [sic].”).

3. Consideration of the Prior Art

As noted above, the patented design must be compared to the accused design “in light of the prior art.” *Egyptian Goddess*, 543 F.3d at 677. Here, the following art is illustrative: (1) Leica C1 35mm;³ (2) Leica D-Lux 4; and (3) U.S. Design Patent No. D561,801 to Nakamura (“the ’801 patent”).⁴ (Ferrill Decl. ¶ 9, Ex. 9, comparing all views of the asserted claims and the prior art.) First, none of these cameras has the same overall look and feel as the claimed designs:



'906 patent



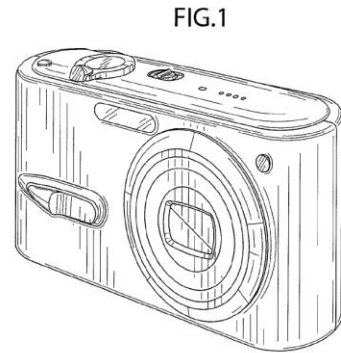
Leica C1

³ The Leica C1 is embodied in the Japanese Design Registration No. 1077250 dated April 21, 2000.

⁴ The ’801 patent claims priority to an application filed on July 6, 2006.

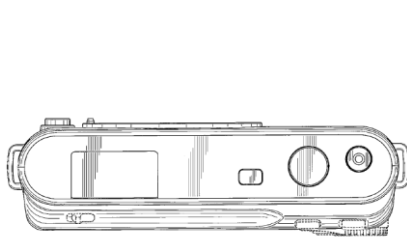


Leica D-Lux 4



'801 patent

Although some of these cameras have a “racetrack” body shape (e.g., Leica C1 and the '801 patent), they do not combine this shape with an angled transition to the rear LCD screen (as in the asserted claims), much less a concave angled transition extending partially across the rear of the camera body. Indeed, the prior art does not depict an angled transition at all; the Leica C1 is a film camera with no back panel to transition to, and the Leica D-Lux 4 has a “stair-step” element that connects the body to the back panel:



'906 Patent
Angled transition extends partially across the top rear



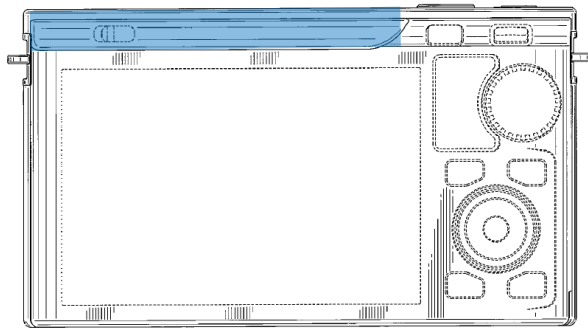
Leica C1
No protruding back panel or transition



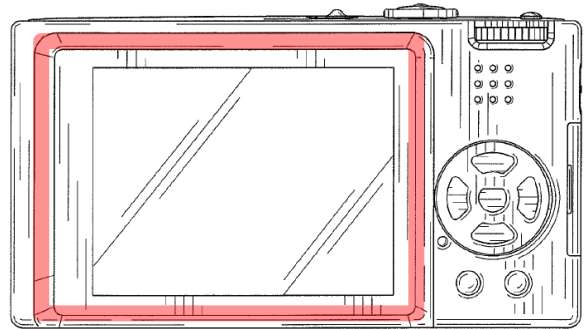
Leica D-Lux 4
Back panel extends in a “stair-step” fashion off the rear

Moreover, while the '801 patent has an angled transition to the back panel, it differs from Nikon’s patented design. Whereas the '906 patent claims a back panel that is integrated into the larger camera body (*see* in the bottom view), on the '801 patent the back panel is a more

separately defined element. Further, this transition differs in size and placement from the transition shown in Nikon's patents:

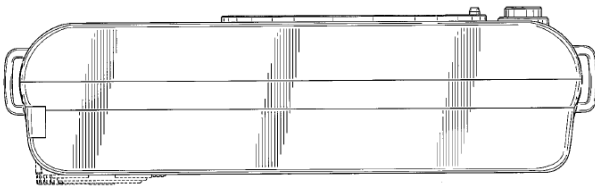


'906 Patent
Angled transition extends partially across the top rear

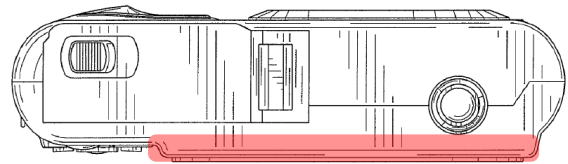


'801 Patent
Transition surrounds back screen

Notably, the '801 patent's transition does not end with a concave transition up to meet the plane of the top of the camera (*see* above blue bar), but rather completely surrounds the back screen (*see* above red box). The difference in this connection point between the body and the back panel is most striking when comparing bottom views, in which the angled transition of the '906 patent is not even visible:



'906 Patent – bottom view



'801 Patent – bottom view

For these reasons, the iM1836 is more similar to the claimed designs than the prior art. Thus, Sakar cannot avoid a finding of infringement by contending that the design of its iM1836 camera more closely resembles the prior art than Nikon's patented designs. *See Egyptian Goddess*, 543 F.3d at 674 (quoting *Bevin Brothers Manufacturing Co. v. Starr Brothers Bell Co.*, 114 F. 362, 363 (C.C.D.Conn. 1902)).

4. Nikon's Expert Reached the Same Conclusion About the Prior Art and Infringement

Nikon's industrial design expert, Prof. Lance Rake, reached the same conclusion. Relying on the Gestalt principles of design, he explains how the ordinary observer would perceive the patented designs as primarily the "extruded 'racetrack' or obround shape" of the camera body combined with the "secondary form," which Prof. Rake refers to as the "bump-out" or the "slightly narrower in width and shorter in height" element on the back of the camera body. (Declaration of Lance G. Rake ("Rake Decl.") at ¶ 17.) Based on these principles—and his analysis of the prior art, asserted patents, accused device, and online consumer comments—Prof. Rake concludes that an "ordinary observer giving such attention as a purchaser usually gives, would be deceived into believing that the accused Polaroid iM1836 digital camera is substantially the same as the design claimed in the '906 and '044 Patents." (*Id.* at ¶ 27.)

B. Nikon Will Suffer Irreparable Harm Absent an Injunction

Irreparable harm encompasses various types of difficult-to-quantify losses that cannot be adequately remedied with a monetary award. *See, e.g., Douglas Dynamics, LLC v. Buyers Products Co.*, 717 F.3d 1336, 1344 (Fed. Cir. 2013). If Sakar is allowed to sell its copycat camera, Nikon will be irreparably harmed in several different ways, namely: (1) lost sales and market share, (2) price erosion, (3) damage to its reputation, and (4) loss of brand distinction. *Id.* Each of these harms, closely tied to Sakar's adoption of Nikon's patented designs, independently justifies an immediate injunction.

1. Lost Market Share

It is well-established that loss of current or future market share may constitute irreparable harm. *Hutzler Mfg. Co., Inc. v. Bradshaw Int'l, Inc.*, 11 CIV. 7211 PGG, 2012 WL 3031150 at *17 (S.D.N.Y. July 25, 2012) (citations omitted); *see also Robert Bosch LLC v. Pylon Mfg.*

Corp., 659 F.3d 1142, 1152 (Fed. Cir. 2011). Here, sales of the iM1836 will no doubt come at the expense of the popular competing cameras it emulates in appearance—the Nikon 1 J1 and J2. Sakar’s iM1836 and the Nikon 1 cameras compete head-to-head. They occupy the same product category (compact mirrorless interchangeable-lens cameras) and are directed to the same customers, through the very same retailers where Nikon’s cameras are sold. With these lost sales will come lost market share in the mirrorless interchangeable-lens camera market.

Irreparable harm can also be found based on a competitor’s increasing share of the market. *Douglas Dynamics*, 717 F.3d at 1345 (“[M]ere damages will not compensate for a competitor’s increasing share of the market[.]”). Since launching its Nikon 1 series cameras in 2011, Nikon has invested considerable sums in product development and marketing to earn its place as a leader in the compact interchangeable-lens camera market. It should not now be forced to compete for a share of this market with a product that infringes its patented design. *See id.* (“Where two companies are in competition against one another, the patentee suffers the harm—often irreparable—of being forced to compete against products that incorporate and infringe its own patented inventions.”). Moreover, if not immediately enjoined, Sakar will unfairly establish a critical foothold in this market by capitalizing on Nikon’s patented design. A later design change (upon a finding of infringement at trial) will not undo the damage or unfair boost gained at Nikon's expense.

One of the reasons that lost sales and lost market share are considered irreparable harm is that such harm is not easily remedied by monetary damages. *See Blumenthal Distrib., Inc. v. Executive Chair, Inc.*, 2010 WL 5980151 at *13 (E.D.N.Y. Nov. 9, 2010) (Moreover, “proving loss of sales due to infringement is notoriously difficult”) (citation omitted). Here, calculating the market share that will be lost by Nikon to the iM1836 is made even more difficult by current

volatility in the compact camera market caused by advancing smartphone camera technology. (Ferrill Decl. ¶ 10, Ex. 10.) *See Cornucopia Products, LLC v. Dyson, Inc.*, 2012 WL 3094955 at *9 (D. Ariz. July 27, 2012) (finding that the volatile market for the patentee’s product made the calculation of damages more difficult); *Bell & Howell Document Mgmt. Products Co. v. Altek Sys.*, 132 F.3d 701, 708 (Fed. Cir. 1997) (“When . . . the market for a patented product is in decline, the passage of time is particularly likely to irreparably harm the patentee.”).

Making matters worse, sales lost to Sakar’s infringing camera will also result in an uncertain amount of lost future sales of Nikon lenses and accessories, which are not compatible with the iM1836. *See Apple, Inc. v. Samsung Elec. Co., Ltd.*, 678 F.3d 1314, 1320, n.2 (Fed. Cir. 2012) (“*Apple I*”) (noting the district court’s finding that downstream purchases could support a finding of irreparable harm, and explaining that such downstream purchases include accessories as well as later product versions).

2. Price Erosion

The entry of Sakar’s cheaper, infringing iM1836 camera is likely to cause irreparable price erosion of the Nikon 1 cameras. *Celsis in Vitro, Inc. v. CellzDirect, Inc.*, 664 F.3d 922, 930 (Fed. Cir. 2012) (affirming a district court finding of irreparable harm, including price erosion, recognizing the “difficulty in quantifying the effect on reputation and business due to [the patentee] being precluded from marketing to potential and existing customers that it is the exclusive market leader.”); *Mint, Inc. v. Amad*, 2011 WL 1792570 (S.D.N.Y. May 9, 2011) (loss of pricing power resulting from the sale of inexpensive “knock-offs” is, by its very nature, irreparable). Nikon’s entry-level interchangeable-lens camera, the Nikon 1 J1, has a list price of at least \$499.95. (Ferrill Decl. at ¶ 11, Ex. 11 at 6, 12.) Sakar’s Polaroid iM1836 has a 40% lower list price of \$299.99. (*Id.* at ¶ 11 at 1, 7.) Promotion and sales of the copycat iM1836 may pressure Nikon to lower its list prices. And even if Nikon does not lower its prices, some

consumers considering a Nikon 1 series camera may choose to hold out, expecting Nikon to lower its price. *See Cornucopia Products*, 2012 WL 3094955 at *9 (D. Ariz. July 27, 2012) (observing that consumers who would have considered buying the patentee’s product at full price may choose the cheaper competing product or wait for the patentee to lower its price in response).

3. Reputational Harm

The sale of the iM1836 to would-be Nikon 1 series camera buyers will also cause irreparable damage to Nikon’s reputation for high-quality products. The Federal Circuit has repeatedly recognized loss of goodwill and damage to a patentee’s reputation resulting from infringement as irreparable harms. *Reebok Int’l Ltd. v. J. Baker, Inc.*, 32 F.3d 1552, 1558 (Fed. Cir. 1994) (“Harm to reputation resulting from confusion between an inferior accused product and a patentee’s superior product is a type of harm that is often not fully compensable by money because the damages caused are speculative and difficult to measure.”).

Nikon’s testing shows that the iM1836 is inferior to the Nikon 1 J1 in every way. As a result of the undeniable and publicly-recognized similarities in the appearance of the parties’ cameras, the public is likely to continue to confuse the two, or mistakenly conclude that Nikon was somehow involved in the design and/or manufacturing of Sakar’s camera, as already expressed on the internet. This mistaken belief alone (that Nikon has lent its design to a lower-quality product rebranded “POLAROID” and sold at a lower price point) may signal to consumers that Nikon is departing from its strict adherence to producing only high quality products. *CVI/Beta Ventures, Inc. v. Custom Optical Frames, Inc.*, 893 F. Supp. 508, 524 (D. Md. 1995) *aff’d*, 92 F.3d 1203 (Fed. Cir. 1996) (finding that sales of accused product in the discount trade would diminish the patentee’s cultivated high quality image). It has taken decades for Nikon to earn and establish its reputation for top quality, world famous cameras. Sakar’s

shoddy iM1836 will strike a blow to Nikon's reputation that cannot be undone. And this reputational harm can come absent consumer confusion. *Douglas Dynamics*, 717 F.3d at 1344 (“Even absent consumer confusion . . . there can still be harm to a company's reputation [.]”).

4. Loss of Brand Distinctiveness

Nikon's design is exclusive to its Nikon 1 series cameras. Nikon has not licensed its patented design and no other camera manufacturers can use it. By its infringement, Sakar destroys the market exclusivity, brand distinctiveness, and commercial lure of Nikon's 1 Series cameras. *Id.* at 1345 (describing exclusivity as “an intangible asset that is part of a company's reputation.”).

In *Douglas Dynamics*, a case involving truck-mounted snowplow technology, the district court likened the patentee's snowplow to a Mercedes Benz and the accused infringer's to a Ford Taurus. The district court found no injury (or loss in sales or market share) based on evidence that people willing to pay for the patentee's “Mercedes” snowplow were unlikely to purchase the accused infringer's “Taurus” snowplow as a substitute. The Federal Circuit reversed, finding that the “Taurus” snowplow would cause a loss of “distinctiveness” and “market lure”:

Indeed, buyers interested in purchasing the Mercedes, when presented with both choices, would not likely switch to the Ford and vice versa. However, if the Ford made its place in the market by infringing on the intellectual property of the Mercedes and capitalized on its similarity to the better product, then the harm to the Mercedes product might go beyond a simple counting of lost sales—some of which would occur anyway if the Ford marketed itself effectively as a “Mercedes at half the price.” The Mercedes would lose some of its distinctiveness and market lure because competitors could contend that they had “similar features” without noting that those features infringe Mercedes's proprietary technologies.

Id. at 1344.

5. Causal Nexus

Just days ago, the Federal Circuit noted that a patentee seeking an injunction must establish a “causal nexus” between the alleged infringement and irreparable harm. *Apple v.*

Samsung, No. 13-1129, slip op. at 13-14 (Fed. Cir. Nov. 18, 2013) (“*Apple III*”). This requires a showing that “the infringing feature drives consumer demand for the accused product.” *Id.* at 19. Recognizing, however, the complexity of consumer preferences and the flexibility of equity, the court held that a patentee need *not* “show that a patented feature is the one and only [or “exclusive”] reason for consumer demand.” *Id.* Rather, it need only show “some connection between the patented feature and the demand for [the defendant’s] product[s].” *Id.* This is especially true in situations like this one, where Nikon’s patents claim an *entire* camera body, not a minor feature—an important distinction recognized by the Federal Circuit. *Apple I*, 678 F.3d at 1328 (finding a likelihood of irreparable harm when the claimed design of an entire tablet computer was likely infringed).

Here, evidence of the “connection” between Sakar’s adoption of Nikon’s patented design and Nikon’s impending loss of market share and brand distinctiveness, eventual price erosion, and harm to reputation comes from Sakar itself. Sakar’s own promotional video illustrates this point. Prominently displayed on its website, the video shows a rotating iM1836 and, before discussing any technical features, first touts the camera’s design as: “**Modern. Stylish. Smart.**” (Ferrill Decl. at ¶ 4, Ex. 4 at 4-8.) Having showcased the *design* of its camera as a selling point (and “a driver of consumer demand”), Sakar’s own advertising establishes the necessary “connection” for injunctive relief. *Apple III*, slip op. at 19-20.

C. The Balance of Hardships Tips in Nikon’s Favor

A court must consider the balance of hardships before issuing a preliminary injunction. *Winter*, 555 U.S. at 20. Factors considered in this inquiry include the “parties’ sizes, products, and revenue sources.” *i4i Ltd. P’ship v. Microsoft Corp.*, 598 F.3d 831, 862 (Fed. Cir. 2010) (citation omitted). Here, the balance of hardships tips sharply in Nikon’s favor. In contrast to the multiple irreparable harms that Nikon will suffer, Sakar will suffer no real harm if a

preliminary injunction issues. Nikon has invested considerable amounts of time and money in designing, developing, and marketing its patented Nikon 1 camera design, including a major, high-profile television advertising campaign. The Nikon 1 Series cameras comprise one of only three digital camera product categories offered by Nikon (the other two being non-interchangeable-lens compact cameras and D-SLR cameras).

Sakar, on the other hand, focuses its business on lower-end compact digital cameras and assorted other electronics. The iM1836 is Sakar's first compact interchangeable-lens digital camera and was only recently offered for sale. *Rosen Entm't Sys., LP v. Eiger Vision*, 343 F. Supp. 2d 908, 921 (C.D. Cal. 2004) (finding harm to the non-movant as less significant based on the wide range of non-accused products sold by the non-movant and the fact that the accused product had only been sold for a few months). Other than displaying its product at the CES trade show and adding a page to its website, there is no evidence that Sakar has invested in marketing the iM1836. Moreover, it is unclear whether Sakar has even begun widespread distribution of the iM1836, which Nikon seeks to nip in the bud with this motion.

The mere fact that Sakar is smaller than Nikon is insufficient to shift the balance of hardships. *See Robert Bosch*, 659 F.3d at 1156 ("A party cannot escape an injunction simply because it is smaller than the patentee"). More importantly, Sakar could have chosen to compete in the market for compact interchangeable-lens cameras with its own unique camera design. *See Cornucopia Products*, 2012 WL 3094955 at *10 (comparing the patentee's investment in developing its patented design to the accused infringer's "slavish" copying). Instead, Sakar chose to copy the Nikon 1, and therefore assumed the risk of being enjoined. *See Robert Bosch*, 659 F.3d at 1156 (citing *Windsurfing Int'l, Inc. v. AMF, Inc.*, 782 F.2d 995, 1003 n. 12 (Fed. Cir. 1986) ("One who elects to build a business on a product found to infringe cannot be heard to

complain if an injunction against continuing infringement destroys the business so elected.”)). And as noted above, this is not the first time Sakar has copied the unique product designs of others. Sakar should not be permitted to repeat its pattern and misappropriate Nikon’s holiday sales by using Nikon’s patented designs.

D. Public Interest Favors An Immediate Injunction

There is a strong public policy favoring the enforcement of patent rights. *PPG Indus., Inc. v. Guardian Indus. Corp.*, 75 F.3d 1558, 1567 (Fed. Cir. 1996). The public is enriched by the availability of diverse and innovative designs, which aids in decision making and avoids deception, mistake, and confusion. In the compact-interchangeable lens camera market, consumers have choices among a variety of distinctive designs. Although competition serves the public interest, “cheap copies of patented inventions have the effect of inhibiting innovation and incentive.” *Douglas*, 717 F.3d at 1346. The public interest therefore favors enforcement of Nikon’s design patent rights, particularly against a serial copyist, like Sakar.

IV. CONCLUSION

For these reasons, Nikon respectfully asks this Court to issue a temporary restraining order and/or preliminary injunction against Sakar, barring it from making, marketing, offering to sell, or selling the iM1836 or any camera of substantially the same design.

Dated: November 20, 2013

Respectfully,

/s/

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